

# CAUSES AND CONSEQUENCES OF THE STUDENT PROTESTS IN CHILE

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## ABSTRACT

The purpose of this chapter is twofold: first, to analyze the contributing factors that gave rise to the Chilean student movement starting in May 2011; and second, to discuss the consequences derived from this student movement. It clarifies commonalities and differences in the approaches and arguments advanced by the students and the national government. The chapter also outlines how the Piñera administration responded to the array of student demands and assesses possible scenarios that may ensue in the short and medium term. In methodological terms, the chapter draws upon descriptive statistics as well as the analysis of printed documents from various sources. From the evidence reviewed, this chapter concludes with a set of recommendations, which, if implemented, would contribute to an end of the crisis in Chile's tertiary system. These include: (a) strengthening the role of the state in regulating and monitoring the coverage and quality of undergraduate and graduate programs; (b) ensuring equitable access to the system by means of differential tuition and free higher education for the lower three income quintiles; (c) increasing substantively and progressively state resources to public universities; (d) creating an independent state agency in charge of the entire accreditation system of tertiary institutions, as well as undergraduate and graduate programs; and (e) introducing an employment data collection observatory to provide regular and timely information on employability and income levels of university graduates.

## PRESENTATION<sup>2</sup>

The purpose of this chapter is to analyze the Chilean student movement (Since May to December 2011), its demands and the government answers during the conflict. Moreover it intend to identify the issues and its implications

The Chilean higher education system (CHES) includes 60 universities. Among them, 16 State owned and 9 privates created before 1980 and those derived from them belonging to a group named "Council of Rectors of Chilean Universities" (CRUCH).and they received Direct Public Support (AFD). In 1981 a modified legislation allowed to create new institutions without state support. As a result 35 universities, 43 professional institutes (IPs) (similar to colleges) and 69 technical training centers (CFTs) emerged. Universities should be nonprofit but not the IPs and CFTs.

The text is organized into three parts: the first, illustrates context necessary to understand the origin and evolution of the student movement, and some characteristics of the CHES related with their demands. The second part analyzes the consequences of the conflict. The third make a preliminary assessment of the conflict and its results is made.

## 1.- THE CONTEXT: GENERAL BACKGROUND OF THE SYSTEM AND ACTUAL SITUATION

### 1.1. *Origin of the student movement*

On May 2011 students from 27 universities become paralyzed (25 CRUCH universities<sup>3</sup> and two privates). Other private institutions were occasionally involved and participated in the protests throughout the country. This movement, gathering a majority support from academics, students' families and citizens

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<sup>3</sup> In the case of the Pontifical Catholic University of Chile there was paralyzation of activities just in some careers and the occupation of one campus for a week.

haven't precedent event in the history of Chile. The government and Congress were unable to respond the student's demands for a free and good quality public education.

The neoliberal economic model, expressed in the 1981 legislation which promoted the privatization of the CHES is still alive, generating an enormous discontent among students, teachers and parents. They consider that public education has been significantly weakened. Today is certainly easier to access a quality tertiary education, coming from private secondary schools (8% of secondary enrollments) than from a public one. That explains why secondary students also support this movement.

### ***1.2. Itinerary of the mobilisation and the outbreak of the crisis***

In mid May 2011 discontent of university students about the educational policy leading the tertiary sector began to express. In this context, there was the first massive march of students. A few days later, in the annual account of the President to the nation (May 21<sup>st</sup>) a little was mentioned about demands long made in the field of higher education. As a result, began a widespread mobilization that led to the occupation of institutions and/or the paralyzation of activities.

In June 16<sup>th</sup> the CONFECH, secondary students and the Teachers Union called for a national strike for quality and free of education which exceeded the expectations. More than 80.000 people were mobilized in Santiago and also massive marches occur in provinces. Since then, demonstrations grew up. The Government and Congress reacted with various proposals to end to the conflict, but without meeting the most critical demands.

The first attempt by the government to meet students' demands was the presentation of a "Great National Agreement on Education" (GANE) on July 5<sup>th</sup> (MINEDUC, 2011). This proposal did not satisfy the expectations of students and teachers, who estimated the proposal was not accompanied by times, resources and procedures to be implemented. As a result the Minister of Education -who was also questioned because he used to be an owner of a private university - resigned.

At the end of July the new Minister of Education Minister, presented a counterproposal entitled "Basis for a Social Agreement for Chilean Education", that was followed by other document "Policies and Proposals of Action for the Development of Chilean Education", which was again rejected. On the middle of August a new proposal denominated "Government Measures on Education", (that will be discussed on the second section of this chapter) was answered by the CONFECH pressing the government to pronounce about the 12 pillars they considered essential (El Mostrador, 2011) and invited the Government to dialog. On September 3<sup>rd</sup> the President called on all actors involved in the conflict to a meeting in order to review the points demanded by the CONFECH on which it was possible to reach an agreement, and bring the discussion to the Congress on those issues on which there was dissent.

