

# The Plebs News

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## Chile: The First 9/11 and Its Consequences for the World



*Charlie Simmons*

**Commemorating the 50 years since Sheffield and Rotherham welcomed 200 refugees from the coup in Chile.**

**Supportive Labour Councils helped to provide housing, food and clothing in the aftermath of the sudden arrival. Many of the refugees settled in the UK becoming active in labour politics. The relationships built on arrival have been maintained over the fifty years.**

The steps of Sheffield's City Hall in September saw a gathering of around 250 people remembering an event that happened fifty years ago in another country. Many came because it had affected them personally, some as refugees fleeing persecution and escaping violence and some as those who provided refuge for people from thousands of miles away. For the refugees it was an opportunity to begin a new life in safety and for some of those receiving them it was a political awakening to internationalism and the knowledge that politics was not a local issue but global. But it was unlikely that any thought at that time was that the events in a far off country would have consequences that would follow the refugees around the world and for Sheffield would see the end of jobs and livelihoods in steel, in coal and in engineering. It would also see the end of a British political consensus that had provided a welfare state, public housing, public education and jobs in nationalised industry.

September the 11<sup>th</sup> 1973 saw the 50<sup>th</sup> anniversary of the Chilean coup, led by General Pinochet, which violently overthrew an elected socialist government, led by Salvador Allende, and replaced it with a military junta. As well as the overthrow of a government in Chile it also began the overthrow of economic thinking that had dominated the world since 1945 and the Bretton Woods settlement. The replacement of Keynesianism by the new doctrine of neoliberalism.

The coup in Chile was backed by the US, whose President Nixon had allocated \$10 million to the overthrow of Allende and its Secretary of State, Kissinger, claimed they would make the "Chilean economy scream". Pinochet led the coup that saw Allende overthrown but the economic coup that followed, first in Chile but then around the world, was led by economists Friedrich Hayek and Milton Friedman and the so called Chicago School of economics. The Chicago Boys.

This month's Plebs News remembers the people who were involved in Sheffield but also looks at the consequences of the coup and the economics that now dominates the world and became known as the "Washington Consensus". This is promoted globally by the developed nations and its institutions the IMF, the WTO and the World Bank.. Articles will look at how every corner of the world has been affected and continues to be affected by a doctrine that has seen growing inequality, economically and politically.

The first articles are descriptions of the coup by those that fled the violence and how it affected their country and their lives. Another examines the mechanism of oppression and how even sport became affected by the coup. We then begin to examine the wider economic and political consequences of the coup with an article by George Monbiot, first published in the Guardian, that describes the birth of neoliberalism, its disciples and its growth in respectability from being viewed as cranks to the new orthodoxy.

The next article then looks at attempts to portray neoliberalism as a success in Chile and the remaining articles examine the effect of neoliberalism around the world. Neoliberal programmes were imposed in post

Cold War Russia and Eastern Europe, in Africa through the Structural Adjustment Programme and even in Europe and the EU where it is the accepted political and economic orthodoxy. In the UK, Margaret Thatcher became its major exponent and every Government since has donned many of the clothes or shackles of neoliberalism and its consequences. Galbraith, the economist described them as “private affluence and public squalor” and in many other parts of the world war has followed its imposition.

Meanwhile in Chile today the effect of the coup still reverberates with the population of today. Many feel justice has not been delivered to those who lost their lives in the coup and those who fled. Many leftists in the country had their children removed and forcibly adopted and attempts to bring Pinochet and the military held to account were defeated. In 1988 Pinochet was denied the renewal of his rule as President and popular discontent has returned some political freedom to the country. Since 1988 governments of both the left and right have been elected but there are still many outstanding issues left from 1973. On 19 December 2021, a leftist candidate, the 35-year-old former student protest leader Gabriel Boric, won Chile's presidential election to become the country's youngest ever leader. On 11 March 2022, Boric was sworn in as president to succeed outgoing President Sebastian Pinera. Out of 24 members of Gabriel Boric's female-majority Cabinet, 14 are women.

