

Targeted Assistance and Social Capital: Housing Policy in Chile's Neoliberal Democracy

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Abstract

This article argues that housing reforms imposed by the military regime, and largely preserved by the center-left Concertación since the 1990 transition to democracy, represent substantial impediments to collective action and the development of social capital among Chile's urban poor. In particular, housing policy exacerbates social stratification, reinforces workers' vulnerability to market forces and undermines social trust. These dynamics and the institutional structures which perpetuate them constrain social cohesion and collective action among the urban poor. The broader implication which this research suggests is that social reforms structured in a manner similar to Chile's housing program vitiate the cohesion of disadvantaged communities, thus making it difficult for them to work together to improve their welfare and to hold public officials accountable. The World Bank, Inter-American Development Bank and other development institutions would do well to consider these negative repercussions of targeted assistance programs (as typified by Chile's housing program) if they are indeed serious about addressing the social dislocations wrought by structural adjustment and strengthening democracy through the promotion of social capital.

Introduction

Since the dual transitions of democratization and economic liberalization began in the 1980s, democracy in Latin America has enjoyed a period of uncharacteristic durability. For now, at least, the recurrent cycle of right-wing military coups toppling democratic governments seems a pattern of the past. The adoption of neoliberal reforms has facilitated the current stability of Latin America's democracies, in part by making challenges to the established economic and social order much less feasible. Pursuing radical policy shifts or otherwise threatening the status quo alienates domestic and foreign investors, and thus acts as a constraint upon the behavior of public officials. Despite its positive impact on democratic stability, however, economic liberalization has exacerbated the region's deeply rooted problems of poverty and inequality. Moreover, scholars increasingly observe a connection between the rising economic hardship and social dislocation wrought by neoliberal reforms, and the compromised capacity of subaltern groups to protect their interests within the political arena (Lechner, 1998; Roberts, 2002; Kurtz, 2004; Weyland, 2004). Thus, while the transition to democracy may have made these societies more open, state and economic reform have exacerbated

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the popular sectors'¹ economic vulnerability and weakened their social cohesion and organizational capabilities. To the extent that this is the case, the capacity of the popular sectors to hold public officials accountable and to promote their interests within the political arena is compromised.

International development institutions and national policymakers have not been blind to these problems. To address structural adjustment's negative social and economic repercussions, proponents of market-led development have touted policies intended to facilitate development through the cultivation of social capital. As popularized by Robert Putnam (1993: 167) in his highly acclaimed book, *Making Democracy Work*, social capital refers to 'features of social organization, such as trust, norms, and networks that can improve efficiency of society by facilitating coordinated actions'. Echoing Putnam, the World Bank defines social capital as 'the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions' (World Bank, n.d.). Social capital emerged as an important element in the World Bank's thinking regarding development in the early 1990s, as it became increasingly apparent that market reforms were failing to produce increased economic growth and reduced levels of poverty and income inequality (Fine, 1999; Bebbington *et al.*, 2004).

The conceptualizations of social capital proffered by Putnam and the World Bank have not been uncontested. In particular, scholars studying underdevelopment have questioned the association they make between social capital and prosperity, noting that dense networks of reciprocal social relations are often survival mechanisms, developed to cope with economic deprivation and exclusion from the formal economy (Portes, 1998; Anderson, 1999; Tironi, 2009). These criticisms notwithstanding, the World Bank's emphasis on the development of social capital served as an important example to national policymakers in Latin America, who were trying to reconcile the exigencies of market-led development with the social and economic exclusion of broad segments of their populations. While the emphasis on state intervention to rectify market imperfections was not new to proponents of structural adjustment, the emphasis on improving social interactions among target populations in order to facilitate the efficient functioning of the market was (Fine, 1999: 2). Targeted assistance and solidarity programs promised to incorporate the disadvantaged into the market economy, improve economic efficiency and enhance social cohesion, thereby strengthening civil society and the quality of democracy.

Have such programs delivered on this promise? In particular, have they successfully reconciled the competitive forces of the market (i.e. competition for scarce resources) with the cooperation necessary to promote social cohesion and effective collective action among the disadvantaged? In addressing these questions, this 'small-n' qualitative study seeks to complement recent macro analyses on welfare reform in Latin America, such as Haggard and Kaufman's highly acclaimed *Development, Democracy and Welfare States* (2008) and Segura-Ubiergo's *The Political Economy of the Welfare State in Latin America* (2007). Each of these works illuminates the factors that have led to the kinds of market-oriented social welfare reforms adopted in Latin America since the collapse of import substitution industrialization and the subsequent adoption of trade liberalization in the 1980s. Both note the coalescence of international financial institutions such as the World Bank and domestic reformers around market-based policies intended to enhance economic efficiency. Both also note the limitations of these reforms in terms of their capacity to address the welfare needs of the poor. With respect to targeted assistance programs, Haggard and Kaufman observe that such programs have not provided adequate

1 In the highly segmented, unequal societies of Latin America, the term 'popular sectors' refers to the poor and disadvantaged, whose highly heterogeneous class composition includes segments of the organized working class, as well as unorganized workers in both the formal and informal sectors. While members of the popular sectors are not exclusively urban, they typically reside in the shantytowns that surround major urban centers. For more in-depth discussion of these points, see Oxhorn (1995: 299–302).

resources to significantly reduce poverty or increase employment (Haggard and Kaufman, 2008: 216–17) and have ‘involved a certain segmentation of the poor’ (Haggard and Kaufman, 2009: 77). This research seeks to extend this analysis of social welfare reform in Latin America and targeted assistance in particular by examining their impact on social organization and cohesion among the poor. As Esping-Andersen’s (1990) groundbreaking work on social welfare regimes has shown, welfare regimes can either facilitate or impede inter- and intra-class cohesion depending on how they are structured. Social welfare policies that facilitate strong class cohesion among the poor can strengthen democracy and social equity by enabling the poor to compel democratic leaders to address their concerns, thereby strengthening political participation and accountability.

Do the targeted assistance programs adopted in Latin America over the past few decades function in this way? Have they encouraged increased social cohesion, cooperation and concerted action among the poor? Given the severely inadequate provision of housing in Latin America and the emphasis of international development institutions on targeted housing subsidies as the most effective means of addressing this problem, investigation of housing policy provides an excellent starting point to address this crucial question. According to World Bank statistics, 128 million Latin Americans live in slums and the region needs no fewer than 28 million housing units to relieve the problems of crowded and substandard housing (Jha, 2007: 1). While the magnitude of the problem varies significantly between higher- and lower-income countries in the region, it is substantial in both. ‘In higher-income countries such as Argentina, Uruguay, Chile, Brazil and Mexico, one-third of the households live in inadequate conditions . . . in low-income countries such as Bolivia and Guatemala, more than half of the households live in poor housing conditions’ (Rojas, 2006: 3). International development institutions such as the World Bank, the Inter-American Development Bank (IADB) and the United States Agency for International Development (USAID) have been touting targeted assistance policies to address this enormous problem since the early 1980s.

The Chilean case has figured prominently in these efforts and thus deserves special attention. Both the World Bank and the Inter-American Development Bank helped to fund and support the reform of Chilean housing policy in the 1980s, from one based on state provision of housing resources to a market-led program which targets subsidies to the poor on the basis of relative need. By the early 1990s, these institutions along with USAID promoted the Chilean housing model as a ‘best practice’ example for other developing countries in Latin America and elsewhere to emulate (Gilbert, 2002: 310, 318–20; Jha, 2007: 2).

