The role of Chile's "left" in Kast's Mega-Reform: A political autopsy of a class betrayal

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The National Reconstruction and Economic and Social Development bill—the far-right government's signature "mega-reform"—has now completed its passage through the Chilean Congress. The core of the legislation, which slashes the corporate tax rate from 27 to 23 percent, guarantees tax stability for up to 20 years for large investors, compensates corporations whose environmental permits are overturned by the courts, and exempts wealthy seniors from property taxes, has been approved. Only the mechanism for compensating municipalities for lost property tax revenue remains to be resolved in a joint committee, and the government has announced presidential vetoes against the few provisions the opposition managed to insert. The bill will be law within weeks.

The "opposition"—the Broad Front (FA), the Communist Party (PC), the Socialist Party (PS), and the Party for Democracy (PPD)—has now placed its final hopes in three petitions filed with the Constitutional Court, challenging the tax stability provisions and the environmental compensation regime. These petitions are the end of a four-month political trajectory that has seen the parliamentary "left" oscillate between rhetorical denunciation, back-channel negotiation, public fracture, and now constitutional litigation. The petitions are almost certain to fail. On July 13, María Pía Silva assumed the presidency of the Constitutional Court. Silva, a career judge who was a Christian Democrat until her appointment to the court in 2018, has consistently voted with the conservative bloc on economic matters.

The Chilean "left's" turn to the Constitutional Court is not a strategy for victory but a ritual of political abdication. It is the final act in a drama whose real content is the bipartisan facilitation of a historic transfer of wealth from the working class to the oligarchic clans and finance capital.

To trace the public positions of the FA, PC, PS and PPD since April is to trace the arc of a political fraud.

On April 13, PS president Senator Paulina Vodanovic led a delegation to La Moneda to deliver a letter to President Kast declaring that "this initiative does not have our support, due to its regressive nature, fiscal risks, and institutional impropriety." Outside the palace, they unfurled a banner: "No tax hikes for the majority, no tax cuts for the rich. We will not be complicit."

The rhetoric escalated. Deputy Gael Yeomans (FA) branded the reform "a government of millionaires presenting a tax reform for billionaires." Deputy Gonzalo Winter (FA) called it an "anti-Chile law." Deputy Luis Cuello (PC) declared the day of the Chamber's approval "a day of infamy" and said the bill amounted to "plundering of the state." Senator Daniel Núñez (PC) told Finance Minister Jorge Quiroz: "You are the minister who has harmed the people the most. You've earned the title of being the Robin Hood of Chile's super-rich." Former Boric spokesperson Camila Vallejo (PC) placed Kast's reform alongside "Milei's far right, Donald Trump's far right—which has an international agenda that is extremely ideological, dogmatic, and dictatorial."

And yet, at every critical juncture, the opposition's actions belied its words. On June 13, FA Senator Diego Ibáñez told *La Tercera*: "If we reduce the corporate tax rate but at the same time offset that with an increase in total tax revenue—based on personal income taxes or by combating tax evasion—I believe that would be fiscally sustainable." This was not opposition. It was negotiation within the government's framework. The question was not whether to cut corporate taxes, but by how much and with what offsets.

On June 23, PPD Senator Pedro Araya told Radio Pauta that "if the first-category tax is lowered from 27 to 23, it is done in stages, and there is a guarantee that social projects will not be affected, this is something that can certainly be discussed and agreed upon." He added, with remarkable candor, that "there is a new landscape on the center-left" and that "this mega-reform is an opportunity for Democratic Socialism to redefine itself and how it differs from the Broad Front." For Araya, the mega-reform was not a class assault to be defeated but a political opportunity to be exploited.

On July 8, Araya and two other PPD senators announced an agreement with Quiroz on tax stability. Their terms were a tiered system of 10, 15, and 20-year lock-in periods, with a 1.5 percent surcharge for those availing themselves of the benefit. The PPD had accepted the principle of tax stability, based on a circumstantial parliamentary majority that bound future governments for a generation, and was haggling over the price. The agreement collapsed only because Quiroz, in an act of staggering contempt, introduced an amendment lowering the corporate rate to 22 percent, one point below the 23 percent that had been the explicit basis of negotiations. The PPD senators declared themselves "betrayed." But what had they been negotiating if not the terms of capitulation?