In 2022 a new constitution supported by the Government was overwhelmingly rejected in a referendum by the electorate with some claiming it was too left wing and others claiming it failed to reform the police and military and to account for the past.

## **Exhibition Chile-Sheffield: 50 years of solidarity and resistance**

September 5, 2023 @ 14:00 – January 15, 2024 @ 10:00

Situated in two display cabinets by the gift shop, these items tell the story of resistance and solidarity past and present by people in Sheffield for Chile. Loaned by locals, the collection includes projectile fragments picked up outside La Moneda on 11 Sept 1973 and craft/artwork made by political prisoners during the dictatorship and el estallido (2019 unrest) amongst other priceless items – Not to be missed! The exhibition will run until January 2024

<https://chile50years.uk/event/exhibition-chile-sheffield-50-years-of-solidarity-and-resistance/>

## **Exhibition: “Resistance, Rights and Refuge: Britain and Chile, 50 years after the Chilean Coup”**

September 8 @ 12:00 – December 20 @ 12:00 BST

An exhibition – Opening 8th September 2023, 6:00 -9:00 pm – at the London School of Economics (LSE) Library of archival materials, posters, photographs and audio visual links exploring the response to the Chilean coup in Britain, the growth of solidarity and human rights activism across the country and the arrival of Chilean exiles.

## **Pinochet's coup in Chile – 50 years on - Morning Star 11/9/23**

FRANCISCO DOMINGUEZ reflects on the 1973 overthrow of democratically elected socialist president Salvador Allende and the long shadow of neoliberalism

## **I just needed to find my family': the scandal of Chile's stolen children**

The Guardian-Jan 21



*Chile 50 years on logo*

# Refugees from Fascism: The Story of Chile's Exiles in Britain

By Nicolas Jara-Joly- Tribune

In the early hours of 11 September 1973, the president of Chile, Salvador Allende, received the news that the Chilean navy had occupied the port city of Valparaiso, less than 100 miles away from Santiago, and shut down the major radio and television stations.

Not long after it refused to surrender power to the putschist generals, the presidential palace, La Moneda, still defended by Allende and a brave group of friends and family, was bombed by the air force. The president would deliver his last words to the nation on the communist Radio Magallanes from within the palace walls: 'Long live Chile; long live the people; long live the workers!'

By 3:00 PM, La Moneda, or what was left of it, had been taken over by the Chilean military. An announcement followed on the radio, informing people that those who were found resisting the military advance after 3:30 PM in the working-class areas of Santiago would be shot upon capture. By the evening, all parties and trade unions had been made illegal, and a government by a military junta was declared.

Over the course of the following days, weeks, and months, embassies and safe houses filled up across the country — as did prisons, stadiums, graves, and torture chambers. The dictatorship of General Augusto Pinochet lasted seventeen years and is estimated to have murdered, tortured, or arbitrarily imprisoned up to 40,000 people. Fifty years after the coup, many desaparecidos from the period remain unaccounted for to this day.

## Fleeing Pinochet

Over 7,000 miles away in Blackpool, news of the coup in Chile led internationalist Labour Party members and trade unionists to pass an emergency motion at that year's conference. It committed Labour to granting asylum to Chilean refugees fleeing, as Labour leader Harold Wilson put it, 'the brutalities of Chile's counter-revolution'.

The Tory government under Edward Heath didn't take long to recognise Pinochet's new fascist regime. His secretary of state for foreign and Commonwealth affairs, Julian Amery, would defend the dictatorship by personally assuring Parliament that in Chile, '[E]verything will be carried out in accordance with the due processes of Chilean law.' A Foreign Office memo in late 1973 sums up government refugee policy at the time: 'It is intended to keep the number of refugees to a very small number and, if our criteria are not fully met, we may accept none of them.'