Apart from serving as a model of best practice, the Chilean case also warrants close examination given the varied approaches to housing policy successive political regimes have pursued. From the mid-1960s to the early 1970s, state-led housing policy facilitated a high degree of social cohesion and mobilization among the urban poor. During the military regime led by General Augusto Pinochet (1973–90), neoliberal technocrats restructured social welfare policy, and housing policy in particular, in accordance with market principles. Since the 1990 transition to democracy, the left-of-center governing alliance, the *Concertación*, has significantly increased social spending and, at least in its rhetoric, emphasized the importance of social solidarity in the formulation and implementation of social welfare policy. Indeed, the Ministry of Housing and Urbanization states as one of its explicit goals the promotion of social cohesion, which it indicates involves ‘the achievement of a peaceful coexistence and development of solidarity, shared sense of identity, belonging and collective responsibility among citizens, and the participative democratization of the processes of urban planning and decision-making’ (MINVU, 2009: 30; author’s translation). Thus, given the post-transition governments’ avowed commitment to the promotion of social solidarity and social cohesion through housing policy and the distinct approaches to housing policy pursued under preceding regimes, comparative historical analysis promises to reveal the impact this key policy has had on social organization, cohesion and the capacity for collective action among Chile’s urban poor.

Ultimately, this analysis demonstrates that Chile's reformed housing policy has not been successful at reconciling market relations founded on individualism, competition and personal advantage with social relations built upon mutual trust and cooperation in pursuit of collective goods. Rather, the mode of housing-subsidy provision and the structure of local government exacerbate already high levels of social stratification, reinforce workers' vulnerability to the vagaries of the market and undermine the urban poor's incentives for collective action. Indeed, while the ostensible intent of this program is to provide targeted assistance to marginal groups and promote the development of social capital, Chile's current housing policy instead promotes divisive competition among popular sector constituencies. It thereby stifles the development of social capital and impedes the capacity of the urban poor to work in concert to compel government officials to be more responsive to their needs and concerns.

To develop this argument, the article first articulates a conceptual framework by which to understand the relationship between social welfare regimes and social organization. Subsequently, it applies this framework to an analysis of the impact of housing policy on social organization in Chile over three distinct periods: populist (1964–73), neoliberal–authoritarian (1973–90), and neoliberal–democratic (1990–present). In examining the impact of housing policy on social stratification and market protection among Santiago's urban poor during the most recent period of reform, the analysis draws upon interviews with government officials and shantytown residents with firsthand knowledge of current housing policy. The latter part of the article articulates the methods used in conducting these interviews, analyzes the interview data gathered and relates these findings to the article's general conclusion that contemporary housing policy in Chile impedes the development of social cohesion and cooperation among the urban poor.

Welfare regimes and social organization

Welfare regimes differ considerably in terms of the level of stratification and market protection, or decommodification, they promote. With respect to market protection, welfare regimes can be distinguished according to the degree to which they enable citizens to 'freely, and without potential loss of job, income, or general welfare, opt out of work when they themselves consider it necessary' (Esping-Andersen, 1990: 23). The decommodifying impact of welfare regimes can, in turn, be evaluated according to three distinct criteria: (1) the level of benefits they offer; (2) the ease of access with which citizens can receive such benefits; and (3) the extensiveness of benefit coverage. The more generous the benefits provided by welfare regimes, the more they establish access to such benefits as a social right, and the more extensive the social strata they cover, the greater the protection from market forces they provide. Conversely, the more limited the benefits welfare regimes provide, the more they restrict access to such benefits on the basis of discriminatory means-testing, and the more they differentiate coverage among different social strata, the more limited will be the market protection they provide and the more extensive will be the stratification or division among different segments of society.

Welfare regime administrative structures are instrumental in reinforcing one or the other of the preceding patterns of welfare provision. In other words, depending upon their institutional design, administrative structures will tend either to support decommodification or to reinforce the primacy of the market. Centralized administrative structures, for example, which administer benefits that are more or less standardized in terms of the levels at which they are provided, the ease with which they are accessible and the diversity of social strata entitled to them, tend to promote social solidarity and continued support for the welfare state. In contrast, decentralized administrative structures fragment coverage by administering a diversity of programs to a variety of competing clienteles. They thereby impede accessibility, reinforce social stratification and ultimately inhibit social solidarity.

We can better appreciate the preceding points by considering the welfare regime schema devised by Esping-Andersen (1990). On the basis of the three criteria previously cited — benefit levels, ease of access and social strata covered — Esping-Andersen's conceptual model identifies three distinct welfare regime ideal types: liberal, corporatist and social democratic. The regimes that are the most limited, both in terms of the benefits they offer and the social strata they cover, Esping-Andersen denotes as 'liberal' welfare regimes. In such regimes, benefits are typically modest and access to them is dependent upon rigid means-testing often associated with stigma. The states whose welfare regimes most closely resemble the liberal model often further restrict the realm of social rights by subsidizing private welfare schemes. The result is 'a blend of relative equality of poverty among state-welfare recipients, market differentiated welfare among the majorities, and a class-political dualism between the two' (*ibid.*: 27).

Welfare regimes structured in this fashion effectively thwart the convergence of broad-based support for a more comprehensive welfare state. In short, to the extent that economically privileged citizens are able to provide for their own needs in the private sector, they are likely to be reluctant to subsidize those who have been less successful in the marketplace. Moreover, citizens who are compelled by their precarious economic circumstances to request public assistance are subjected to stigmatizing means-testing as a prerequisite for obtaining benefits. Through the use of these administrative mechanisms, liberal welfare regimes are able to significantly limit access to, as well as inhibit demand for, benefits. Finally, liberal regimes often compound the effects of the foregoing administrative arrangements by implementing complex sets of differentiated programs, which (by creating diverse, sometimes competing, working-class constituencies) subvert working-class unity.

In stark contrast to liberal welfare regimes, social democratic welfare regimes are founded upon a strong alliance between the working and middle classes. All social strata are incorporated under one state-sponsored universal insurance system. The result is a highly decommodifying welfare regime which, instead of reinforcing class stratification as is the case in liberal regimes, promotes essentially universal solidarity in favor of the welfare state. Corporatist welfare regimes possess elements in common with both social democratic welfare regimes. Much like the social democratic model, these welfare regimes provide social welfare benefits almost exclusively through state sponsorship; market-based social welfare schemes play little or no role. However, similar to the liberal model, corporatist welfare regimes maintain status differentials among different social strata and therefore tend to have a negligible impact on inter-class unity and economic redistribution.

If we apply the preceding conceptual guidelines to a historical analysis of the Chilean case, we observe the development of a corporatist welfare regime under populism that was trending social democratic before the 1973 coup, the establishment of a liberal social welfare regime under neoliberal authoritarianism (1973–90) and finally the preservation of this liberal welfare regime under neoliberal democracy (1990–present). Each mode of political economy and its attendant social welfare regime had distinct and profound implications for the nature and degree of social welfare coverage and the organization of civil society (see Table 1).