PS Senator Gastón Saavedra had already signaled the Socialist Party's orientation on May 18: "We have long been proposing the possibility of tax cuts, but always gradual and with the necessary offsets. … We inherited a country with a structural deficit of 7.7% of GDP, and President Boric handed it over with just over 3%. That's a clear sign of our commitment to fiscal responsibility." Here, in a single sentence, was the political logic that made Kast's reform possible: the PS, speaking on behalf of all the parties, was boasting of its fiscal discipline that paved the way for the far right while offering to negotiate the precise calibration of tax cuts it claimed to oppose.

Turn to the Constitutional Court

The opposition's three petitions to the Constitutional Court are presented as a principled defense of constitutional order against an authoritarian government. "The fate of our democracy lies in the hands of the Constitutional Court," declared PPD President Raúl Soto. Deputy Marcos Barraza (PC) stated that, "we are convinced that these constitutional violations are well-founded and that the Constitutional

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Court should rule in favor of this petition." He added: "The Constitution sets limits precisely to prevent a circumstantial majority from dictating the democratic decisions of future generations. That is the debate the Constitutional Court must now resolve."

This elevation of the Constitutional Court to the status of guardian of democracy is political deceit of the first order. The constitution that the opposition now invokes is, with minor modifications, the 1980 Constitution of the Pinochet dictatorship. It is the charter that enshrined the subsidiary state, constitutionalized the privatization of education, health and pensions, and suppressed working class organization for decades. The Constitutional Court itself is an institution of the bourgeois state, designed to adjudicate disputes within the ruling class and to ensure that legislation conforms to the constitutional framework that protects private property. It is not a neutral arbiter. It is a mechanism of class rule.

But the deeper historical truth is that the Constitutional Court is not even a Pinochet-era innovation. Its origins lie in the 1925 Constitution, promulgated under the government of Arturo Alessandri Palma, which established the modern Chilean bourgeois state apparatus. The 1925 Constitution created the office of the Comptroller General, strengthened the Central Bank, and laid the groundwork for constitutional review of legislation. These were not democratic reforms. They were the recommendations of the Kemmerer Mission, the US financial advisory mission led by Edwin W. Kemmerer, the "money doctor" who traveled through Latin America in the 1920s restructuring state institutions to facilitate the penetration of US finance capital. The Central Bank, the Comptroller's Office, and the mechanisms of constitutional review were designed to place economic policy beyond the reach of popular pressure, to be adjudicated by unelected officials insulated from democratic accountability.

This modernization of the state took place amid the sharpest social conflict in Chilean history, what was then called the "social question." The nitrate boom had produced a militant working class concentrated in the northern mining camps. Strikes, massacres and revolutionary ferment defined the period. The 1925 Constitution and the institutions it created were the bourgeoisie's response: a state apparatus capable of managing class conflict through institutional channels, of absorbing and neutralizing social opposition before it could threaten the property relations upon which the system rested.

The Communist Party, founded only three years earlier in 1922 by Luis Emilio Recabarren, directly participated in the development of this modern bourgeois state apparatus. Within a few years of its founding, the PC had adopted Stalin's "two-stage" theory of revolution, which subordinated the working class to the so-called "progressive national bourgeoisie." By the 1930s, the party was participating in Popular Front governments that administered the same capitalist state. The PC has been on the receiving end of of state repression throughout its entire history, but it has never broken with the state form itself. It has sought inclusion within the institutions of bourgeois rule, not their destruction. Its current turn to the Constitutional Court, an institution whose lineage runs directly through the Kemmerer Mission, the 1925 Constitution, and the Pinochet dictatorship, is the logical culmination of a century of class collaboration.