The following year, the National Union of Mineworkers (NUM) voted to strike against the same Tory government. In response, Edward Heath called a snap general election, framed as a referendum on the power of trade unions — he lost, and the Labour Party took power. On 27 March 1974, James Callaghan, the Labour secretary of state for foreign and Commonwealth affairs, officially announced in the House of Commons that the new government would be 'considering Chilean asylum applications sympathetically'. It is estimated that anywhere between 200,000 and 2,000,000 Chilean party activists, trade unionists, intellectuals, and politicians were forced into exile and scattered across the globe because of the Pinochet coup. Of these, some 3,000 ended up in Britain.

They arrived mostly in two waves. The first wave comprised those who were lucky enough to escape from Chile into a neighbouring country in the immediate aftermath, arriving in Britain at some point in 1974. These included Lucho and his partner Carmen, two literature students living in the coastal city of Valdivia and part of one of the first groups to arrive in Britain, travelling from Argentina where they had managed to find temporary refuge.

The second wave of Chileans came during the following years, mainly after periods of imprisonment or clandestine resistance. Many had had their sentences commuted to exile under Decree 504 or had simply been expelled from the country. This was Lautaro's path to the UK. An indigenous Aymara from the border city of Arica, deep in Chile's northern desert, he was arrested in late 1974 for political activity, tortured, and imprisoned for over a year before being exiled in 1975.

## **Settlement in Exile**

Among the European nations that accepted Chilean refugees, the UK had the smallest Chilean diaspora: its 3,000 contrasted sharply with the 10,000 in Norway, 15,000 in France, and 40,000 in Sweden. In fact, Chileans were not eligible to come to Britain during the entirety of the dictatorship, except during the small window of the 1974–79 Labour government, before and after which the Tory governments of Edward Heath and Margaret Thatcher would systematically deny claims of human rights abuses by the Pinochet regime.

The geographical distribution of Chileans in Britain depended largely on the presence of sympathetic local politicians, councils, trade unions, or employers. In 1979, the Joint Working Group for Refugees from Latin America estimated that London and the South East had 1,190 Chileans; Scotland, 400; Yorkshire and Humberside, 400; the North West, 270; the West Midlands, 260; East Anglia, 130; Wales, 120; the East Midlands and the South West, 80 each, and the North East, 70 — a maximum of maybe 800 families, scattered across Britain's housing estates.

'Cold, dark, and wet' is how Lucho describes his first impression of Britain. Although the weather in Hull may have been bleak, he also recalls being amazed at the solidarity he received from the working class in that city. This experience inspired him to embark on a photography project documenting the life of workers in industrial Humberside and elsewhere, which he pursued throughout his early years in Britain. Most of the Chilean diaspora believed that their stay in Britain would be short. 'In those first years,' Pauline tells me, 'I don't remember meeting a single Chilean who didn't think they were going home in the next few years.' Indeed, while the longevity of the Pinochet regime back home remained unclear, the hope for most was that the dictatorship would buckle — and you needed to be prepared to return at any moment if it did.

The Chilean exile experience in the UK was also shaped by a solidarity movement which stretched from Labour frontbenchers to rank-and-file workers, as well as smaller political parties, human rights organisations, trade unions, churches, and other religious groups. Indeed, some exiles were freed from Pinochet's prisons by people and organisations that they had never even heard of before. Lautaro was one of them. 'Before I even arrived in Britain,' he said, 'I had been "adopted" by a human rights group in Fife — I only found out after I got here.'

A large proportion of Chileans were settled in Britain through the work of a small non-governmental organisation (NGO) called the World University Service (WUS), including both Lucho and Lautaro. Chilean settlement was financed by the British government through diverting funds from the development and aid budget, a portion of which had already been allocated to Chile. Two people were responsible for this idea. The first was Judith Hart, the Labour minister of the Overseas Development Ministry (ODM) and a lifelong internationalist who had spent time in Chile under Allende. The second was a 25-year-old physics graduate named Alan Phillips, the general secretary of the WUS. The ODM provided the funds, and the WUS, with no more than three full-time and four part-time staff, based in a run-down office on Seven Sisters Road in Tottenham, administered the grants process for 900 exiles.

