

# Corruption scandal forces another shakeup in Chile's pseudo-left government

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23 August 2023

A two-month-long corruption scandal implicating the parties of the pseudo-left administration of President Gabriel Boric has ultimately claimed the scalp of Giorgio Jackson, Minister for Social Development and closest confidant of the president. It has also precipitated the second reshuffle of Boric's cabinet in 17 months and forced the dismissal of regional government delegates.

The accusations of corruption revolve around the transfer of state funds to non-governmental organizations, corporations and foundations controlled by the parties of the ruling coalition, known as the "Foundations Case."

In June the Comptroller General, an auditing body autonomous of the other branches of state, asked the Minister of Housing, Carlos Montes (Socialist Party), to detail the resources transferred to foundations that were purportedly providing emergency assistance to families living in the shantytowns of Antofagasta, one of the mining regions 1,300 km north of Santiago.

A microcosm of Chile, the region of Antofagasta has seen a 75 percent increase in the number of predominantly migrant families living in shantytowns "in just one year, going from 7,300 to 12,800" reported *El País* in an article dealing with Boric's emergency housing plan.

The same article reported that Boric, in his Public Account before Congress on the progress of the plan to deliver 260,000 houses during his term of office claimed that "a total of 60,222 have already been delivered and another 131,077 are under construction."

Later that month, the Comptroller General expanded its audit to all the foundations that had received money from the Ministry of Housing. Meanwhile, the Public Prosecutor's Office announced that it had begun investigations into whether the Living Democracy Foundation was implicated in influence peddling, conflicts of interest, embezzlement and misuse of funds. It ordered a raid on the offices of the Ministry of Housing delegate of Antofagasta and the Santiago offices of the foundation.

The Living Democracy Foundation is linked to Democratic Revolution (RD). Jackson, the Minister for Social Development who resigned earlier this month, is a founding member of RD, one of the three parties that make up Boric's Broad Front electoral front, the two others being Boric's own Social Convergence (CS) and the Mix siblings' Commons (Comunes) party.

By the end of June, it was revealed that Antofagasta's delegate for Housing, Carlos Contreras (from RD), directly assigned CLP 432,000,000 (US \$500,000) to the Democracia Viva foundation headed by Daniel Andrade (RD) who admitted that housing was not in its area of expertise. Further, the undersecretary of Housing, Tatiana Rojas (RD), was made aware of the irregularities in May but "did not manage" to inform the Minister.

Revealing further conflicts of interests, Andrade is the partner of vice-president of the Chamber of Deputies, Catalina Pérez (RD), while Contreras had served as her advisor. Contreras was forced to resign, as was Rojas at the end of June and, with Andrade, were expelled from the

party. Pérez was forced to suspend her functions as vice president of the Chamber of Deputies.

This only served to further expose the putrid wheeling and dealing that goes on within the capitalist state. By July, the Public Prosecutor's Office was investigating 53 foundations, NGOs and corporations for transfers totaling CLP 32,156,274,081 (US \$37.6 million) by regional governors of all political persuasions in 11 of the 16 regions of Chile as well as by central government agencies.

Substantial in themselves, these amounts pale into insignificance when compared to the crimes of Gen. Augusto Pinochet and the Military Junta—from drug trafficking, to illegal arms sales and money laundering to the tune of tens of millions—for which not one served a prison sentence, let alone for the crimes of murder, torture and forced disappearance of tens of thousands of leftwing activists, workers, students and peasants.

Nor do they compare to the pilfering of the state's assets and resources during the 1980s by Pinochet's civilian henchmen. National Renewal's billionaire demagogue, Sebastián Piñera, began as CEO of the Banco de Talca that went bankrupt granting loans to shell and ghost companies. Later he bought shell companies to make profits "disappear." Still later Piñera was involved in insider trading and making use of companies located in the British Virgin Islands to hide his fortune and avoid taxes. For his efforts he was rewarded with a seat in the Senate and with the presidency twice (2010-2014, 2018-2022).

Yet by the beginning of August the parties of the right and ultra-right, the big-business associations and the corporate media outlets seized the opportunity to bay for blood. Threatening to present a constitutional accusation against Jackson unless he tendered his resignation (no evidence of any wrongdoing was presented in Jackson's case) the fascistic Republican Party, the *Pinochetista* Independent Democratic Union (UDI), National Renewal and Evopolí froze all dialogue with the government.

This was followed by the Congressional Socialists and Party for Democracy joining the chorus calling for Jackson's resignation on the grounds that his presence hindered the government's legislative agenda and conditioned negotiations on tax and pension reforms. With friends like these Boric made overtures to the near-defunct center-left political caste, offering it key ministerial posts. He was reimbursed with a stab in the back!

The Confederation of Production and Commerce, historically aligned to the putschist right chimed in. The association's president, Ricardo Mewes called on Boric "to take the bull by the horns" and deal with the political impasse.

"Many times we will have to make the corresponding sacrifices, but clearly he is the one who has to lead the country, he is the one who has the responsibility to get us out of where we are. Because otherwise, the truth is that we are going to continue in a political tug-of-war that does not help us," Mewes warned.

Jackson, Boric and the current administration's chief spokesperson Camila Vallejo (Communist Party) belong to a layer of student leaders

that emerged during the explosive student mobilizations of 2011 against the exorbitant costs of the privatized higher education system that has indebted generations of youth.

No sooner had the demonstrations subsided than these student “radicals” seamlessly entered the corridors of state power. By 2014 many of these leaders had become mayors of important municipalities, parliamentarians, first level advisors in the La Moneda presidential palace and technical cadres in the executive branch during President Michelle Bachelet’s second term (2014-2018).