In the meantime this whole process was accompanied by massive nationwide demonstrations which in some cases surpassed the 500.000 attendees. The government tried, in first instance, to transfer the discussion of the issues placed on the Agenda to the National Congress, but then after the radicalization of the movement it was forced to initiate a dialogue with students. The details of the government and the student's proposal are discussed in the second section of this chapter.

### ***1.3. Background to understand the conflict***

The parts in conflict were trapped in an impasse because the students demanded to change the current model active since 1981 giving the state a decisive role in the control and regulation of the educational system. The government, meanwhile, had partially yielded to the demands but without putting into question the model that guides the whole system. This provided that some members of his political coalition are involved in the ownership of educational institutions at all levels (primary, secondary and higher). The same happened with some politicians associated to the opposition block, including some parliamentarians.

The current questioning of students to the educational model -and, consequently, to the economic model implemented since 1981- focuses on four main areas: financing and expenditure, profit, quality, and access and equity. However, it is necessary to remember that the student movements in favor of peace,

social justice, equity, freedom and democracy have a long history in the country dating back to the beginning of the Student union (FECH) in 1906, having transcended the educational issues and assuming the representativeness of a society that demand substantial changes to the existing order. Similarly, the student movement of 2011 posed a deeper structural change pointing to the current political-economic system: the market economy, political representation and subsidiary state (Varas, 2011).

### 1.3.1. Financing

In almost all Latin-American universities financing was based on the UNESCO Declaration of the Regional Conference on Higher Education in Latin America and the Caribbean. This statement set up states that “higher education as a social public good faces current that promotes its commercialization and privatization, as well as the reduction of support and state financing. It is essential to reverse this trend and that the governments of Latin America and the Caribbean guarantee the adequate financing of public higher education institutions and that these respond with transparent management. Education can not be in any way governed by regulations and institutions intended for trade, or by the logic of the market” (UNESCO, 2008). In spite of that declaration, the discussion in Chile is relates with economic theory assuming that all human activity has a cost and someone has to finance it. On this basis the key question is who should finance education, particularly tertiary education. There are two options. The first is that the post-secondary studies generate a positive private rate of return therefore it should be financed by the beneficiaries who receive it. The second is that education is a social investment that leads to economic growth and development and welfare of the entire population, so the state must assume of their financing. Both positions are irreconcilable and reflect incompatible ideological positions. Hence we are at a point of a combination of intermediate options, being one of them the coexistence of self-financing and students fellowships.

All higher education institutions in Chile -both public and private- charge similar fees and tuition to students of about five thousand dollars per year. This is obviously unattainable for large segments of population. Students of the CRUCH universities have access to scholarships and soft loans, the latter at an interest rate of 2%. Currently about two thirds of these students receive financial support. At the same time students from the new private universities have access to a state-guaranteed loan (CAVAL). This was a bank loan with a yearly interest of 5,6% in which in the early years the institution to the one the student belongs assumes as a guarantor, and then progressively the state assumes as such. This allowed banks to give loans with a very low risk of non-compliance.

In the field of financing one of the students’ demands was to increase public spending on education, particularly at the tertiary level. Along with this, students encouraged to increase direct public subsidy to CRUCH universities. The students’ demand was justified because the investment boosted by the last governments was far below the investment observed in developed countries and this has driven many state universities to debt with banks committing part of their liabilities. The deterioration they have experienced in infrastructure and equipment is another example of the poor support given by the state to these institutions over the past 30 years.

To illustrate the above statement it is enough to analyze what happened with the higher education expenditure as percentage of the Gross Domestic Product (GDP) by type of source. In this sense, figures in Table 1 show that Chile compared to some OECD countries has a level of public expenditure on higher education in relation to its GPD that is far below other countries’ but not the total one.

**Table 1**  
**Higher Education Expenditure as % of the GDP by Type of Source (2007)**

COUNTRY	PUBLIC	PRIVATE	TOTAL
Chile	0,3	1,7	2,0
Korea	0,6	1,9	2,5
Denmark	1,6	0,1	1,7
New Zeland	1,0	0,5	1,5
Germany	0,9	0,2	1,1
Average OECD countries	1,0	0,5	1,5

**Source:** OECD 2010. Education at a Glance.

However, when analyzing the proportion of public and private expenditure by type of source as proportion of higher education expenditure, it is confirmed that Chile, compared to other OECD

countries, has a proportion of household expenditure (close to 80%) that far exceeds the expenditure made by this segment elsewhere. In contrast, public expenditure in Chile on higher education is the lowest (14%) if we look at the figures of some of the OECD countries where the average public expenditure on higher education is around 70% (see Table 2).