The "Opposition" and the Ultra-Right

The political character of the opposition's strategy is further revealed by its efforts to draw the People's Party (PDG) into a broader anti-government bloc. The PDG, founded by former presidential candidate Franco Parisi, ran in last year's elections on a chauvinist anti-immigrant program and a law-and-order agenda. Its 14 deputies provided the decisive votes for the mega-reform in the Chamber of Deputies in exchange for a government commitment to refund VAT on medications and diapers, a transaction that Deputy Daniel Manouchehri (PS) himself characterized as a "$2,500 diaper subsidy" bribe. The PDG is not an opposition party. It is a right-populist formation closer to the ultra-right.

Yet, at the August 10 meeting of opposition party leaderships, the PC, FA, PS, PPD and the Liberal Party sat down with the PDG and the Christian Democrats, the party of the 1973 coup's enablers and of every major neoliberal reform since 1990, to forge a "common agenda." The meeting agreed to form "political and social unity committees" at the metropolitan and municipal levels, to create "permanent spaces for coordination among political parties, labor unions, social organizations," and to prepare mobilizations.

This is the opposition's strategy: to assemble a popular front stretching from the Communist Party to the right-wing populist PDG, to channel social opposition into municipal committees and parliamentary coordination, and to present itself as the democratic alternative to the far right. It is the strategy of 1973, of the Popular Unity, of every betrayal that has disarmed the Chilean working class at the decisive moment.

The PC's Bárbara Figueroa makes moral appeals to the PDG to "demonstrate that it is not merely an opposition party in its rhetoric or a ruling party when it suits them." But the PDG has no need to demonstrate anything. Its class character is clear. It is the party that provided the votes for the mega-reform while extracting its pound of flesh. The PC's appeals to it are not an error of judgment. They are the expression of a political logic that cannot conceive of opposition to the right except through alliances with other bourgeois factions.

The Way Forward

The mega-reform is a declaration of class war. It will reduce the corporate tax rate to its lowest level in four decades. It will lock in tax privileges for the largest investors for up to 20 years, binding future governments regardless of their democratic mandate. It will compensate corporations whose environmental permits are overturned by the courts, a provision that turns the state into the insurer of environmentally destructive projects and places a price tag on every legal challenge brought by communities. It will strip municipalities of revenue. It will freeze the entire direct tax structure, making future tax reform impossible.

The Kast government's economic program is part of a broader social counterrevolution that aims to roll back the limited social gains of the post-dictatorship period, to criminalize social protest, and to discipline a working class that erupted in 2019 and has never been really subdued.

This assault was not imposed on a resistant Chilean parliamentary "left." They facilitated Kast's rise to power. The Boric administration's four years of austerity, the freezing of per capita health spending, the structural deficit handed to Kast, the 15 pieces of repressive security legislation, the police state architecture all prepared the ground. The current opposition's four months of posturing, negotiation, and constitutional litigation have provided political cover for the reform's passage.

The working class cannot look to the Constitutional Court for its defense. Chile's republican order is a pretense of democracy that conceals the real relations of class power. The crisis of Chilean capitalism is deepening. The task is to ensure that the working class emerges from this crisis not as the victim, but as the gravedigger of the system that has produced it.

The fight against the Kast government can only be taken forward by the working class, and only when it breaks with the Chilean "left," the FA,

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PC, PS, and PPD and their trade unions. They are not failed allies who need to be pushed into fighting, but tried and tested instruments of Chilean capitalism and world imperialism, whose function is to prevent the working class from discovering its own independent strength.

Only the International Committee of the Fourth International (ICFI) fights for the historical political interests of the international working class and possesses a strategy that can secure its victory. Founded by Leon Trotsky in 1938, it is the sole political tendency that has maintained an unbroken fight for the program of world socialist revolution. The *World Socialist Web Site* and the ICFI call on workers, youth, and all those seeking a genuine revolutionary alternative to make contact with us. The task is to lay the foundations for the construction of a section of the ICFI in Chile, a revolutionary Marxist party that fights for the unification of the working class on the basis of a socialist and internationalist program.

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