In the populist phase, the populist coalition that ruled Chile from the 1930s until the 1973 military coup originally incorporated within the state's corporatist welfare and democratic political regimes only those segments of the popular sectors most strategically important to the success of state-led development (import substitution industrialization or ISI). Yet the existence of highly competitive center and leftist political parties representing both middle- and working-class elements (primarily the Socialists, Communists and Christian Democrats) coupled with a highly centralized interventionist state, encouraged the political incorporation and inclusion within the corporatist welfare regime of previously excluded marginal social strata. Thus, over the course of the populist phase of development, the corporatist welfare regime evolved in a social democratic direction. The administration of social welfare benefits became

Table 1 Social welfare and housing policy reform in Chile 1964-2006

Time Period	Political Economic Model	Social Welfare Regime	Housing Policy	Effect of Policy on Organization among the Urban Poor
1964-73	Democratic/populist political regime Import substitution industrialization economic model	Corporatist, developing toward social democratic under Presidents Frei (1964-70) and Allende (1970-73)	Establishment of housing as a right to be satisfied through state provision of resources; centralized distribution of resources	Mass organization and mobilization led by operatives from center and left parties; substantial increase in land seizures and fiscal expenditures on housing
1973-90	Authoritarian political regime Neoliberal economic model	Liberal	(1) Privatization of housing finance and construction; (2) Stratifying means-testing for access to state housing subsidies; (3) Families of different income levels allowed to compete for the same subsidies; (4) Decentralized distribution of resources	Repression and privatization precludes parties' traditional mobilization efforts. Stratification and decentralization undermine urban poor's incentives/means for collective action
1990-present	Democratic political regime Neoliberal economic model	Liberal	Maintenance of: (1) Private sector predominance in housing finance and construction; (2) Stratifying means-testing; (3) Decentralized distribution of resources	Perpetuation of stratification and decentralization continue to impede urban poor's incentives/means for collective action

increasingly centralized while the level of benefits, ease of access in obtaining them and the extensiveness of coverage all increased. Thus, prior to the 1973 coup, 'Chile had developed one of the most comprehensive welfare systems in Latin America, covering a wide variety of social risks and consolidating a relatively developed and universalistic educational and health system' (Segura-Ubiergo, 2007: 204).

The original impetus among those parties responsible for the incorporation of previously excluded marginal sectors (including the peasantry and the urban poor) was the desire to achieve political and ideological hegemony through the expansion of their respective constituencies. However, none of the competing political factions succeeded in achieving this objective. Instead, the exploding demands of newly organized and mobilized popular groups increased the fiscal and political pressures burdening the already overextended Chilean state, thereby accelerating hyperinflation and political polarization (Borzutsky, 2002: 42–3).

Housing policy in the pre-coup period

Housing policy in Chile from 1964 to Allende's ousting in 1973 epitomized these general trends. Both the Christian Democratic (1964–70) and Popular Unity (1970–73) governments had stimulated demand and expectations for housing among the popular sectors well beyond the state's capacity to supply it. They did this by establishing housing as a right that the state had an obligation to fulfill. The initial upsurge in popular sector demands and expectations originated as a response to policy and institutional reforms adopted by President Frei and the *Partido Demócrata Cristiano* (PDC) in the late 1960s. In order to realize its ideological vision, the PDC adopted a program of *Promoción Popular* (Popular Promotion), which had the dual purpose of overcoming the extreme scarcity of resources and technical capabilities which characterized Chilean local government and winning many new supporters for the party. The new corporatist institutions would help to build a consciousness of national identity, and would encourage collective solutions to community problems with the support of direct assistance and subsidies from the central government.

Ultimately, *Promoción Popular* failed to achieve the ambitious goals the Frei government had envisioned because it was unable to increase resources in proportion to the greatly increased demand it stimulated. This contradiction between resource demand and provision was particularly evident in the housing sector. In response to the severe housing shortage confronting the nation, the Frei administration declared that 'housing is a good of prime necessity to which every family has a right. In consequence, housing should be accessible to all families whatever their economic status' (MINVU, 2004: 138; author's translation). In order to address the housing shortage, the government created a dedicated housing ministry, the *Ministerio de Viviendas y Urbanismo* (MINVU), in 1965 and a set of related autonomous state corporations the following year.² These bureaucratic entities assumed responsibility for achieving the ambitious goal of constructing 360,000 housing units before the end of Frei's term, with nearly 60% (213,000 units) to be set aside for the poor (*ibid.*: 128). Despite the establishment of these ambitious goals and the creation of a bureaucratic apparatus to achieve them, what the government was able to achieve fell well short of the nation's surging housing demand. The increasing influx of migrants from the countryside swelled the ranks of the urban poor and elevated demand for housing significantly above the government's construction targets.

When the Frei administration's program to deal with the urban housing crisis, *Operación Sitio*, proved unable to satisfy the burgeoning demand for low-cost housing, the Christian Democratic Party lost control of the growing *poblador* (shantytown

2 These state corporations included the Corporación de Servicios Habitacionales (CORHABIT), the Corporación de Vivienda (CORVI) and the Corporación de Mejoramiento Urbano (CORMU) (MINVU, 2004: 129–30).

dweller) movement. Thousands of families without adequate shelter formed Committees of the Homeless (*Comites Sin Casa*), which from the mid-1960s began squatting on land to force the government to provide the housing and urban services it had promised. The Frei government initially responded to these land invasions with repression. But prior to the 1970 presidential election it became concerned that its actions would alienate the urban popular sectors, whose support was crucial to the PDC's electoral success in 1964. The *pobladores* responded to the government's new leniency by forming makeshift settlements, *campamentos*, established through land invasions led and organized by Committees of the Homeless (Castells, 1983: 200–01). These were in turn led by leftist groups (mainly the *Partido Comunista*, the *Partido Socialista* and to a lesser extent the MIR and the leftist factions of the PDC), which organized the mass mobilizations and land seizures to force the government to immediately address the urban poor's needs (Castells, 1983: 199–200; Kusnetzoff, 1987: 159–160). The land seizures (*tomas*) — 8 in 1968, 73 in 1969 and 220 in 1970³ — underscored the Frei government's inability to either satisfy popular demands or assuage the business community's concerns about the increasing spread of leftist radicalism. Under these circumstances, the right had little reason to lend its electoral support to the Christian Democrats as it had done in 1964, a condition which made it possible for Allende's Popular Unity coalition⁴ to win the 1970 presidential election.

With Allende's ascension to power, the polarizing dynamics put in play under the Frei administration continued unabated. In 1971 there were 560 land invasions, more than double the number in 1970 (Castells, 1983: 200). Contributing to mounting popular demands and expectations, Allende proclaimed early in his administration that 'housing is a fundamental right of all Chilean families, independent of their income level' (Kusnetzoff, 1987: 162). The Socialist president stated further that 'it is the obligation of the state to provide housing to its people . . . it cannot be the object of profit' (MINVU, 2004: 138; author's translation). In attempts to make good on this proclamation, his government dramatically increased state investment in housing and social welfare. 'Housing starts for 1971 were more than triple the total starts in the previous year. Fiscal spending increased by more than 70%' (Ascher, 1984: 243). The combination of state intervention and the *pobladores*' massive mobilization enabled hundreds of thousands to obtain housing and services. By 1972, over 500,000 Chileans — 400,000 in Santiago alone — were living in *campamentos* established through urban land invasions (Castells, 1983: 200–01). Over the combined 9 years that Frei and Allende were in office, 400,000 dwellings were constructed, 62.5% by the public sector (Kusnetzoff, 1987: 163).

This dramatic increase in popular mobilization and state intervention inevitably antagonized the entrepreneurial class, which feared that such steep increases in popular demands and fiscal spending would exacerbate inflationary pressures and usurp the private sector's economic prerogatives. Thus, as the newly mobilized segments of the popular sectors joined with organized labor to press for greater concessions, business joined with the Chilean military to derail the Socialist government.

Housing policy under the military regime

The 1973 military coup and the imposition of authoritarian rule were the right's response to the popular sectors' growing capacity to demand and win concessions from the state. It is therefore within this context that the institutional and social welfare reforms implemented by the Pinochet regime during Chile's neoliberal-authoritarian phase of development must be understood. The authoritarian regime's state reforms were largely guided by the desire to undermine the political and economic power the popular sectors had accrued over the previous 50 years of Chile's development. Economic liberalization

3 These figures are taken from Stallings (1978: 115) and Castells (1983: 200).

4 The Popular Unity coalition comprised the Socialist, Communist, Radical and Social Democratic parties as well as the MAPU (Movimiento de Acción Popular Unitario).

would facilitate the accomplishment of this objective by bringing international market pressure to bear upon workers within Chile's small underdeveloped economy. However, successful liberalization itself depended upon the establishment of a number of key conditions. Foremost among these was the establishment of a social welfare regime which, rather than responding primarily to popular needs and demands, would reinforce the primacy of market competition and stratification.