**Table 2**  
**Relative Proportion of Public and Private Expenditure by Type of Source as % of Expenditure in Higher Education (2000-2007)**

PAIS	2000		2007			
	Public	Private	Public	Private		
				Home	Other private entities	Total private
Chile	19,5	80,5	14,4	79,2	6,4	85,6
Korea	23,3	76,7	20,7	52,8	26,5	79,3
Denmark	97,6	2,4	96,5	3,5		3,5
New Zealand	S/I	S/I	65,7	34,3		34,3
Germany	88,2	11,8	84,7			15,3
Average OECD countries	75,7	24,3	69,1			30,9

Source: OECD 2010. Education at a Glance.

### *Indebtedness*

One of the student movement's most challenged aspects regarding the financing regime was the existing credit system, whose origin can be traced back to 1981. Indeed, to finance higher education students who graduate from secondary school have -in addition to a heterogeneous set of scholarships intended to different segments (Latorre, González and Espinoza, 2009)- three types of loans: a) the University Loan Mutual Fund (FSCU) intended to middle and lower class students who attend CRUCH universities and originated in 1981; b) the state-guaranteed loan (CAVAL) generated in 2005 and intended to students attending public and private higher education institutions (including universities, IPs and CFTs)<sup>4</sup>; and c) the State Corporation of Development Loan (CORFO).

Since the proportion of scholarships compared to loans is very low, in Chile tertiary education is financed by the students at the expense of a very high personal and family debt, following in this way the concept of private profitability with which the 1981 reform was conceived. One of the financial aid mechanisms that generated great rejection was the CAVAL which negatively discriminates students of fewer resources who, without having another possibility of financing, have had to appeal to this instrument to pay their studies. This, unlike FSCU (2,0% rate), had an interest rate of 5.6% per year. Meanwhile, CORFO loan considers an interest rate of 8%.

As an example, the final cost of the career of journalism -considering the different loans existing in the system (FSCU, CAVAL y CORFO) (Table 3) - in a university ranked among the 10 most prestigious of the system has a cumulative total cost -excluding inflation- of \$17,5 million pesos (approximately US\$ 34,000). The cost two years after graduation with the University Loan Solidarity Fund (2% interest) is 19 million pesos, with CAVAL reaches 23 million pesos and with the CORFO loan is around 26 million. The latter would amount to a debt of 165 minimum wages<sup>5</sup> (what a worker earns in 14 years).

**Table 3**  
**Journalism (Chilean pesos 2010)**

Calculation of real fee				
Year	Real annual fee	Annual interest		
		FSCU 2,0%	CAVAL 5,6%	CORFO 8,0%
First year	3.500.000	3.864.283	4.596.081	5.142.648
Second year	3.500.000	3.788.513	4.352.349	4.761.711
Third year	3.500.000	3.714.228	4.121.543	4.408.992

<sup>4</sup> To access CAVAL applicants must enroll in some accredited higher education institution.

<sup>5</sup> A minimum wage corresponds to 157.000 pesos, equivalent to 338 dollars (estimated change: 464 pesos per dollar).

Forth year	3.500.000	3.641.400	3.902.976	4.082.400
Fifth year	3.500.000	3.570.000	3.696.000	3.780.000
Accumulated 5 years		18.578.423	20.668.948	22.175.752
Accumulated one year after		18.949.992	21.826.409	23.949.812
Accumulated 2 years after Equivalent in minimum wages after 2 years of graduation	112	123	147	165

**Note:** Annual compound interest.

As can be inferred from the data outlined above the level of indebtedness that the students and their families were getting was very high and almost unaffordable for a middle class family, especially if there are more siblings studying at the tertiary level. This situation explains the widespread social discontent there was, which was expressed in the student movement and the support shown by citizenship.

In addition to credits given by the state, some private universities provide loans for their students, with penalties and interest systems even more restrictive. For example, one can cite the case of a pedagogy student at a private university that offers direct loans who requested a loan of one million pesos per year to finance their studies. For economic reasons she had to abandon her career after two years; its debt had quadrupled in three years and her name was registered in a commercial bulletin which makes difficult to find a job and to access new loans. Additionally, the university transferred the debts to a retail store which is actually in charge of collecting loans (Carmona, 2011). Situations like this are explained only by the lack of transparency in the delivery of information to users by some institutions and by the absence of regulatory mechanisms by the state.

It should be noted that both in the case of direct loans provided by institutions as in the CAVAL case, who end up benefiting from the delays are the entities that provide such loans through the collection of penalties and interests.

### 1.3.2. Profit

UNESCO (2008) has defined that higher education is a right of all citizens and represents a not-transable social good. In the case of Chilean higher education it is evident that there is a weak legislation that allows profit to private managers, as demonstrated by a recent study developed by an investigating committee of the Congress.

