



Struggle-La-Lucha.org

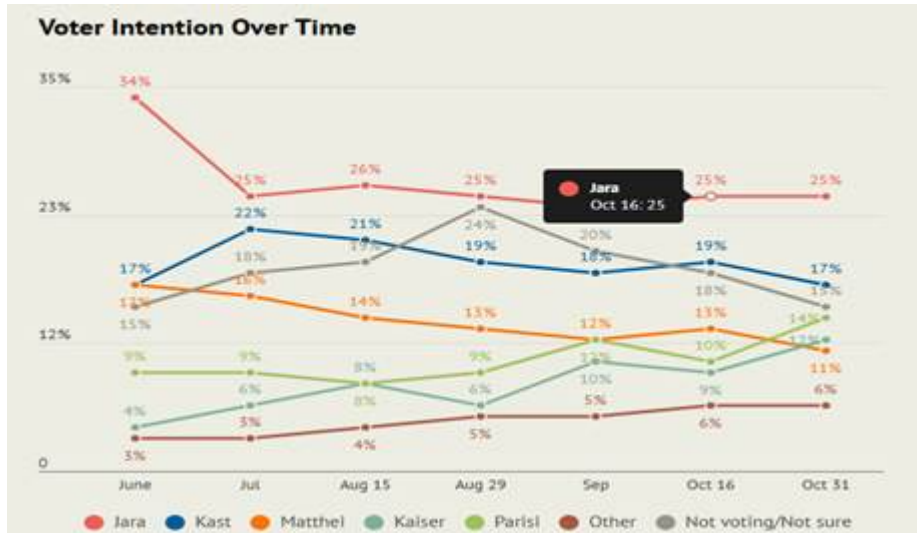
# Chile: another turn to the right?

written by Michael Roberts

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Chile has a general election today. Around 15 million voters can take part in the first round to elect a new president, the lower house and half the seats of the senate. Incumbent President [Gabriel Boric](#), who was elected in 2021, is constitutionally barred from seeking a consecutive second term. So all is up for grabs.

Boric was a former student activist who got a decisive victory in 2021. In a 56% turnout, the highest since voting was made voluntary, 35-year-old Boric took 56% of the vote compared to ultra-right Antonio Kast's 44%. But this time, the voter share could be the other way round. Although the leftist alliance led by Jeannette Jara of the Communist Party, who served as Boric's labor minister, is ahead in the opinion polls, she will not get an outright majority in the first round as Boric did. And a collection of right-wing parties is likely to combine their vote and get Kast into the presidential office in the second round in December.



Chile is the richest country in Latin America as measured by GDP per head. It is a member of the OECD, the rich nations club, and in the (NAFTA-USMCA) trade bloc with Canada, Mexico and the US. As a result, its real GDP growth rate has generally been slightly faster than the rest of Latin America, and so its successive governments have thus been relatively stable.

Many mainstream economists and political theorists often use this to claim that Chile is a 'free market' capitalist economic success story and consider Chile as the "Switzerland of the Americas". But this apparent success story is only relative compared to other Latin American economies. Moreover, such gains have mainly gone to the rich in Chile. Income inequality is among the worst in the OECD, only surpassed by Brazil and South Africa. [The income share of the bottom decile in Chile is one of the lowest in the world.](#) Only a few countries, largely from Latin America, have lower income share accruing to the bottom decile of the distribution, and this share has deteriorated in relative terms in the last 20 years.

Chile's relative economic success has always been based on its copper and mineral exports. The country has been the world's top copper producer now for over 30 years, and close to 50% of the country's exports come from copper-related products.

The mining sector contributes 15% of [Chile's GDP](#) and generates 200,000 jobs. If copper and mineral prices are high and rising, Chile's economy does better and conversely. The profitability of Chilean capital has been driven by the copper cycle, as the graph below shows.



Source: Penn World Tables 11.0 series

The neo-liberal period after the military coup by General Pinochet from 1973 and after the global slump of the early 1980s achieved a temporary rise in profitability, enabling the regime to maintain its control during the 1980s. Eventually, Chile returned to democracy in 1989, and the commodity price boom of the 2000s led to a new rise in profitability until the Great Recession of 2008-9.