## **Solidarity Activism in Exile**

At the time of the coup, various Chilean figures from Allende's Unidad Popular coalition were already in Britain and found themselves in a de facto state of exile. People like Carlos Fortin from the Socialist Party (PSCh), Tomas Godoy from the Communist Party (PCCh), Carlos Parra from the Radical Party (PRCh), and Raul Sohr from the Christian-Marxist Movement for Unitary Popular Action (MAPU) were part of the first efforts to organise the arrival of Chilean refugees in Britain.

Soon after, the Chile Solidarity Campaign (CSC) was formed and became the central pole of solidarity activism. Unlike in other European countries, the British CSC was transpartisan, with roots across the spectrum of the British left. It included trade unions like the Transport and General Workers' Union

(TGWU), the ancestor of Unite, left-wing Labour MPs like Ian Mikardo and Fenner Brockway, as well as figures from the Communist Party of Great Britain (CPGB), International Socialists (IS) and organisations for colonial freedom.

The broad line adopted by the CSC, pushed for in particular by the TGWU, derived from the specific political context of Cold War Britain. In those days, the international department of the Trades Union Congress (TUC) often overlapped with Foreign Office personnel and wasn't considered to be a reliable vehicle for socialist internationalism. Stopping the fragmentation of the campaign along partisan lines meant stopping parts of it falling under the control of the TUC international department, the Foreign Office, and, ultimately, the security services. Indeed, in addition to the Chilean parties already listed, many exiles who came to the UK were from the armed struggle wing of the Chilean left, such as the Movimiento de Izquierda Revolucionaria (MIR). The view was that the security of the exiles themselves would have been compromised by a fragmented campaign.

This, of course, did not get in the way of Chilean collaboration with the British left. The CSC headquarters, situated in the Liberation office in North London, became a hub of Chilean, Latin American, and British political collaboration. In the 1980s, the Chilean community came together with Labour-held Sheffield city council to rename one of the city's roads 'Allende Way'. A recent documentary, *Chileans of the North*, tells this story. Solidarity work was formative for many British activists. For Mike Gatehouse, joint secretary of the CSC during the period, 'The experience ... led us to redirect our entire lives. It changed us.'

### **Chilean Britain**

Chilean associations themselves were almost always formed with respect to party affiliation, and bitter divisions between different orientations were not uncommon. In defeat, passionate questions of strategy gave way to visceral and painful questions of culpability. However, as time went on, cultural events became a shared space of collective resistance for all. Well-known Chilean and Latin American bands such as Millantu, Inti-Illimani, and Kaliche would play revolutionary folk music, kids would help to serve empanadas, and ticket sales would raise money for the fight against Pinochet.

'Political meetings were one thing, but cultural events were for everyone,' says Maria, who grew up in Rotherham.

A lot of us second-generation kids grew up together in these events. And the people that came to them became like the extended family that we'd lost. That was integration for me — British people coming to eat empanadas and to listen to Inti-Illimani.

Chileans were the first Latin American refugees to arrive in Britain and their cultural events became a hub of Latin Americanism in the country, attracting Argentinians, Uruguayans, Guatemalans, and Peruvians. Many shared the same political experiences of social revolution, dictatorship, and exile. This gave rise to numerous new internationalist campaigns, such as the Latin American Solidarity Front, the Nicaragua Solidarity Campaign, and the Cuba Solidarity Campaign. You could scarcely attend a campaign rally — whether for Nicaragua, against apartheid, or for the miners — without bumping into some Chileans.

Some of the first Latin American centres in London and elsewhere were founded by Chilean and British activists in the early 1980s. Today, spaces such as the Latin Village in Tottenham follow in their footsteps. Los Andes on the Bristol Road in Selly Oak, Birmingham, became one of Britain's first Latin American restaurants. Further traces of the Chilean diaspora can also be found in the cultural projects of its children, such as *Alborada*, a left-wing magazine and also a film company of the same name — both founded by Pablo Navarrete, son of exiles Roberto and Cristina Navarrete; or *El Sueño Existe*, the music festival set up by an admirer of the famous Chilean folk singer, Victor Jara, murdered by Pinochet in 1973. In fact, Jara's wife, Joan Jara (née Turner), was herself English and spent her exile in Britain with Victor's two daughters.