Owners of private entities are of very different nature, including: charities and benefic foundations, churches or religious groups, social groups or unions, private or state entities organized as such for educational purposes (as occurs with most CRUCH universities that have established legal concepts to create technical training centers). There are also institutions associated with economic groups, multinational companies and personal or family-owned institutions. As shown in this typology, not all private entities are for profit. The obvious question is how entities that pursue profit can acquire non-profit institutions that must reinvest all their utilities to improve the facilities and services they deliver. The most used legal mechanisms are the lease of equipment and infrastructure and the outsourcing of support services that are provided by linked companies. They can also act as associated financial institutions that provide credit to students at market rates. Or by the inclusion of fees, benefits and personal expenses of the owners and also by an intangible mechanism which is the increase of the value of the initial capital attributable to the greater prestige of a more consolidated educational institution. All these mechanisms are perfectly lawful within the current regulations and therefore are not subject to any control.

Substantive issues, rather than profit itself, are two. First, public resources (e.g. those given through scholarships) generate -through some of the subterfuges described above- utilities for private managers instead of amortizing costs and being reinvested to provide better education. Second, institutions charge for educational services, values that are not consistent with actual costs. Obviously, it generates profits for owners, on the one hand, and a significant debt for students and their families, on the other.

According to the figures from the Information System for Higher Education (SIES), based on the financial balances of 58 higher education institutions, it is possible to conclude that these accumulated

utilities or profitability of 84.165 million pesos in the year 2009 (Pérez, 2011). Profitability of some of these institutions is shown in Table 4.

**Table 4**  
**Financial results of universities in Chile (2009)**

<b>Institution</b>	<b>Profitability (in millions of pesos)</b>	<b>Groups, persons or institutions associated to property</b>
INACAP	17.329	Production and Commerce Chamber
U. Nacional Andrés Bello	14.523	Laureate International Inc.
U. Autónoma de Chile	11.796	Family of Teodoro Ribera (current Minister of Justice)
P. Universidad Católica de Chile	10.360	Catholic Church
U. de Chile	4.027	State
U. Diego Portales	3.693	Private Foundation
U. Católica de Valparaíso	3.673	Catholic Church
U. T. Federico Santa María	3.673	Private Foundation
U. C. Santísima Concepción	3.244	Catholic Church
U. de Valparaíso	2.944	State
U. Santo Tomás	2.812	Family of Juan Hurtado Vicuña
U. de Los Andes	2.784	Catholic Group Opus Dei
U. Adolfo Ibáñez	2.429	Private Foundation
U. Mayor	2.409	Rubén Covarrubias and René Salamé (ex Education Minister)
U. San Sebastián	2.402	Luis Codero, Ignacio Fernández, Alejandro Pérez, Marcelo Ruiz and Andrés Navarro
U. del Mar	2.077	Héctor Zúñiga, Raúl Baeza and Juan Vera
U. Central	1.817	In part the own academics
U. Tarapacá	1.729	State
U. de Viña del Mar	1.626	Laureate
U. C. del Norte	1.542	Catholic Church
U. de la Frontera	1.432	State
U. Talca	1.064	State
U. Bernardo O'Higgins	1.060	Guillermo Garín, Julio Canessa and Jorge O'Ryan (retired military)
U. del Desarrollo	-17 <sup>6</sup>	Joaquín Lavín (current minister He was one of the founders and owners), Hernán Buchi (ex minister of Pinochet), Cristián Larroulet current Minister
U. de Santiago	-4.547	State
U. de las Américas	-11.604 <sup>7</sup>	Laureate

**Source:** Pérez (2011). For an approximate calculation it can be estimated as follows: \$500 pesos = 1 dollar.

### 1.3.3. Quality

This is a complex and controversial matters on which there are several approaches. In general, it can be argued that quality in education is not an absolute concept but rather represents a level of perfection in relation to a referring ideal expressed in an educational project based on certain values and principles. Therefore, the concept of quality depends on the parameters we measure with. There is a set of dimensions that must be taken into account to define quality, such as, the compliance of learning levels, the preparation and quantity of teachers, the availability and proper use of resources, the graduation rates, and the consistency between what is offered and delivered.

<sup>6</sup> The negative balance of the financial exercise obeys to the purchase of a new campus.

<sup>7</sup> Part of the negative balance is due to the fact that it had to punish institutional direct loans that couldn't be paid by their students.

Provided the complexity of the factors which affect the achievement of a relevant and quality education and the magnitude of the changes needed to improve the education outcomes, it is foreseeable that they may take some time given that great investments are required (especially from the state) in such a way we have a school system that compensates the differences of origin of children who enter it.

The Law on Quality Assurance (20,129) enshrines in its articles the need for a professional habilitation system that ensures training and subsequent performance of professionals who graduate from the system. This should have been implemented starting in the second year after the approval of the law (Mineduc, 2006). To this respect it must be mentioned that there is an advance only in the case of medicine and education (mandatory careers).

In designing the CHES in 1980 the legislation assumed that the market would be the main responsible for regulating quality. The assumption was that students would prefer the good institutions, which would strengthen its funding by increasing its enrollment while lower quality institutions would be left with few students being forced to close. This would lead to a progressive selection. In practice this has not happened for two reasons: a) because the information is not transparent and is distorted with the promotion, diffusion and publicity measures carried out by the new private higher education institutions<sup>8</sup>, and b) because the education market regulates by several years behind, so it becomes necessary a greater regulation by the state.