Thus, with the expert assistance of neoliberal technocrats, the military government radically refashioned the existing corporatist welfare regime into an extreme version of the liberal ideal-type conceptualized by Esping-Andersen. Many of the resources and functions previously controlled by the Chilean state were privatized. Meanwhile, citizens who did not have the wherewithal to avail themselves of the superior services in the private market were forced to rely on the now severely compromised and inferior resources available to them in the public domain. In this manner, the authoritarian regime created a highly stratifying social welfare system that subverted the potential for popular unity coalescing around shared social welfare concerns. The military regime subverted the potential for popular unity around the issue of inferior welfare resources by targeting programs at specific groups, and by administering such programs through the territorially divided and administratively distinct municipal governments.

These strategies were evident in the military regime's reform of housing policy, which involved three elements: (1) shifting primary responsibility for housing finance and construction to the private sector; (2) stratifying low-income households on the basis of income, savings and other criteria established in accordance with the Social Action Committees (*Comités Comunales de Acción Social* or CAS) survey (discussed below); and (3) allowing families of different income levels to compete for the same housing subsidies. With respect to the issue of stratification, the central government entrusted municipal governments with the implementation of policies and programs which were targeted primarily at the most needy. This delegation of responsibility was part of a broader process of administrative decentralization implemented by the military regime in 1985. Under this scheme, the municipalities were the sole mediators between the newly established *Servicio Regional de Vivienda y Urbanización* (the Regional Service of Housing and Urbanization or SERVIU) and other state agencies charged with the administration of social policies and the populations targeted by such policies. This form of decentralization, known as deconcentration,⁵ transferred substantial central government administrative responsibilities to municipalities while severely restricting their policymaking and revenue-generation prerogatives. By creating this extreme dichotomy between local governments' high degree of administration responsibility and their severely restricted policymaking autonomy, deconcentration disempowered local governments and the communities they represented. Without access to resources or influence over policy, political parties and social organizations were prevented from playing their historical role of organizing the popular sectors at the local level and representing their interests before the state.

Under this new administrative arrangement, municipal governments were responsible for fulfilling four specific functions. First, they were expected to collect statistical survey information from each family in order to characterize the socioeconomic situation of their respective communal populations. In order to collect such information, in 1979 the military regime endowed municipal governments with special administrative structures, the *Comités Comunales de Acción Social* or CAS (Social Action Committees). In addition to coordinating all the different public and private social services targeted at the extreme poor of each community, the primary function of the CAS was to administer the *Ficha de Estratificación Social* (Index of Social Stratification), a government survey

5 See Posner (2003; 2004) for a more in-depth discussion of the distinct forms that decentralization may take, including the mode of decentralization (deconcentration) the military regime adopted in Chile.

designed to assess the magnitude and urgency of social need in each community.⁶ Second, on the basis of the information collected through application of the *Ficha CAS*, municipal governments were expected to stratify the poor families of their communities according to their relative levels of poverty (Vergara, 1990: 52–6).⁷ Third, utilizing the assessments made possible through the application of the *Ficha CAS*, municipal officials assigned benefits to selected families and individuals based upon their respective calculated needs. Fourth and finally, municipal governments transferred the assigned benefits to the selected families and individuals (Gallardo, 1989: 39–50).

Unfortunately, the interplay between the targeting of resources by municipal governments on the basis of the CAS index and private sector financing and construction of housing for the poor greatly exacerbated, rather than ameliorated, the already severe housing shortage. The shift from predominantly public to predominantly private responsibility for the finance and construction of low-cost housing represented a dramatic departure from the historical pattern in Chile. As such, it had significant repercussions for both the quantity and quality of housing constructed to meet the needs of the most disadvantaged. Between 1960 and 1972, Chile's public sector constructed and/or financed approximately 80% of all housing (Raczynski, 1994: 37). During the military regime, by contrast, the public sector constructed roughly only 17% of all housing (Kusnetzoff, 1987: 172). As a consequence of this shift, the housing deficit doubled during the military regime period, and only 56% of new households acquired their own housing.⁸ Moreover, despite the military regime's emphasis on targeting subsidies in order to more effectively meet the housing needs of the most needy, half of the housing subsidies it provided for the alleviation of extreme poverty found their way into the hands of middle-income groups, as did three-quarters of the housing itself. Finally, the housing that did make it into the hands of the most disadvantaged was generally of poorer quality and constructed in communities with inferior public resources, economic and social opportunities (Vergara, 1990: 229–30).

The financing mechanisms established by the regime contributed to the foregoing problems in several ways. First, the government's almost exclusive reliance on the private sector for the construction of housing for low-income sectors meant that practically all such housing was constructed where land was cheapest — in the poorest areas, with the least resources, farthest from the city's centers of economic and social opportunity (*ibid.*: 241). Second, the private sector was not only encouraged to build in inferior locations, but also discouraged from building an adequate supply of low-cost housing. Apparently, it was not profitable for the construction industry to produce low-cost housing except on a large scale with assured demand (Castañeda, 1992: 131). Such demand could not be assured, despite the mounting housing deficit amongst society's poorest strata, because families from these strata typically did not possess the necessary savings and income to qualify for the credit which would have enabled them to purchase their own homes. At the same time, however, families that municipal governments had determined (through the CAS index) as possessing adequate income and savings to qualify for private loans were allowed to compete for the same subsidies as those less fortunate than themselves. As a result, many of the resources the military government had allocated to help alleviate the housing crisis ultimately benefited either the middle sectors or the least disadvantaged among the lower sectors (*ibid.*: 134; Vergara, 1990: 230–33).

6 The supports and services provided by the government included programs dealing with pre-school education, nutrition, housing subsidies and healthcare (Vergara, 1990).

7 The *Ficha CAS* stratified the indigent population into levels 1 to 5, with 1 being the most critical. Municipal governments determined the poverty level of a given family based upon such criteria as the characteristics of the family's home (urban or rural location, sanitary facilities, form of cooking fuel used, etc.), the level of education of the head(s) of household, etc. Only those families which fell into levels 1 to 3 were eligible for state subsidies.

8 This was the average annual figure between 1974 and 1989. By comparison, the average annual figure between 1960 and 1973 was over 92%. See Raczynski (1994: 38, 83).

To remedy this problem, the regime established a program (the Social Housing Program or SHP) providing subsidies intended exclusively for the most needy, which would help to cover the rental or purchase of housing between 28 and 35 square meters, considerably smaller than the housing available to the middle sectors and previously available to the poorest sectors (Castañeda, 1992: 134–5). Thus, in sum, those with inferior resources were unable to qualify for bank loans altogether or could compete only for the least costly, least desirable housing. The competitive process involved in acquiring low-cost housing and the stratification of the popular sectors in accordance with the economic criteria determined by the government destroyed the basis for building popular unity and pursuing collective interests that the housing issue had previously presented in Chile.

Housing policy in the post-transition period

Since the *Concertación* assumed power in 1990, it has devoted more resources to the housing program in attempts to reduce the substantial deficit that the Pinochet government had allowed to accrue over the previous 17 years. In addition, it has made efforts to ensure that resources are more effectively directed to the neediest. However, it has pursued these objectives without changing the housing program's administrative structure, the manner in which it allocates resources or the kinds of resources which it allocates. As a result, while the housing deficit has declined and scarce resources appear to have been more effectively targeted at the poor, the manner in which resources are distributed and the structure and location of the housing itself continue to have deleterious effects on popular sector organization and social capital.