Between 1983 and 1986, a wave of popular revolts against the dictatorship broke out back in Chile. In the diaspora, this raised the question of return. Some adherents of the strategy of armed struggle went back to join the clandestine resistance, and partisans of electoral reconstruction returned with a strategy of political pressure. The revolts were put down, but their effects were felt in the promise of a 'transition to democracy'.

This would ultimately culminate in the ousting of Pinochet in the constitutional referendum of 1989 and, in 1990, the first set of elections in Chile in two decades.

The end of the Pinochet era, when it eventually came, was a strange event. The Pinochet constitution was left untouched and the ex-dictator himself remained commander-in-chief of the armed forces and senator for life. But many exiles returned to Chile regardless. Those who remained in Britain had mostly made families here, now with British children and grandchildren. Some had always felt like Chileans stuck in Britain, others became British-Chilean.

## **Legacies of Resistance**

In 1998, Pinochet visited Britain. Under European jurisdiction, he was indicted by Spanish magistrate Baltasar Garzon for human rights abuses, and an order for his extradition to Spain was issued. The event remobilised the remaining Chilean solidarity networks, and mass demonstrations were organised.

For Maria, who was at the protest outside the building where Pinochet was being held, the atmosphere had been electric. ‘All you could hear were the shouts of “A-se-sino! A-se-sino! A-se-sino”, and the hairs on my neck just stood up.’ For second-generation young people, it was often a formative moment. ‘I just remember constantly being at protests with my dad and his comrades,’ says Jose, the son of a communist activist who came to Britain in 1977. ‘It was important because, being born after the dictatorship, it made all these things I’d been told about — Allende, Pinochet, the coup — quite concrete. It made me feel more Chilean.’

The ex-dictator was held under house arrest in Britain for eighteen months, after which, following the recommendations of his friend Margaret Thatcher and sympathiser George W. Bush, he was released to spend the last years of his sordid life back in Chile. The relentless piquete of British and Chilean activists which followed him around during his time in London gave rise to projects like Memoria Viva, a database of all the disappeared cases during the dictatorship, and Ecomemoria, a tree-planting initiative in honour of the dead.

Being a child of an exile is a complicated thing. The transmission of historical trauma through the family can take many forms, some empowering and some painful. Those who remember the immediate aftermath of Chile’s catastrophe tend to carry the trauma more directly. ‘I carried around this weight,’ a daughter of an exile recounts in the documentary *Hora Chilena*. ‘We’d been defeated, they’d won. It’s their version now; they’re writing history.’

Maria’s family came to Rotherham from the city of Quilpue, not far from Valparaiso, when she was a small child. Her father, an activist in the MIR clandestine resistance in Chile, was captured, held in secret detention centres such as the infamous Villa Grimaldi, and subjected to torture. After Decree 504 and through an unknown sponsorship by a British Jewish organisation, the family was able to gain asylum in the UK in 1978.

It was hard for us kids, growing up without any aunties, uncles, cousins, grandparents, because we’d had to leave them all behind in Chile. We didn’t have any of that stuff. When it came to raising children, things weren’t always easy either. In my family, my dad spoke to us about what he’d been through. That wasn’t always the case in other families, and I know that was really hard on some of the kids. Some only found out much later.

The second generation’s relationship to Chile itself is varied, as one might expect. As with other immigrant groups, the culture, the food, and the music are often carried forward in family life and transmitted to the third generation, although the language perhaps less so. The dynamics of displacement and estrangement that accompany exile and military dictatorship tend to produce family configurations which are geographically and emotionally challenging. Although many have stable relationships with their families in Chile, the act of ‘going looking for family’ is not uncommon either.

When it comes to the events of the past half-century, Chilean society is far more divided than the exile community. The recent social uprising and debate over a new constitution have awakened old ghosts in many families, at home and in the diaspora.