As a result of this situation in Chile it has been developed a public system of evaluation and accreditation to which practically all universities have voluntarily acceded, but not IPs and CFTs. However, recent changes in legislation allowed the participation of private accrediting agencies for undergraduate programs, which has opened questions about the process both for its implementation and for the high proportion of accredited undergraduate programs, in circumstances in which they do not meet minimum standards to achieve certification<sup>9</sup>

Another critical aspect appreciated around the accreditation system is the conflicts of interest that currently exist in some private accrediting agencies and higher education institutions. This happens because there are loopholes in current regulations. On the other hand, there are agencies associated with professional associations. This situation has gradually de-legitimized the quality assurance system as set out in the 2006 law.

The law allows the possibility to accredit institutions for a minimum of one year, which contradicts international standards and the spirit of quality assurance.

#### 1.3.4. Access and Equity

By observing the behavior of the access to the CHES it can be found that the private sector significantly increased their enrollment. While during the year 1980 there was no enrollment in that sector, in 2010 new private universities, IPs and CFTs concentrate 67% of total enrollment (see Table 5).

**Table 5**  
**Undergraduate Enrollment in Higher Education Institutions (1980-2010)**

Type of Institution	1980	1990	2010
Universities	118,978 (100.0%)	127,628 (52.0%)	587.297 (62,5%)
(CRUCH) Universities	118,978	108,119	281.528
Private universities without direct public subsidy	0	19,509	305.769
IPs	0	40,006 (16.3%)	224.301 (23,8%)
IPs with direct public subsidy (existing until 1991)	0	6,472	0

<sup>8</sup> Private higher education institutions invest approximately 70 million dollars each year in publicity.

<sup>9</sup> From the total of teaching undergraduate programs that asked for certification before different private accrediting agencies, 93% were accredited.

Private IPs without direct public subsidy	0	33,534	224.301
CFTs	0	77,774 (31.7%)	128.566 (13,7%)
Private CFTs	0	77,774	128.566
Total	118,978 (100.0%)	245,408 (100.0%)	940.164 (100%)

**Source:** Elaboration of the authors.

While total enrollments in CHES increased five times in the 1980-2010 period, coverage reached more than 40% for the cohort of 18 and 24 years old in year 2010, and it is expected a 60% by 2020, similar to what is observed actually in OECD countries (Espinoza & González, 2011a). However, this increasing of enrollments could affect quality.

On the other hand, the representativeness by income quintile has not substantially changed in the last decade. Private universities concentrate the largest proportion of the population from the highest income quintile, while CRUCH universities and CFTs host the largest proportion of lower-income students. This result is consistent with the distribution of fellowships, the value of fees and opportunity cost of studies (see Table 6). This result is also consistent with the students' demands for equity to ensure greater benefits for the first three quintiles.

**Table 6**  
**Percentage Distribution of Enrollments in Higher Education by Type of Institution according to Income Quintiles (2003-2006)**

TYPE DE INSTITUTION	2003						2006					
	I	II	III	IV	V	TOTAL	I	II	III	IV	V	TOTAL
CRUCH Universities	7,0	13,6	19,3	26,8	33,3	100,0	11,0	14,0	18,0	27,0	30,0	100,0
New Private Universities	4,9	5,9	13,2	25,0	51,0	100,0	6,0	9,0	13,0	28,0	44,0	100,0
Professional Institutes	6,3	12,8	22,4	30,4	28,2	100,0	8,0	15,0	24,0	28,0	25,0	100,0
Technical Training Centers	16,0	22,5	26,9	17,1	17,2	100,0	10,0	17,0	23,0	24,0	25,0	100,0

**Fuente:** Elaboration of the authors on the basis of Casen Survey. Mideplan, Casen 2003 and 2006.

#### *Oversupply of professionals*

The imbalance between the demands of the market/production and the professionals' supply provoked indignation of students. This imbalance has begun to break down the job, professional and wage expectations of current students and graduates, who experienced the consequences of the economic model based on the market rules (see Table 7).

**Tabla 7**  
**Graduates from CRUCH and Private Universities (1996-2009)**

Career	Graduates 1996	Graduates 2009	Total Enrollment 2010
Law	726	2.426	36.610
Journalism	648	1.370	6.466
Psychology	519	3.072	24.723
Commercial Engineering	1.675	4.106	31.921
Agronomy	540	953	8.069
Nursing	S/I	1.785	28.479
Medicine	566	1.179	12.007
Dentistry	156	615	11.429



Primary Teaching	1.142	5.868	18.583
Architecture	332	1.365	12.405
Civil Engineering	1.685	4.718	55.318

**Source:** González, Espinoza y Uribe (1998); Futuro Laboral (2011).

The saturation being observed in the supply of professionals in some disciplines is explained to a great extent in the absence of information about the employability of graduates. Indeed, in the last 30 years there have been no studies of employment from the Ministry of Education, except for the one carried out by González, Espinoza and Uribe (1998) -at the request of the Higher Education Division- which examined the issue in eleven careers, including teaching. The growing offer of careers and the subsequent saturation of certain disciplines also make it clear that there is practically no regulation of the sector by the state.