When President Aylwin assumed office in 1990, his government was fearful that the restoration of democracy would precipitate a return to land seizures among the urban poor. In order to preempt the reemergence of this problem, the government increased public expenditures on housing, developed programs targeted specifically at low-income *allegados* (multiple families living together in one dwelling) and improved the effective transfer of resources to the poor overall. The Frei administration (1994–2000) continued the pursuit of these objectives. As a result, MINVU facilitated the construction of more than 90,000 housing units per year — achieving a substantial reduction in the housing deficit — and instituted more efficient targeting of resources destined for the most poor (MINVU, 2004: 231). A 1998 government survey indicated that the benefits granted between 1994 and 1998 were focused on the poorest 40% of the population (*ibid.*: 234).

Despite these positive achievements, a substantial contradiction exists between the government's avowed commitment to equity, solidarity and citizen participation, and the actual impact of housing policy on popular sector organization. Indeed, rather than equity and solidarity, the design and operation of government housing policy appears more likely to produce stratification, competition and distrust among popular sector constituencies. The element of competition is introduced into the housing distribution system in two ways: (1) by providing easier access to subsidies and a greater variety of subsidy options to *pobladores* with greater savings and better credit; and (2) by the manner in which the relative need of individuals and groups is determined. In the first instance, shantytown dwellers who have greater savings and earning power are eligible for private sector mortgages which are subsidized by the state, and are eligible for housing which is more than twice the size of the housing available to the neediest residents of the shantytowns (i.e. 100 vs. 42 square meters).⁹ In the second instance, state-imposed means-testing stratifies low-income citizens according to relative need, determining in the process their eligibility for limited state benefits.

9 See Saball (1994) as well as MINVU (2004: chapter 8), available via the Ministry of Housing and Urban Development (MINVU) website (http://www.minvu.cl/opensite_2007041164518.aspx), for a description of the different subsidy options available and the different requirements *pobladores* must meet to be eligible for these various subsidies.

The state determines relative need on the basis of an updated version of the survey instrument originally adopted under the military regime, the *Ficha CAS-2*.¹⁰ As previously noted, the instrument was designed by the military regime to target resources at the neediest in accordance with the principle of subsidiarity. In other words, the state would promote efficiency by delivering resources at the lowest level of government possible and with the ultimate objective of facilitating marginalized citizens' participation in the private market. Accordingly, municipal officials administer the survey instrument, which assesses a variety of factors, including income, education and the condition of the dwelling in which low-income residents live. On the basis of this assessment, these officials assign a score intended to reflect the residents' relative need — the higher the need, the lower the score. Individuals with lower scores have a greater likelihood of receiving more generous state subsidies. In addition, the lower their scores, the less credit burden they will be expected to assume and the lower the savings they will be expected to contribute to the purchase of their own home in the private market. Table 2 illustrates this characteristic of Chile's housing policy by presenting the variety of subsidies available, their respective eligibility requirements and the diversity of resources to which they entitle those who qualify.

Research design and analysis

The elements of Chile's current housing policy described above are consistent with the liberal model of welfare resource provision as conceptualized by Esping-Andersen. The Chilean state provides modest housing subsidies on the basis of rigid means-testing. The program provides easier access to subsidies and a greater variety of subsidy options to shantytown dwellers with greater savings and better credit. Given these elements of the housing program, I anticipated that current housing policy design would reinforce rather than ameliorate differences in economic status among the urban poor, and that it would thereby impede their cooperation in pursuit of housing resources from the state. I hypothesized that the manner in which the state determines relative need and the targeted nature of access to housing subsidy benefits would promote competition and distrust among potential recipients. Housing policy would thereby undermine the development of social capital and incentives for collective action.

Social capital in this context is understood to mean that which facilitates the capacity of people to work cooperatively to improve their collective wellbeing. The creation of this kind of social integration is one of the explicit goals of contemporary housing policy in Chile. The government's *Housing Solidarity Fund — Manual for the Design and Execution of Plans for Social Empowerment* states explicitly that its policy is to 'promote social integration of the poorest families of the country, incorporating them in a permanent process of citizenship formation and social inclusion, specifically in the area of housing' (MINVU, 2008: 5; author's translation). In this regard, MINVU defines social empowerment 'as a process of developing permanent capabilities of persons — recognizing themselves as subjects with rights and responsibilities — to enable them to overcome their conditions of poverty and social marginalization, strengthening their autonomy, developing collective action in collaboration and integrated in formal and informal social networks' (*ibid.*: 6). MINVU has not operationalized its definitions of social empowerment or social integration in either quantitative or qualitative terms. Nevertheless, given that social integration is a key goal of the government's housing

10 The military regime introduced the original survey instrument in 1980 (*Ficha CAS-1*) and updated it in 1987 (*Ficha CAS-2*). At the time of writing this article, the government was in the process of implementing a third generation of the survey, the *Ficha CAS Familia*. For a discussion of the historical background and present functioning of *Ficha CAS-2*, see the Ministerio de Planificación website (<http://www.mideplan.cl>) as well as Vergara (1990: 52–5).

Table 2 Housing subsidies, eligibility requirements and resources, 2000-06

Program	Eligibility	Subsidy
Social dynamic housing program without debt	Insufficient credit to obtain private financing, CAS score at or below 543 points (group applicants eligibility determined by average CAS score)	Maximum subsidy of 280 UF* (US \$11,000); maximum housing cost 300 UF; minimum savings 10 UF
Competitive fund for solidarity housing projects	CAS score below or equal to the national average for families living below the poverty line	Maximum 280-420 UF (US \$11,000-19,000), depending upon region
New basic housing program	Families of middle income or below who qualify for a private mortgage; minimum savings required of 20 UFs (US \$800)	100-350 UF depending upon geographic region and the cost of the house; eligible for housing up to 800 UF (US \$32,000)
Housing subsidy title I program: general subsidy	Middle-income families who are capable of servicing a mortgage	Subsidy varies from 90-450 UF, depending on the value of the home, family savings and geographic region. Savings requirements range from 20-100 UF
Housing subsidy title II program: territorial interest subsidy	Families or individuals capable of servicing a mortgage. Housing restricted to urban redevelopment zones	Subsidy of 200 UF coupled with savings of 100 UF for housing up to 1000 UF; 200 UF in savings required for housing up to 2,000 UF
Housing subsidy title III program: historical preservation subsidy	Middle-income families with savings capacity interested in renovating property in a designated historic preservation zone	Subsidy of 250 UF with savings from 100-200 UF, depending on the cost of the home (from 1,000-2,000 UF)

*UF is the Spanish abbreviation for *Unidad de Fomento*, the translation of which is unit of promotion. As of March 2010, one UF or unit of promotion is approximately equivalent to US \$40.
Source: MINVU (2004)

policy and is consonant with social capital formation, we can deduce that any policy or institutional arrangement that causes distrust among the poor or imposes impediments to group formation, cohesion and solidarity is antagonistic to the realization of this goal and the cultivation of social capital. To the extent that housing policy produces these consequences, it undermines one of the primary justifications for targeted assistance and solidarity programs — to enhance social cohesion and strengthen civil society.