## Remembering

In 2019, in response to an explosion of social movements in Chile, three second-generation British-Chileans founded the Chile Solidarity Network (CSN), the latest iteration of Chilean solidarity activism in the UK. This year, along with other diaspora activists, they have launched the Chile 50 Years UK exhibition to organise and coordinate events commemorating the fiftieth anniversary of the coup.

Half a century after his death, Allende's Unidad Popular remains a reference point not only for Chileans but for the global left — a part of that great subterranean river of the revolutionary tradition that the historian Enzo Traverso has called 'the tradition of the vanquished', which carries within it our collective history of struggle. Chile's exiles and dissidents are people for whom there are few statues and who have rarely written tomes, but who all held the torch in the darkest night and felt the heat of the brightest day. They lived through social revolution, clandestine resistance, death squads, and exile; they all lost dear comrades to the struggle. They are models of revolutionary passion, courage, and commitment.

In one of Lucho's photo albums, I found a line from a Pablo Neruda poem that I knew. The poem is engraved on a memorial to the victims of the dictatorship in Chile's Concepción municipal cemetery, where some of my family are buried.

**The rain will soak / The stones of squares**

**But it will not put out / Your names of fire**

**A thousand nights will fall / And their dark wings**

**Without destroying the day / Of those who here fell**

This September, along with the victims of the dictatorship, we also commemorate all those who made this small diaspora possible. Let us not forget any of them.

## Pablo Neruda 1904-73



Pablo Neruda, activist writer and poet is considered to be Chile's national poet and Nobel Prize Winner. He made way to allow Salvador Allende to run for President and died under mysterious circumstances during the coup. Neruda's legacy was directly shaped by the historical events in which he played a part. In his early youth, during Chile's revolutionary student movement, he played the role of an activist-writer, the voice of a young generation challenging the country's controlling aristocracy.

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Son of a railway worker and a teacher Neruda spent most of his life as a left wing activist. Neruda publicly denounced President Gabriel Gonzalez Videla for the violent repression of the miners' uprising in 1947, many of whom were sent to concentration camps. Videla issued an arrest warrant against Neruda, who was then forced to go into exile before returning years later to support Allende.

## Victor Jara-1932-73

Víctor Lidio Jara Martínez was a Chilean teacher, theatre director, poet, singer-songwriter and Communist political activist. Jara was arrested by the Chilean military shortly after the 11 September 1973 coup led by Augusto Pinochet, which overthrew Allende. He was tortured during interrogations and ultimately shot dead, and his body was thrown out on the street of a shantytown in Santiago. The contrast between the themes of his songs—which focused on love, peace, and social justice—and his murder transformed Jara into a "potent symbol of struggle for human rights and justice" for those killed during the Pinochet regime.

# The Coup in Chile: 50 Years On

Maria Vasquez-Aguilar 11 September 2023

*This article appeared in History Workshop*

As a daughter of former political prisoners, for me – and for Chileans across the world – this year has a special resonance. It marks the fiftieth anniversary of the coup in Chile. On 11 September 1973, the democratically elected government of Dr Salvador Allende was ousted out by a bloody coup d'état led by a military junta. Leading a coalition of left-wing parties named Unidad Popular (Popular Unity), Allende had been in power for three years, and wanted to introduce socialism by democratic means. As a result, he was seen as a threat to the elite in Chile and those with foreign interests in the country.

As archival records have shown, the coup was devised and paid for by the CIA, as well as the secret service of the UK and Australia. It led to 17 years of a brutal military regime, headed by General Pinochet. This regime would become one of Latin America's most notorious dictatorships; characterised by torture, killings, disappearances and the forced exile of thousands of ordinary people.

When the fiftieth anniversary of the coup was approaching, as a refugee from the Chilean regime, it felt natural for me to be involved in setting up Chile 50 Years UK, alongside Isabel Cortes and other first and second generation Chileans in the UK. We wanted to provide a platform for people across the country to publicise the events they would be organising in commemoration.