Complementing the above scenario the results of a study done over a sample of careers shows that the professionals who are graduating from CRUCH universities are getting wages approximately 40% greater than the ones of those graduating from new private universities (Meller, 2010).

This imbalance between supply and demand is causing much frustration among new generations of professionals who cannot meet their expectations and cannot pay the huge debts owed to the higher education institutions and banks. A reliable source that corroborates this black picture is the latest INJUV survey (2011) whose data allow concluding that 60% of university professionals were not working on what they studied. This figure does not differ largely from a survey conducted by “Laborum.com” in 2006 which concluded that 66% of professionals were not working in fields related to their area of training.

### 1.3.5. Role of the state and institutionalality

As noted above in relation to profit UNESCO states that higher education is a right which the state must ensure. Therefore, “educational policies are the necessary condition to promote access to quality higher education through consequent strategies and actions” (UNESCO, 2008). Assuming that education and the knowledge produced in the tertiary system is a public good, the state would fall to assume a regulatory and supplier role of those goods although in this process non-state institutions also participate (Dill, 2005).

In the Chilean case the reform implemented in higher education in 1981 incorporated the neo-liberal principles that inspired the military government, which was ratified by the LOCE in March 1990<sup>10</sup>. This law ensured the continuity of the educational model in subsequent years. In this scheme it was emphasized the freedom of education and that it was a duty of the state to promote scientific and technological development and to safeguard the public trust. Accordingly, the state should intervene only when there was risk of violating these principles or to subsidize actions on which private actors were not interested (González & Espinoza, 2011). Coming along with these principles, there was a transformation in the management of public and private entities in which, over a prioritization of service to the country, a preference to the satisfaction of particular needs of individuals and businesses became more relevant.

## 2. CONSEQUENCES OF THE MOBILIZATIONS

After a period of nearly eight months of student mobilizations and protests that convulsed the country it is important to analyze the results derived from these and the implications they had for the different actors (government, students and families) and for the entities involved. It was certainly a very dynamic process that was quickly legitimized by different actors and that forced the government and political parties to put on the agenda issues that otherwise would not have been addressed. In the course of negotiations between the students, the government and the Congress continuous exchanges of proposals and counterproposals occurred, which sometimes led to the breakdown of dialogue.

The issues under discussion put on the agenda by the student movement and that sparked the conflict with the Government were five, as indicated above: financing, profit, quality, access and equity, and the role of

<sup>10</sup> Law 18.962 published in the *Official Bulletin* on March 10<sup>th</sup> 1990.

the State and changes in institutionality<sup>11</sup>. In the following paragraphs each of these points will be discussed in relation to the transformations generated.

## **2.1. Results regarding financing**

In relation to financing, students demanded free education which in practice meant: a) to end the loan system, especially the CAVAL; and b) to increase Direct Public Subsidy to CRUCH universities until reaching 50% of institutional incomes<sup>12</sup>. The government, meanwhile, proposed: to reduce the interest rate of the CAVAL (from 5,6% to 2,0%); to reschedule the defaulters' debt; to create a fund for higher education (of US\$4.000.000.000); and to establish three competitive funds: (a) to improving the quality in teacher training; b) to support the centers of innovation in science and technology; and c) to reinforce regional universities (González & Espinoza, 2012).

Perhaps the most visible result of the demands of the student movement was the reduction of CAVAL interests from 5,6% to 2,0%, to students from private institutions that is to homologate with those from public universities. But ultimately this was a triumph for the private sector and not for CRUCH university students since most of the students in the system that have state-guaranteed loans go to private entities. Moreover, the government gave the possibility of renegotiating loans of current debtors, which would imply the benefit of 110,000 debtors.

Those actions, while laudable for beneficiaries, indirectly imply an additional contribution from the state to universities, IPs and CFTs, besides ensuring to the financial sector the difference of 4% of interest to be covered with fiscal funds. The government also decided to dispense with private banks to continue the administration of the CAVAL and decided to entrust a state agency its administration to begin the year 2012.

In order to finance this transformation in the credit scheme on May 2012 the government adopted a pseudo tax reform that will allow to raise between US\$700 and US\$ 1.000 million at once. This figure is far from the US\$4.000 million proposed by the government at the beginning of negotiations.

The Direct Public Subsidy did not increase significantly in the Budget Law of 2012. In that sense, the Rector of the University of Chile pointed out that the 2012 budget benefited private entities but not public universities. He also added that "basal funds and agreements, via other funds, are being opened to all entities (even those without accreditation) without any quality requirements". According to him, the approval of the 2012 budget meant that "the big winners were the new private universities, which are seeing great benefits of all kinds for them" (V. Pérez, 2011). At the time the Budget Law project of 2012 was under full discussion, Rector Pérez indicated to the parliamentarians and the government that "if delay of the conflict is sought in order to end up drowning financially and academically the state universities, this means we have to continue this process far beyond what we are thinking. I hope that politicians don't make mistakes".

