

Opening thesis: *Trump's historic defeat in the 2026 U.S. midterm elections is not the root of the crisis facing Latin America's far right, but a shattering mirror. What it reveals is the economic impotence of the Milei government in Argentina, the inextricable ties between the Peña government in Paraguay and a bank collapse, and the deliberate moral surrender of the Kast government in Chile. The water flooding the Latin American right is not coming from an external wave—it is pouring in through a crack in its own hull.*

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I. The Wind Changed in Washington, but in Buenos Aires It Had Been Raining for a While

On November 3, 2026, the Democratic Party retook both the Senate and the House of Representatives, leaving Trump's second term a lame duck in its final two years. For Buenos Aires, the blow of this news does not lie in an ideological loss, but in a very concrete figure: 20 billion dollars.

The currency swap line the Milei government obtained from the U.S. Treasury was the key pillar for stabilizing the exchange rate and surviving the midterms. Now the Democrats controlling Congress —led by Senator Elizabeth Warren—have explicitly demanded a review and even closure of that financing channel. Trump's political umbrella is shrinking, and Milei is precisely the one in the region who depends most on that umbrella.

But the problem is that attributing Milei's predicament to Trump's defeat inverts causality. The change in Washington merely lifted the lid early; what was inside the pot had long since boiled dry.

Data published by Argentina's National Institute of Statistics and Censuses in September 2026 show that poverty rose from 28.2% to 32.3% in the first half of the year, and extreme poverty from 6.3% to 7.5%. Poverty among children under 15 reached 44.5%. This is not a figure that can be explained by an "external shock." It is the real bill for the social cost of Milei's austerity policy after nearly two years in office.

Even more noteworthy are the structural data: formal private employment has fallen for 13 consecutive months, and the unemployment rate rose to 7.9% in the second quarter of this year, the highest level since 2021. The Milei government cut spending on pensions and social assistance, which accounts for nearly a quarter of its inflation-adjusted spending cuts. The fiscal surplus was achieved, yes, but at the cost of a sustained contraction in purchasing power and a hemorrhage in the labor market.

Milei's supporters may say this is "necessary pain." But necessary pain presupposes a rebirth afterward. When economic activity falls 2.9% month-on-month in July and the purchasing power of the average wage remains below the level when Milei took office, the "pain theory" begins to lose credibility. Political analyst Lucas Romero puts it bluntly: Milei convinced people that sacrifice would bring rewards, but when economic activity, employment, and income show no visible results, continuing to demand sacrifice becomes difficult.

Trump's defeat only made it harder to conceal a problem that already existed: Milei's experiment is paying for the stability of the rich with the bill of the poor.



II. Paraguay: How the Collapse of a Bank Brings Down a President

If the Argentine crisis is a slowly sinking curve, Paraguay's is a crash.

In early November 2026, the Central Bank of Paraguay initiated the intervention process for the digital bank Ueno and froze all accounts. The bank had about 2.8 million customers, roughly 60% of the country's adult population, and more than 850 million dollars in public funds deposited, including social security funds. Thousands took to the streets of Asunción; elderly retirees stood before the closed bank doors. The scene is so direct that it needs no rhetoric.

Ueno's problem lay on the lending side: a large volume of loans flowed to companies close to the bank's owners, some even without collateral. The Central Bank's investigation also found severe liquidity shortfalls. But what turned this financial scandal into a political crisis is President Santiago Peña's direct connection to the bank.

Peña was still a shareholder in Ueno's parent company, Grupo Vázquez, until 2025, and the Central Bank governor he appointed, Carlos Carvalho, was precisely Ueno's former head. In other words, a person with direct interests in the bank in question placed another person with direct interests in the same bank in the position that was supposed to supervise it. Peña had repeatedly downplayed concerns about Ueno; now those downplayings have come to light and become the direct reason the opposition demands his impeachment.

Peña has already announced his resignation. A government that presented itself with the image of "pro-business" and "reliable financial center" ultimately falls because of a bank collapse; the irony needs no elaboration. The investment-destination image Paraguay worked to build in recent years, with frozen accounts and locked pensions, will be difficult to repair at least in the short term.

III. Chile: When the "Legal Technical Problem" Becomes the Veil for a Moral Stance

Of all the cases, the choice of José Antonio Kast's government in Chile is the most naked.

Between March and September 2026, Chile's Ministry of Justice approved through administrative decree directly the sentence reduction in 56 convictions for sexual crimes against minors, 29 of which involved rape. These reductions did not go through the courts but were signed and enacted by Minister Fernando Rabat. Rabat's explanation is that this follows a 2022 Supreme Court precedent. But when journalists asked why the public was not transparently informed, his answer was: "Administrative acts are public, read the Constitution."



This defense soon showed cracks. Hernán Larraín, who was Minister of Justice during the Piñera government, publicly pointed out that the Supreme Court's recent jurisprudence had already changed its stance and begun rejecting such reductions; moreover, Law 21.421 of 2022 already explicitly excluded certain sexual crimes from the scope of sentence reduction. Larraín also revealed that during his tenure he rejected the sentence-reduction request of a rapist of a 14-year-old minor, and only executed it when the court ordered him to—a completely different nature from Rabat, who approved en masse by administrative decree on his own initiative.

But what really lifts this matter beyond the realm of "policy controversy" is Rabat's symbolic meaning. He is a public defender of Pinochetism. A person whose political identity is the defense of the dictator's legacy, sitting in the position of Minister of Justice, using administrative power to reduce sentences for child sex abusers, while using "legal technicality" as a shield—this is no longer a policy mistake, but the complete manifestation of a political personality. The Kast government chose Rabat, and Rabat made these decisions; between the two there is no "accident."

It should be added that within the scope of the same Ministry of Justice, there are two other sentence reductions involving human rights criminals from the Pinochet era. These two lines—

indulgence toward sex offenders and sympathy for the dictatorship's accomplices—converge in the same minister and under the same administrative logic, forming a complete picture.

The Chilean right once built its political discourse on "order," "law," and "family values." When a government that champions "family values" reduces en masse the sentences of pedophiles, the credit of that discourse collapses. And the reason for the collapse is not the left's attack: it is its own signature and seal.

IV. They Are Not "External Factors," They Are Internal Rot

Returning to the initial question: what does Trump's defeat mean for the Latin American far right?



The answer depends on the level one analyzes. On the tactical level, it certainly cuts Milei's most direct financial lifeline and causes other right-wing forces in the region that depended on Washington's political umbrella to lose an important external support. The report by the South Korean agency Yonhap captured this point precisely: the right-wing governments of Central and South America "fell into confusion" over the result of the U.S. midterms.

But on the strategic level, attributing the predicament of the Latin American far right to Trump's failure is precisely the narrative these political forces most want to see. Because once they admit that the problem lies with themselves—that Milei's austerity pushed poverty back above 32%, that Peña handed the Central Bank to his business partner, that Kast's Justice Minister reduced the sentences of rapists—then the discourse of "anti-establishment," "anti-woke," and "freedom" loses its last refuge.

Trump's defeat only removed a mirror that served self-pity. When the mirror breaks, what the Latin American far right sees is no longer its idealized reflection, but the real traces its governance left behind: families in Argentina unable to buy basic food at the supermarket, elderly people in Paraguay lining up outside the bank but unable to withdraw their pensions, court files in Chile where sentences were erased by administrative decree.

None of these traces can be explained by "Trump lost."

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NOTA:

1. El artículo y la revisión fue apoyada por IA, las fuentes de información y la fidelidad de los datos.
2. Las imágenes fueron generadas por IA.

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