Events have taken place from Wales to Scotland, with talks, films, cultural events, exhibitions, plays, and concerts looking at the coup, its aftermath, the resistance of the Chilean people and the tremendous support and solidarity received as thousands had to leave. It's a story which speaks about the worst in humanity and the best. For us, memory is an act of resistance in itself.

As the dictatorship systematically repressed all sectors of society, including the media, academics, song writers, trade unions and political parties, it was able to install a new economic programme in the country in near perfect 'laboratory' conditions. Developed by the now infamous 'Chicago boys', a group of Chilean economists trained in the University of Chicago under leading neo-liberal thinkers such as Milton Friedman, it involved dismantling the welfare state that Allende had brought in, privatising all industries including the pension system and deregulating the market. This model was taken up by Margaret Thatcher when she came to power in the UK in 1979, and subsequently transported across the world in coups or IMF and World Bank structural adjustment programmes. When we remember the Chilean coup, we remember how the seeds of the rampant economic inequalities we see in the world today were sown on that fateful day.

Also central to our commemorations are the stories of the ordinary Chileans whose lives were completely changed by the coup. My parents were always open with me and my siblings about the circumstances in which we were forced to leave Chile. Within the exile community many children have similar or worse stories than ours.

From a young age, I knew that my Dad had been picked up by the Dirección de Inteligencia Nacional (DINA), Pinochet's secret police, after having become part of the underground resistance to the regime. A university student at the time of the coup, he was a member of Movimiento Izquierda Revolucionario (MIR) and met my Mum whilst living in clandestine. My parents were arrested together but luckily my Mum, pregnant with me, was released after a week. She went on to join the thousands of people looking for their loved ones, the majority of them women, who not only struggled to keep the family going but faced the brutality of the regime in their search.

During a time when dead bodies would be found in the street and floating in the local rivers, the authorities told her that my Dad had 'fled to Sweden with his lover'. In reality, he had been held in the various torture and secret detention centres of the regime including Villa Grimaldi and Rocas Santo Domingo, Cuatro Alamos and Melinka (Puchuncavi).

Some of these camps had originally been built by Allende's government as affordable holiday camps for workers and their families. Now, they housed death and terror. I learnt to walk in one of these concentration camps, visiting my Dad. Due to international pressure, Pinochet closed some camps in 1976 and, as a result, my Dad was released. However, it soon became clear that life would be impossible in Chile, and my parents would continue to be targeted.

As the images of British Hawker Hunter jets bombing the Moneda (Chile's presidential palace) in 1973 circulated widely, solidarity groups sprung up worldwide. Across the UK, dockers and truckers refused to handle Chilean goods and, in East Kilbride, workers in a Rolls Royce factory refused to fix the engines of the same Hawker Hunter jets that had bombed the Moneda. The brave yet humble and extraordinary actions of these Scottish workers are now immortalised in the film *Nae Pasaran*.

As a family, we received clothes and letters from such solidarity groups, as well as airplane tickets. The initial two tickets sent by a group in Italy were rejected by my parents as they refused to leave us children behind. Then we received five airplane tickets for the family to travel to England. In June 1978, we joined the thousands of refugees fleeing the horrors of the dictatorship. We have never met who sent us that lifeline, although we are eternally grateful.

Upon arrival in the UK, my parents immediately got involved in the solidarity campaign for Chile, as well as other causes. My siblings and I grew up at political demonstrations and events, ranging from support for Nicaragua to the Miners' strike of 1984/85 and the anti-apartheid movement. These networks of Chilean refugees and local activists became our new 'family', a family that made integration into British society possible. Meeting people who had never been to Chile yet cared enough to come to our events, eat our food, and bring their children for us to play with was an antidote to the racism we also experienced.

The solidarity movement with Chile lasted until 1990, when the Pinochet dictatorship ended. However, these solidarity networks have since been reactivated at different points in time, such as the arrest of Pinochet in 1998 in London, and the commemorations around the 40th anniversary of the coup in 2013. In my PhD research, I focus on these flashpoints in history. Using oral history, I have captured the political activism of the first generation of Chilean refugees and their non-Chilean supporters, and asked how memories and identities have been transmitted between generations.