Within the context of student mobilization and discussion of the 2012 budget, the Center of Studies of the Consortium of State Universities (CECUE) prepared a document in which it determines the figures regarding the growth of fiscal contributions to CRUCH universities. The document concludes that "one trend that goes on in this budget is to give more resources by the way of demand and through the competition system and to push back the allocation of basal contributions to public universities" (CECUE, 2011).

The study adds that in the budget there are not raised of either direct or indirect fiscal contributions, noting that although the competitive funds will increase by 8.8%, its access was open to all entities of the system. Consequently, the competitive funds "are re-proposed as open in all their lines to autonomous private institutions, with the only requirement of being accredited. Then it is not respected the agreement in the budget negotiations of 2011, which ended up giving these funds with a criteria of 80% for public universities and of 20% for private universities" (CECUE, 2011).

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<sup>11</sup> For the proposals of both parts the following sources were used: Bulnes (2011); CONFECH (2011); & MINEDUC (2011).

<sup>12</sup> The reform demanded by the students would imply that the government should increase the public expenditure on higher education as a proportion of GDP from 0,3% to 0,8%. Such investment would be similar to public expenditure on higher education observed in Brazil and Mexico and would still be below the average expenditure verified in OECD countries that reaches 1.0% (see Table 1).

Another criticism that is mentioned in the document is related to student aids, since scholarships for private institutions increased in a high percentage -Juan Gómez Millas scholarship open for all institutions grows by 373%-, unlike what happens with scholarships for CRUCH institutions growing by 6,5%, which “does not attend and instead punishes mobilized students” (CECUE, 2011).

Additionally, it indicates that there is no consideration of resources for the reconstruction (after the earthquake) of CRUCH universities and that the 2011 budget allocated a greater amount of contributions to private institutions. According to the document, the losses to traditional universities totaled 27.500 million pesos, and of those only 5.291 million were covered, 700 less than those intended for private institutions.

Faced with the observed reductions in various state contributions to traditional universities in the 2012 budget, MECESUP funds for institutional development were increased; they grow nearly 12% and the funds for science and technology grow 22%. Both are competitive resources open to all entities, both private and public.

In synthesis, the government, despite student protests, has continued to promote the logic of privatization of financing postponing both the needs of the most deserving students who attend the best public universities, as well as the needs for investment in academic bodies, infrastructure and equipment at the institutional level.

## ***2.2. Results regarding profit***

In relation to profit, students proposed its elimination in all educational levels while the government responded that with the semester economic report named “FECU” of each higher education institution - which contemplates incomes, expenses and contractual relations- was possible to perform greater scrutiny over institutions to prevent profit. Apart from that, there were no significant changes in this plane, thus prevailing the government’s position; however, a concern for the subject in the public opinion is generated.

## ***2.3. Results regarding quality***

Among the demands of the students it was required that all higher education institutions without distinction should accredit themselves on a compulsory basis -in addition to undergraduate programs- by state agency. In response to that, the government raised in its speech that it would seek to avoid conflicts of interest between accrediting agencies and higher education institutions through the creation of a higher education superintendence, for which a law project -that still remains in the Congress- was written. Such entity would be responsible for ensuring the quality of the system as a whole and to verify the reported irregularities.

As a consequence of student protests, there has been a change in the activities of the National Accreditation Commission (CNA), an autonomous state agency independent from the government. Indeed, it appears that in recent institutional accreditation processes there have been greater requirements to give certification to some universities. On this particular point it can be mentioned that two private universities associated with international consortia (UNIACC University linked to the Apollo group, and SEK University) which underwent the process of re-accreditation in the second half of 2011 were not accredited by the CNA in first instance<sup>13</sup>, which runs against to the trend observed in the months prior to the student protests. Certainly this is a strong signal to the external world looking in part to clean the tarnished image that shows the current CNA (González & Espinoza, 2012). Moreover, on July 2012 minister of Education proposed some changes on the CNA including the designation of commissioners totally independent from institutions (Beyer, 2012). On the other hand, the CNA itself proposed to create an ethics committee (CNA, 2012).

## ***2.4. Results regarding access***

Since the beginning students demanded the government to advance in the achievement of a more equitable representation of the enrollment, for which free education is the main way; the integral

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<sup>13</sup> However, in the case of SEK University, after appealing to the CNA in late 2011, it was decided to re-accredit it

restructuring of the scholarship and student financial aid system in their amounts, coverage and postulation conditions; and the implementation of a propaedeutic and admission tests appropriate to different areas of specialization. On the other hand, the government proposed to establish scholarships for the poorest 60% (quintiles 1, 2 and 3); the integral restructuring of the scholarship and student aid system; and to promote the use of the ranking of graduates by secondary educational establishment as a criterion for access to higher education.