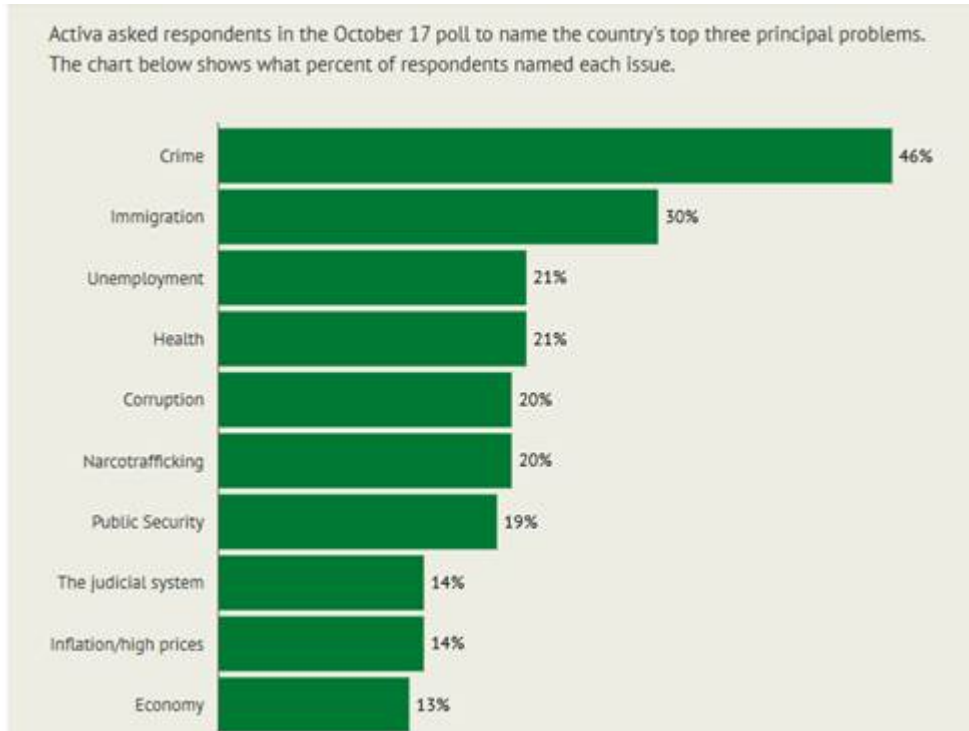
Source: Penn World Tables 11.0

The fall in profitability after 2010 led to slowing growth in GDP, investment, incomes and a further squeezing of public services prior to the COVID slump. With COVID and the health disaster, there was a collapse in the economy, with the main impact falling on those with the lowest incomes and worst jobs. Copper prices jumped hugely when the pandemic slump ended, but then fell back by nearly 10% during the Boric presidency.

Why is the Leftist Alliance likely to lose? The main reason is that the Boric presidency failed to change the economic structure and the social inequalities in Chile. In recent decades, public services have been reduced, forcing people to use private profit operations. In particular, pensions are dominated by private sector companies. Most Chileans find that their savings for retirement are just too meagre to fund a decent standard of living in old age. Replacement rates (ie, pension income relative to average working income) in Chile are very low relative to other OECD

economies. Amid high and rapidly increasing costs of living since the pandemic, alongside limited income growth and low pensions, many households have accumulated considerable amounts of debt. Taxes on the rich are small, so that income redistribution is lower than almost all OECD peers and many other poor economies.

The damage of the COVID pandemic on people's lives and livelihoods was blamed on Boric, as it was on many incumbent governments during COVID. Boric did not take on the mining companies, but merely tried (and generally failed) to redistribute the largesse appropriated by capital somewhat more evenly. After the pandemic, inflation rocketed, and the multinationals and the Chilean business sector, Congress and the media mounted an incessant campaign of attack. Boric's popularity plummeted. Boric was blamed for everything, including rising crime rates and increased immigration from Venezuela, as millions left that country in the search for a better living in Chile. These issues now seem to dominate the electorate, rather than the economy and the cost of living.



The main right-wing candidate in the election, José Kast, is pitching hard, Trump style, on these issues. Kast, an admirer of the former dictator Pinochet, opposes the rights to abortion and same-sex marriage. He wants to build a Trump-style wall – called Escudo Fronterizo (Border Shield) – of ditches and barriers along Chile’s northern border to keep immigrants out. *“Chile has been invaded ... but this is*



over,”

Kast has declared.

So it seems likely that another centre-left government in South America will eventually fall to the hard right, as it has recently in Bolivia and perhaps soon in

Colombia and Peru. [As Javier Milei put it on winning Argentina's recent mid-term elections](#). Latin America was undergoing a *"liberal renaissance."* Expressing hope that elections in several big nations over the next year would return conservative governments, Milei said: *"We hope the blue wave continues. We've had enough reds. The world today is heading towards a different format, in which there will be a bloc led by the United States, a bloc led by Russia and a bloc led by China. In this world order, the United States understands that its bloc is in America — and without doubt, we are its biggest strategic ally."*

Source: [Michael Roberts Blog](#)