Designed to evaluate the impact of Chile’s housing policy on social capital among the urban poor, the field research involved interviews conducted in 1993, 2001 and 2006 with both national and local government officials responsible for administering housing policy and randomly selected residents of shantytowns who had firsthand experience of state-sponsored housing programs. Conducting interviews during these three distinct periods provided the opportunity to determine the constancy (or lack thereof) of research findings across time.¹¹ The choice of which communities to investigate was suggested by Cathy Schneider’s (1995) research on mobilization of *poblaciones* (shantytowns) during

11 As Arend Lijphart (1971: 689) notes, intranation diachronic (or in this case, trichronic) analysis is an effective means of maximizing comparability. The presence of many similar national characteristics serves as a control.

the dictatorship period. Through her investigations she was able to distinguish between three different types of communities based upon their propensity to mobilize against the dictatorship: low-level mobilization, sporadically mobilized and combative *poblaciones*. Low-level mobilization *poblaciones* are those with no reported protest activity between 1983 and 1986. Sporadically mobilized *poblaciones* are those with a high level of protest (as measured by amount of newspaper coverage), but a limited range of activity on national protest days and a low level of political activity between protests. Combative *poblaciones* are those most often featured in the press, with the largest range of protest activity on national protest days. They are also the *poblaciones* that maintain the highest level of political activity between national protests, those considered to be most combative by both scholars and organizers (Schneider, 1995: 218, 222).

On the basis of Schneider's categorization, I selected three distinct *poblaciones* for investigation, one of each type she identified: (1) La Pincoya in the municipality of Huechuraba (northern Santiago) — a low-level mobilization *población*; (2) Lo Hermida in the municipality of Peñalolen (eastern Santiago) — a sporadically mobilized *población*; and (3) Yungay in the municipality of La Granja (southern Santiago) — a combative *población*. In contrast to their differences in terms of mobilization during the dictatorship, these communities share much in common in terms of socioeconomic and demographic indicators. They have, in fact, been among the poorest and least developed in metropolitan Santiago. The data compiled by Dockendorf (1990) illustrates this point well. According to this data, for example, the municipalities of La Granja, Peñalolen and Huechuraba had among the highest rates of infant malnutrition and the poorest quality of health care in all of metropolitan Santiago during the 1980s (*ibid.*: 108–9). During this period, these communities also had the greatest percentage of housing in poor condition, with Peñalolen and Huechuraba occupying first and third place respectively in this category (*ibid.*: 89–90). Not surprisingly, these communities also had among the highest rates of population density and lowest rates of industrial and commercial development (*ibid.*: 23, 74, 77). And equally unsurprisingly, these municipalities had among the highest fiscal deficits and the worst income distributions among greater Santiago's municipalities (*ibid.*: 132–5, 196). Investigating popular sector organizational activity in shantytowns in these municipalities, essentially the same in terms of demographic indicators but varied in terms of their level of mobilization during the dictatorship, established a basis for comparison from which could be derived general propositions about the impact of housing policy on popular sector organization in the post-transition period.

I conducted 30 interviews in these communities in order to assess the institutional structure of post-transition housing policy and its impact on social organization and cohesion among Chile's urban poor. The majority (25) of these interviews were conducted in January 2006.¹² I conducted two sets of interviews. The first set included interviews of government officials, both national and local, who were responsible for administering the state's housing program. At the national level, I conducted in-depth interviews with Jaime Riquelme and Maria Cucurella, representatives from the Housing Operations Department in the Housing Policy Division of the Ministry of Housing and Urbanization (MINVU). At the local level, I conducted interviews with municipal government officials from each of the municipalities investigated in this study. These included interviews with Maribel Zuñiga, representative from the Department of Social Stratification in the municipality of La Granja; Tamara Saez, social assistant for housing management in the municipality of Peñalolen; and Alejandro Rojas, housing subsidies manager in the municipality of Huechuraba.

12 The benefit of this kind of qualitative in-depth analysis of a relatively small number of cases is supported in the literature. For example, Lijphart (1971: 685) observes that 'given the inevitable scarcity of time, energy, and financial resources, the intensive comparative analysis of a few cases may be more promising than a more superficial statistical analysis of many cases'.

The second set of interviews involved residents of poor neighborhoods from the three communities described above. I selected most of these interviewees randomly; all had applied for state housing subsidies and some had been successful in receiving them. In addition, at least one interviewee from each community had played a leadership role in trying to organize groups of neighborhood residents in order to obtain state housing subsidies. I identified random interviewees by asking passers-by in the shantytown neighborhoods of Huecheraba, La Granja and Peñalolen or clients in municipal offices in these municipalities if they had participated in the state housing program. In several cases, I engaged in 'snowball sampling' by asking individuals already identified as having direct experience of the housing program to recommend other individuals who had experience of applying for subsidies from the state housing program.¹³

I conducted the interviews with national and local government officials in their respective offices, and interviews with shantytown residents in their homes. Both sets of interviews were semi-structured and in-depth, with interview times typically lasting in excess of an hour and often taking several hours. The initial questions posed focused on the interviewee's relationship to and/or experience of the housing program. The interviews were designed to determine the types of housing subsidies available, how the subsidies are awarded or distributed (i.e. determine eligibility requirements), and what impact the subsidy type and method of distribution has had on cooperation, collective action and social capital formation in poor urban neighborhoods in Santiago. Since my original interviews with shantytown residents who had firsthand experience with the housing program indicated that the mode of means-testing to qualify for housing subsidies promoted distrust among neighbors, I questioned all interviewees, including national and local government officials, on this issue. In addition, I questioned interviewees regarding the procedures and requirements involved in submitting group proposals for housing subsidies in order to determine the extent to which existing policy facilitated cooperative endeavors as opposed to the pursuit of individual solutions to the problem of inadequate housing.

Comparative content analysis of interview data from across the three communities examined in this study reveal the following patterns. Across all three communities interviewees observed that: (1) shantytown residents tended to view the assessment of eligibility for housing subsidies as arbitrary since it made distinctions of relative need among neighbors that they did not perceive to be self-evident; (2) shantytown residents viewed the process for assessment of eligibility as subjective since they considered it to depend on the municipal assessor's perception of their material deprivation relative to that of their neighbors; and (3) perceptions among shantytown residents that the assessment process was arbitrary and subjective and that housing subsidies were scarce led housing subsidy applicants to view the process as competitive. This perception, in turn, created incentives for aspiring recipients of housing subsidies to engage in practices intended to enhance the perception of their relative material deprivation. As the interview excerpts below indicate, *pobladores* would do this by removing or concealing amenities

13 Since this was a comparative case study, the logic used in selecting interviewees was distinct from that used in sampling, wherein the goal is to find statistically representative data to describe the typical characteristics of a wider population. Since the goal here was to understand the process of housing subsidy assignment and the incentive structure for collective action it created among postulants, the goal was to interview individuals who had direct experience of this process. Thus, the fundamental criterion used to select interviewees was experience of applying for state housing subsidies. Otherwise, the selection process was open. Knowledge gained from interviews with initial respondents was used to guide questions posed to subsequent respondents. The number of interviews conducted was not predetermined. Instead, interviews were conducted to the point of saturation, i.e. when it appeared that interview data was becoming repetitive and no new information or insights were being revealed by conducting subsequent interviews. See Charles Ragin (1994: 85–7), Mario Luis Small (2009: 226–7) and Robert Yin (2009: 54–60) for more in-depth discussion of the logic behind this methodological approach.

such as wooden floors, electric fans or television sets prior to the arrival of a municipal assessor. All interviewees, including government officials, acknowledged the prevalence of this practice among residents of poor urban neighborhoods. While many of the shantytown interviewees were critical of the practice of concealing material possessions from municipal assessors, all perceived it to be an understandable result of resource scarcity and stringent means-testing. As one respondent noted, 'I don't find it loyal, but I find it valid'.¹⁴

This comment points to two widely shared views reflected in the interview data: (1) a recognition among respondents that the housing program determines need and distributes benefits almost exclusively on the basis of individual (rather than collective) need; and (2) the individual pursuit of benefits, even if it involves attempts to manipulate the appearance of one's relative need before municipal assessors, is a rational (if undesirable) response to the incentive and reward structure Chile's housing program has established. There was universal recognition among the interviewees of the program's emphasis on individualism and the pursuit of self-interest, though there was some difference of opinion regarding the desirability of this aspect of the program. Jaime Riquelme of the Housing Ministry (who began working in his present position during the military regime) and Alejandro Rojas, housing manager in the municipality of Huechuraba, each expressed support for what they described as the program's promotion of individual initiative and self-sufficiency. Others bemoaned the program's tendency to undermine social solidarity, and its reinforcement of economic disparities in the shantytowns by granting those with greater financial means access to private credit and subsidies for more desirable housing in terms of size and amenities.