Then in March 2022, with much fanfare and with the official sanction of the international liberal and pseudo-left fraternity, the newly-formed Frente Amplio and Stalinist Communist Party coalition “Apruebo Dignidad”, came to power promising radical reforms and to bury neo-liberalism and the military junta’s authoritarian constitution enshrining extreme free market nostrums.

“Our scale of values and principles is far from the generation that preceded us,” proclaimed Jackson last year.

“It is time to reach agreements,” Boric pleaded as he accepted Jackson’s resignation. After listing his inadequate reforms, he declared that those on the right “who used former Minister Jackson to avoid raising pensions, financing emergencies and responding to what Chile needs, today have no more excuses.”

No one is convinced by this bombast, least of all the working class. After 17 months of renegeing on its promises, beefing up the state repressive apparatus to unprecedented proportions, criminalizing all social protest, preventing pension withdrawals to protect the billion-dollar capital markets, and now siphoning state resources into its own NGOs and foundations, the pseudo-left administration has succeeded only in strengthening the most reactionary and right-wing political forces. Fifty years after the bloody September 11, 1973 US-backed military coup, a still small but growing layer of the middle class and lumpen-proletariat have held marches calling for a new military takeover and are receiving not-so-secret paramilitary training and orchestrating acts of sabotage.

The pseudo-left, however, fears far less the threat from the right than it does a movement of the working class.

In the midst of the “Foundations Cases” thousands of teachers went on strike and thousands more took to the streets of Concepción, San Antonio, Valparaíso and Santiago to protest the severe housing crisis and a new law criminalizing all forms of land seizures and occupations with prison sentences. Among many demands, the protestors called for end “to indiscriminate increases, a freeze on prices of the basic family basket, increase the minimum wage to improve the purchasing power of workers.”

Boric intervened at the Santiago demonstration feigning support and with megaphone in hand demagogically declared that “it is important that the people are organized to demand their rights.” His attitude quickly soured with heckling by the crowd, “I will not give my arm to twist in order to fulfill the desires and the program that the people entrusted us with.”

The housing question has historic significance in Chile. Like chronic social inequality, the lack of housing has exposed the incapacity of the bourgeoisie to resolve even the most basic democratic and social demands of the masses. Shantytowns in Chile sprang like mushrooms in the 1950s as rural families gravitated to the capital in search of work.

By the mid-1960s land seizures and occupations took on an increasingly revolutionary dimension to which the bourgeois government of President Eduardo Frei (1964-1970) responded with meager reforms and brutal repression.

The 1969 murder of 10 squatters and the serious wounding of 51 others during a violent police eviction of hundreds of families from a land seizure in Puerto Montt was a turning point. Land occupations exploded from 35 in 1969 to 172 by 1971 involving many thousands of poor

families.

They were one example of the growing radicalization of the working class, and the actions themselves objectively represented a harbinger of the challenge the proletariat would pose to bourgeois property. By 1972, workers were forging “cordones industriales,” independent workers’ organizations that took over factories, kept production running, placed factory management under workers’ control, opened the corporations accounts and organized the distribution of goods.

These developments profoundly unsettled the bourgeoisie and they mulled over their options. After a failed coup in 1969 by Gen. Roberto Víaux from the Tacna regiment and another in October 1970 when the same forces, financed by the CIA, assassinated commander in chief, Gen. Rene Schneider, they opted to bide their time.

In the meantime, the Socialist and Communist Party-dominated Popular Unity government came to power immediately following the October 1970 coup attempt that sought to avert its inauguration. One of its major electoral promises was to provide land to small farmers and peasants and to improve housing with infrastructure and sanitation.

In practice however, the government’s essential political role was that of holding back the socialist revolution in Chile and imposing “social peace” by subordinating the powerful offensive of the Chilean working class to the capitalist state. As the WSWs noted:

This was done in close collaboration with the US-trained Chilean officer corps. Its chiefs, including General Pinochet, appointed commander-in-chief of the army by (Salvador) Allende, were invited into the president’s cabinet to better coordinate the suppression of the mass workers movement.

Factories that were taken over by workers were placed back in the hands of their right-wing owners, who then victimized the most militant workers. Gun control laws approved by Allende were used to carry out police-state-style raids on factories and workers neighborhoods—a dress rehearsal for the coup to come—while the military armed fascist terrorist groups.

Shantytowns have been on the rise since the 2008 global financial crisis. In 2007, 28,578 families were living in “campamentos”. By 2016 the number of families had increased to 38,570, and by 2019 it had almost doubled to 46,423. Three quarters of the settlements have poor access to electricity, only 10 percent have regular access to drinking water, and 81 percent have poor access to sewage services.

That was before the COVID-19 pandemic, the US-NATO proxy war in Ukraine, the supply chain crisis, and the sharp rise in the cost of living amid a world economic slowdown. The number of families living on seized lands today has risen to 113,887, an almost 400 percent increase from 2007 levels. To this figure must be added the staggering official tally of 650,000 families without access to housing.

The current situation is a powder-keg waiting to explode. The bourgeoisie has thoroughly exhausted the center-left political caste and can no longer adequately rely upon it to suppress the working class, while the Apruebo Dignidad coalition is more and more discredited among vast numbers of workers and youth.

The decisive task remains today as it was five decades ago: resolving the crisis of revolutionary leadership in the working class. The defense of democratic rights, the struggle against social inequality and the fight against dictatorship and war depend upon the emergence of a new socialist leadership in the working class. This means building a section of the International Committee of the Fourth International in Chile.



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