

Sharp rise in cost of living, high unemployment portend renewal of class conflict in Chile

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2 May 2022

Soaring costs of basic consumer goods triggered by the US/NATO war against Russia in Ukraine, the normalization of COVID-19 infections and deaths, high unemployment and historic levels of social inequality once again have brought to the surface immense social tensions in Chile.

As in October 2019, the eruption of the class struggle is a specter that brings jitters to the ruling class and the newly installed government of the pseudo-left-Stalinist coalition Apruebo Dignidad (I approve dignity).

Confronted in the last month with the outbreak of hunger riots and looting, school occupations, road blockades by truck owner-operators and striking port and health workers, the immediate reaction of the government of Gabriel Boric has been to unleash the murderous Carabinero special forces.

Although the right-wing corporate media has all but censored the police-state repression and deliberately distorted the narrative to paint students, workers and the poor as common criminals, dozens have uploaded video and photos on social media reporting scenes of militarized riot police and special forces violently beating striking workers and protesting children with truncheons, indiscriminately using water cannon and tear gas and conducting mass arrests.

Up to 400 people were involved in a hunger riot culminating in the looting of a supermarket on the outskirts of Santiago last Monday, a gauge of the desperate situation facing the working class. What started off with 40 or 50 people setting up barricades in Talangante, a working class commune in the Metropolitan Region, quickly attracted hordes of desperate people ransacking a Tottus supermarket.

The militarized police responded swiftly, arresting 48

people. Egged on by the right, baying for law and order, several parties in the coalition government condemned the riots as criminal and criticized the Prosecutor's Office for releasing 33 of them.

"All these were a bunch of criminals that the only thing they came to do was to steal, to loot," the mayor of Talagante Carlos Álvarez (Socialist Party), told *Expreso Biobio*. "In the theory of criminal law, the state of necessity is an exoneration of responsibility in famine theft, which means that it is theft by hunger. Here nobody took something to eat ... they were taking household appliances."

Álvarez's contemptuous attitude betrays the cynicism of the government's propaganda campaign of "empathizing" with "the people."

Gabriel Boric's administration, which includes the pseudo-left Broad Front, the Stalinist Communist Party and sectors of the parliamentary left, came to power promising the masses that it would put an end to the "neo-liberal" free-market model. Yet the series of reforms that he has announced to date amount to a drop in the ocean compared to what is required to address entrenched poverty and social inequality, now exacerbated by steeply rising costs.

Data from the National Statistics Institute indicates that the March Consumer Price Index reached a historical increase of 1.9 percent on top of a 9.4 percent inflation rate over the last 12 months.

The surge in prices is in large part the outcome of the policies of the right-wing government of Sebastián Piñera approved by former deputy Boric and his associates in the parliamentary left, which mimicked those of the US and Europe during the economic crisis triggered by the COVID-19 pandemic in March 2020.

Piñera introduced economic “reactivation” programs that consisted of providing collateral for credits to predominantly medium to large firms, guaranteeing up to US\$20 billion in bank loans. It also covered the payroll by up to 80 percent of small and medium sized businesses. Beginning in May 2020, Mario Marcel—current finance minister and the former chief of the autonomous Central Bank—massively expanded the bank’s balance sheet to prop up the financial markets.

All these measures helped increase the fortunes of the super-rich by 73 percent between 2020 and 2021. The combined wealth of the eight richest billionaires reached US\$42.7 billion last year.

It now has come to light that the large supermarket chains in the country have over the last year artificially jacked up prices of basic consumer goods over and above inflation.

The 2022 World Inequality Report, coordinated by economists Thomas Piketty, Emmanuel Saez, Gabriel Zucman and Lucas Chancel, places Chile as among the most unequal countries in the Latin America.

According to the report: “Available estimates suggest that inequality in Chile has been extreme over the past 120 years, with a top 10 percent income share constantly around 55%-60 percent and a bottom 50 percent income share around 9-10 percent.”

Household wealth (the sum of all financial assets plus non-financial assets plus net debts) is even more skewed. In 2021, the average wealth for the bottom 50 percent in Chile was negative—meaning half of the population was in debt. On the other hand, the top 10 percent and top 1 percent of the population held 80 percent and 50 percent of total wealth, respectively.

Most significantly, the report explains that since 1995, that is, under the so-called socialist administrations of Ricardo Lagos (2000-2006) and Michelle Bachelet (2006-2010, 2014-2018), the wealth of the bottom half remained at zero or less while the shares of the top 10 and top 1 percent more than doubled.

This persistence of extreme inequality in Chile, whether under military or civilian rule, is key to understanding the profound social eruption that shook the country in late 2019 and the beginning of 2020 and threatens to erupt today in response to catastrophic food and energy prices rises.



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