State resources for scholarships increase. Indeed, in regard to the Juan Gómez Millas scholarships given to students with more than 550 points in the PSU, it is verified that they grew by 523%. Although the increase favors students from the third quintile, it does not permit to cover the entire fee since there is a difference between the amount of fee per career that is assigned by the State and the current values charged by universities. This situation will force the beneficiaries to ask for loans to the banks to cover the differential cost.

### ***2.5. Results regarding the change of the state role in higher education***

Regarding the state role and institutionality, students requested that the state should be the guarantor and regulator of quality in education and of the creation of a national network of public technical education. The government, in turn, proposed to create a new undersecretary of higher education; to establish a single scholarship agency; to create a higher education superintendence; to improve the management of state universities; and to create a system with four types of institutions: state universities, non-state traditional universities and non-traditional private universities, opening the possibility that among the latter there exist profit and non-profit entities.

As a result of the mobilizations the government speeded up the actions to create a higher education superintendence, idea that had been discussed but not implemented in the previous government. In fact, the law project was sent in late 2011 to the Congress and is awaiting its discussion and ulterior approval. The rest of the promises made by the government stayed just as intentions. In consequence, except for the legal initiative already mentioned, there are no major changes in the structure of the higher education system or in the role played by the state in it. In any case, there is not much to expect from the future higher education superintendence since the most likely is that this ultimately fails to comply with the regulatory role required by the institutions and dedicates only to channel and verify complaints of anomalous situations, not applying exemplifying sanctions that could affect the power groups.

## **3. EVALUATION**

By comparing the students' demands and the achievements reached at the end of the mobilizations it is evident that the government's position has clearly prevailed and that the current neoliberal model has not changed at all. Indeed, the government, consistent with its ideological arguments regarding the financing regime, increased scholarships and is legislating for debtors to reschedule their loan debt, but did not support public entities but rather preferred to strengthen the private tertiary sector, assuming part of the financial cost and reducing interests on credits for students in this sector. Along with it chose to expand the supply of contestable public funds to public and private universities and maintained practically unchanged the allocation of resources for state universities (Direct Public Subsidy).

With respect to criticisms about profit in education the government made no changes, except that in the speech noted that it holds an unrestricted observance of the law which, as known, does not allow any serious control on its effective implementation. That naturally makes it easier for universities to profit.

To regulate the quality of the academic offer at different levels (institutional, undergraduate and graduate programs) it was sent a law project that will give rise to the higher education superintendence. To that it must be added the idea of doing an external evaluation of the quality assurance system in charge of an international agency. However, until July 2012 such assessment has not been carried out.

To end with exclusions and inequity in access to the post-secondary system scholarships were increased in order to benefit students from the first three quintiles. Besides that some universities have carried out initiatives to implement admission processes aimed at achieving greater equity and inclusiveness incorporating the recognition of deserving students from public high schools. However, there has not been a government intervention in this regard.

Regarding the role of the state and institutionality, it can be indicated that the government has streamlined the creation of the higher education superintendence by the way of a law project, which is expected to take care -among other aspects- of the quality of the educational offer and the compliance with current regulations. However, this entity, whose creation has been raised for quite some time, still can not be implemented.

In sum, as seen in the short term mobilizations did not achieve the proposed changes. This can be explained by several reasons. First, because many of the changes proposed by the students were systemic in nature (e.g. free education and end to profit) and implied a substantive change in the current economic model in front of what the government wasn't willing to compromise. Indeed, the students' demands were not compatible with the government's ideology -permeated by an exacerbated neoliberalism-. Second, because several of the demanded changes if implemented would undermine the foundations of the prevailing neoliberal model and require planning and resources that ensure the transition from one system to another. Third, because there was no political nor the technical requirements to implement changes that require staff with special characteristics and appropriate resources to carry them out.

Even though in the short term no significant changes can be seen as a result of the student mobilizations, it is clear that they planted a seed of transformation in actual society that could take place most likely in the midterm under a more democratic government that understand education as the main vehicle for social mobility and cohesion in the contemporary world. The mobilizations, in turn, let us see the maturity that the student secondary and university movement have acquired with a capacity of organization and articulation that jeopardize the government (Espinoza & González, 2011b). Certainly the student movement will reappear and come back to counterattack at any time after claims that are entirely legitimate and affordable and that remained unresolved in 2011. Unlike what happened with the previous movement on this occasion students, as already announced by them, will come with concrete proposals for changes endorsed with technical studies and a more pragmatic political judgment.

Finally, note that the Chilean student movement had an important impact on the development of similar movements in Latin America with all the implications that this entails. A very similar case is Colombia where students strongly opposed a law project that sought to privatize higher education in that country. Lessons from the Chilean case and the importance of the student movement provided the basis to support the Colombian movement that stopped the processing of the aforementioned project.

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