The tendency of Chile's housing program to undermine social solidarity appears most pronounced in the response of shantytown residents to means-testing carried out by municipal governments. In order to enhance their relative eligibility, shantytown residents compete to portray their respective living conditions to municipal assessors in the neediest light possible, a practice which tends to cause resentment and distrust amongst neighbors. As one grassroots leader put it: 'This policy divides the community. It encourages dishonesty and competition among families. If a family has a television or a wooden floor or anything that gives the appearance of being better off than its neighbors, in order to receive a higher ranking it will remove these things when the officials come from the municipality. Neighbors become suspicious of one another. Under these circumstances we can no longer build unity'.¹⁵

Other social leaders dealing with the housing issue voiced strikingly similar observations. For example, Sabina, leader of the *Comité de Allegados* in the La Pincoya shantytown in the municipality of Huechuraba, stated: 'I do not agree with the way the needs of poor people are being assessed . . . people hide all their material possessions when they are visited by social workers. This assessment system is not good since it leads people to lie. Therefore, the scores are not fairly assigned to poor families'.¹⁶ Another social leader involved with the housing issue, in the Yungay shantytown in the municipality of La Granja, expressed a similar criticism: 'this is not a fair system since social workers are very subjective when assessing people's housing needs. For example,

14 Interview with Claudia Valdina Espinosa (leader of the *Comité de Allegados*, i.e. multiple families living in one dwelling), 11 January 2006, in Lo Hermida *población* in the municipality of Peñalolen, Santiago.

15 Interview with Soledad Araos (Communist Party militant and president of the neighborhood association), 25 October 1993, in La Victoria *población* in the municipality of San Miguel, Santiago.

16 Interview with Sabina (no surname given), 23 June 2001, in the municipality of Huechuraba, Santiago. *Comites de Allegados* (roughly translated as Committees of Friends and Relatives) are groups established to compete for housing subsidies. Their name originates from the practice (common in Chile given the housing shortage) of multiple families living together in one small dwelling or those with dwellings taking in friends who would otherwise be homeless.

if they see that the *pobladores* have certain material possessions that they acquired with great effort, they might think that they are not in need of a house'.¹⁷

The extent to which this form of assessment incites distrust amongst neighbors is reflected in complaints received by local government officials. As a government official in the *Departamento de Estratificación* (Department of Stratification) in the municipality of La Granja noted:

The subsidies are always less than the number of applicants. So there are complaints. They ask, 'Why don't you give me those benefits, if I live in the same conditions as my neighbor and my neighbor had the score to apply for the subsidy?' But we can't do anything about that. I can revise the *ficha*, but if the person signs and asserts that they are not working [being unemployed would entitle the applicant to a more generous subsidy], I can't do anything about it. I don't have the means to disprove them. Now it is happening a lot that the person obtains benefits but they aren't interviewed in their community — they are interviewed in a house of *allegados* [multiple families living in a single dwelling], knowing that they will get the score they need.¹⁸

A government official dealing with the issue of housing in the municipality of Huechuraba noted similar attempts by *pobladores* to try to manipulate the evaluation system in order to maintain a lower score:

I have witnessed it several times when I go to people's houses and they keep me waiting outside. Sometimes the curtain or a window is a little open and I can see them starting to hide everything. Once they are done, they let me in and tell me how they do not have much . . . A lot of people act that way. Unfortunately, here in Chile the concept of social assistance is very strong. We see it every day when people come here to ask for such things as food, cement, etc. Unfortunately, that has historically been the way. That is the problem with the housing subsidies — because people want the state to help them in every way, and that is not correct. We think it is about the capacity of the people to make it on their own that is fundamental. There has to be a change in the mentality of the people.¹⁹

The official's perspective regarding the origins of this kind of behavior on the part of the poor is reminiscent of modernization theory and reflective of neoliberal ideology. It suggests that poor citizens' attempts to exaggerate their degree of deprivation stem from their retrograde expectations regarding state assistance and their failure to take responsibility for their own material wellbeing. Anachronistic or unrealistic expectations regarding state assistance may well exist among Chile's poor. Nonetheless, comments from government officials and shantytown dwellers alike suggest that the behavior described above is a rational response to material deprivation, scarce housing subsidies and stringent means-testing. The combined impact of these factors heightens competition and undermines trust among residents of shantytowns who otherwise have much in common.

Housing policy in Chile further impedes cooperation and collective action among the poor through the stringent requirements it establishes for group applications. Although a number of state housing programs are designed to accommodate group applications, the onerous requirements involved and the high degree of competition for limited resources encourage those with greater resources to opt for individual solutions to their housing needs. Group applications typically require that: (1) all members of the group possess the same relative degree of material disadvantage as reflected in their *Ficha CAS* scores; (2) members of the group possess a specified minimum amount of savings; and (3) the group develop a plan for the purchase or construction of housing which will adequately meet the needs of all of its members and conform to applicable program requirements. Each of these requirements presents significant challenges to the group's eventual success in

17 Interview with Carlos Ramirez, 19 June 2001, in the municipality of La Granja, Santiago.

18 Interview with Maribel Zúñiga, 9 January 2006, in the municipality of La Granja, Santiago.

19 Interview with Alejandro Rojas, 5 January 2006, in the municipality of Huechuraba, Santiago.

being rewarded a state subsidy and obtaining satisfactory housing. With respect to requirement (1), for example, individuals with CAS index scores above the legally accepted minimum for a given program will not be allowed to participate in the group, no matter how close their personal connections or how committed they might be to helping the group achieve a successful outcome. As Raúl Oyarce, president of a *Comité de Allegados* in the La Pincoya shantytown explained:

Your possibility of getting a house is dependent upon your *Ficha CAS* score. I think that is wrong because we all deserve a house . . . Here, people have to have below 520 points in order to be in a committee. The people who have more than 520 are automatically left out . . . I am for sure out of the committee due to my score, but I haven't left yet. I am still fighting for the others. I wouldn't like to leave the committee without having achieved anything.²⁰

Despite his expressed desire to persevere in his commitment to the group, Mr Oyarce indicated later in the conversation that he would soon apply for an individual housing subsidy and begin searching for a house on his own: 'I will apply for a unified subsidy and focus on finding a house for me . . . I will no longer be part of the committee. The people who stay in the committee will keep struggling and waiting. I can't wait very long'.²¹ This example illustrates the manner in which means-testing and the provision of a multiplicity of programs with varying requirements fragments groups and undermines incentives for collective action. In this instance, a group leader who was by all appearances committed and capable was compelled to leave the group in pursuit of an individual solution to the broadly shared problem of inadequate housing.

Collective solutions to housing needs are further hindered by the minimum savings requirement all group members are required to fulfill. A dilemma which Mr Oyarce confronted as president of the *Comité de Allegados* in La Pincoya exemplifies this problem:

I have approximately 39 families who are applying for a subsidy. When we were going to apply, I had to include only the families that had the money, only 16. I had to leave the others out because I can't keep waiting. But it wasn't only my decision as president. We got together as a committee and voted on the issue. The social assistant from the municipality supported us.²²

Another social leader, in the Yungay *población*, described essentially the same problem:

If in a committee there are 40 families, they all have to save 180,000 [pesos, about US \$300 or roughly twice the monthly minimum wage], which is the minimum savings amount for the basic housing program. If one of the members of the committee does not have the required savings, the application is not approved, even if all the others have met the requirement. That is why committees are complicated . . . I am applying on my own so I don't have any problems; I won't have to depend on others to get the subsidy.²³

The preceding factors which militate against group efforts amongst the poor to secure housing are compounded by an additional factor. In instances where all group members manage to accumulate sufficient savings to meet the minimal program requirements, they are expected to construct a project plan that incorporates everything from identification of land to be purchased to the design of individual housing units. In order to develop the specifics of such a plan, groups must rely on the expertise of consultants, to whom they

20 Interview with Raúl Oyarce, 6 January 2006, in La Pincoya *población*, municipality of Huechuraba, Santiago.

21 Interview with Raúl Oyarce, 6 January 2006, in La Pincoya *población*, municipality of Huechuraba, Santiago.

22 Interview with Raúl Oyarce, 6 January 2006, in La Pincoya *población*, municipality of Huechuraba, Santiago.

23 Interview with Yesna Salazar (shantytown resident), 13 January 2006, in Yungay *población*, municipality of La Granja, Santiago.

pay a fee. Once a group has completed its plan, it must compete with all other groups in its region to be awarded the appropriate subsidies by SERVIU. Thus, housing policy in Chile introduces competition both in the initial assessment stage, when applicants are evaluated by local government officials to determine their eligibility to receive subsidies, and in the final stage, when group applicants submit their respective project plans for evaluation by SERVIU.

Elaboration of these competitive requirements illustrates the substantial pressures which current policy imposes on collective efforts among Chile's urban poor to obtain housing. They reflect an environment in which individuals, particularly those who possess economic means marginally better than those of the very poorest, are encouraged to act on their own to find solutions to their housing needs. Those who have stable employment in the formal sector, and can demonstrate a record of good credit, have the option of obtaining a mortgage through a private bank. Those who are not employed in the formal sector and/or do not have a good credit record are forced to compete for subsidies targeted at the most disadvantaged. In this manner, housing policy reinforces the stratification among the poor that prevails in the labor market. As a single mother seeking a housing subsidy explained:

It is easier for those who have more money because they have credit. They have receipts, checking accounts, and those things give them a higher score to be able to apply for a bigger loan. If I was to go to a bank to request a loan, they wouldn't give it to me . . . I don't have credit cards or anything to back me up. And I have a hard time saving because I have two children and am on my own. The other day one of my daughters fell and she had to go to the hospital, so I had to take 50,000 pesos from the savings account.²⁴

As this poignant example illustrates, housing policy does little to alleviate, and in many instances reinforces, the impact of market pressures on those whose economic circumstances are already very precarious. Moreover, while such policy could construct incentives which encourage collective solutions to shared problems, it does the opposite by reinforcing stratification and promoting competition.

For those successful in obtaining housing through government-sponsored programs, conditions in terms of social cohesion and cooperation are little better. Publicly subsidized housing projects in Chile are characterized by physical and social isolation, the absence of adequate public spaces to facilitate social interaction, and individual housing units whose small size is insufficient to shelter families' daily life or to accommodate extended family members. Each of these shortcomings has negative repercussions for social cohesion and the formation of social capital among the poor. With respect to physical and social isolation, for example, most publicly subsidized housing in Chile is built on the outskirts of cities, which forces those who accept housing there to move far away from friends, family and old neighborhood social networks. This form of separation causes a breakdown in ties among relatives and friends; it disrupts systems of solidarity and trust established among old neighbors. These problems are compounded by the small size of housing units, which preclude the union of extended families (e.g. children caring for parents) and thus impedes the preservation of intergenerational social bonds. In addition, the lack of sufficient space for family activities or social interaction exacerbates social isolation and pushes kids onto the street, where they are exposed to drugs, violence and other ills which typically afflict impoverished urban neighborhoods (Ducci, 2000). The combined impact of these forces is to create low-income neighborhoods 'consisting of families who have only their poverty in common . . . permeated by a sense of mistrust and lack of solidarity that recedes very slowly' (*ibid.*: 165).

²⁴ Interview with Yesna Salazar (shantytown resident), 13 January 2006, in Yungay *población*, municipality of La Granja, Santiago.

Conclusion

Comparative analysis of three disadvantaged communities in metropolitan Santiago suggests that the method for distributing housing subsidies in Chile fails to reconcile competitive market forces with the cooperation necessary to promote social cohesion and effective collective action among the urban poor. Instead, scarce public resources and stratifying means-testing to determine eligibility for these resources promote competition and distrust among neighbors. Onerous requirements for the successful completion of group housing proposals encourage the pursuit of individual, rather than cooperative, solutions to the lack of housing. Central government control through administrative deconcentration perpetuates the lack of public input and exclusion of social and political actors originally imposed under the military regime. The role of municipal governments in the administration of housing policy, an extension of central government control, compounds the impact of class stratification by coupling it with territorial division, thereby promoting the preservation of the status quo. Finally, the relocation of recipients of housing subsidies to marginal lands on the outskirts of urban centers is a physical manifestation of their marginal status in Chilean society, and a prime factor explaining the deficit of social capital among the urban poor.

The negative impact of housing policy on social organization in Chile suggests the importance of looking at the structure of the social welfare regime in order to accurately assess the urban poor's capacity for effective collective action. It conveys the importance of looking at social welfare policy and its impact on popular organization and participation in assessing the quality of democracy. If, as Diamond and Morlino (2004) suggest, participation can help strengthen democracy by building regime support among citizens through enhanced political accountability and representation, then clearly institutional and structural arrangements that impede or compromise such participation can have a deleterious impact on democracy. From this perspective, examination of Chile's housing policy suggests that social welfare reforms structured according to market principles may compromise the capacity of disadvantaged populations to achieve the kind of cooperation necessary to make democratic institutions work in their favor. While the targeting of social welfare resources may produce virtuous outcomes in terms of efficient distribution of highly constrained fiscal resources, the example of housing subsidies in Chile suggests that this mode of social welfare distribution does not offer a long-term solution to the plight of the poor. Rather it suggests that targeted assistance programs will leave the poor immobilized and unorganized, and thus ultimately incapable of challenging the status quo or compelling political elites to adopt policies that more fundamentally and comprehensively address their problems. This is a lesson that development organizations such as the World Bank and Inter-American Bank should well heed if they are serious about empowering the disadvantaged to overcome their marginal status through the development of social capital.

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Résumé

Au Chili, les réformes du logement imposées par le régime militaire, et en grande partie reconduites par la Concertación de centre-gauche depuis la transition démocratique débutée en 1990, gênent considérablement l'action collective et l'amélioration du capital social dans la population urbaine pauvre. En particulier, la politique du logement accentue la stratification sociale, rend la main-d'œuvre plus vulnérable aux forces du marché et ébranle la confiance publique. Ces dynamiques, et les structures institutionnelles qui les perpétuent, limitent la cohésion sociale et l'action collective dans la population urbaine pauvre. On peut suggérer plus largement que les réformes sociales qui ont une architecture similaire à celle du programme chilien pour le logement compromettent la cohésion des communautés défavorisées, compliquant leur coopération lorsqu'elles veulent améliorer leur bien-être et impliquer la responsabilité des fonctionnaires. Banque mondiale, Banque interaméricaine de développement et autres organisations en faveur du développement feraient bien de s'intéresser à ce genre de retombées négatives des programmes d'assistance ciblés (dont le programme chilien pour le logement est une illustration) si elles veulent vraiment s'attaquer aux dislocations sociales dues au redressement structurel et renforcer la démocratie en développant le capital social.