Although Pinochet died in 2006, his legacy still casts a long shadow over Chilean life. It was surprising yet understandable when in October 2019, secondary school children led a protest against an increase in travel costs and sparked mass social unrest. Over the next few months, millions came to the streets to call for an end to the neo-liberal economic policies which had continued since the end of the dictatorship. Songs from the time of the Popular Unity government were played and placards held reading "we are the grandchildren of those you couldn't kill" and "neo-liberalism was born in Chile, and it will die in Chile". Underpinning the various calls was the need to change the constitution that had remained intact since the time of Pinochet.

The state responded with the systematic violation of human rights. Thousands were arrested, with hundreds of mainly young people losing their sight in targeted attacks with rubber bullets and tear cannisters. The more repressive the policing, the larger the demonstrations grew. In response to the 2019 unrest, I and two other second generation Chilean women (Isabel Cortes and Carole Concha Bell) set up Chile Solidarity Network.

Though the Covid-19 pandemic brought an end to these protests, they did lead to a new government headed by Gabriel Boric, a leading figure from the student demonstrations of 2011 and his broad left party – Frente Amplio. We are yet to see if this new government delivers on the social demands in the streets when Chile awoke. However, it has announced for the 50th anniversary a commission to look into the whereabouts of the over 1000 people disappeared by Pinochet's regime. Sadly, we are yet to see concrete action on the prisoners and human rights abuses of the 2019 unrest; it appears that despite four international human rights reports, impunity still reigns in Chile.

The 50th anniversary of the coup in Chile is an opportunity to remember how, after the immediate horrors of the dictatorship ended, its legacy continues to impact generations to come. It reminds us of why people need

to seek refuge, and why the reception they receive in the host country affects not only those arriving but also their children and the diaspora as a whole.

The struggle of the Chilean people over the last 50 years started long before 11 September 1973 and it will continue long after 11 September 2023, because as Allende said as the Presidential palace was being bombed on that fateful day – it is the people that make history.

*Maria is doing a PhD on the political activism of the Chilean refugees post 1973 and the intergenerational transmission of memory and identity. She is an activist and trade unionist, and co-founded Chile Solidarity Network and Chile 50 Years UK.*

## History Workshop

*From its beginnings in the 1967, the History Workshop movement advocated 'history from below': history envisioned from the perspective of ordinary people rather than elites. It sought to move the study of the past beyond the academy into public gatherings – “workshops” – that were open to anyone.*

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*History Workshop is a politically pluralistic platform which publishes a wide spectrum of progressive radical opinion. We are committed to work that is radical, relevant, rigorous and accessible.*

# Estadio Nacional Julio Martínez Prádanos

## From football field to killing field.



**Dissenters of the junta found themselves kidnapped off the streets and imprisoned in makeshift detention centres. The most famous of which was Estadio Nacional.**

**It is estimated that up to 3500 prisoners met their death in the stadium or at locations close by.**

After the coup d'état of September 11, 1973, that ousted President Salvador Allende, the stadium began to be used as a detention facility. An article in the Harvard Review of Latin America reported that "there were over 80 detention centres in Santiago alone" and gave details of the National Stadium and others.

Over 40,000 people spent time in the compound during the junta regime. Twelve thousand detainees were interned between September 11 and November 7. The field and gallery were used to hold men, while women were held in the swimming pool changing rooms and associated buildings. Locker rooms and corridors were all used as prison facilities while interrogations were carried out in the velodrome. The Red Cross estimated that 7,000 prisoners occupied the stadium at one point, of whom about 300 were foreigners. According to the testimonies of survivors collected by the humanitarian group, detainees were tortured and threatened with death by shooting. Some were actually shot or taken to unknown locations for execution. Pinochet and other members of the junta would often take turns hollering and swearing at the detainees over the stadium's public address system.

FIFA President Sir Stanley Rous insisted the USSR team play a World Cup qualifier at the time. They however refused to do so and Chile qualified automatically for the 1974 World Cup, where they failed to advance from a group containing both West and East Germany and Australia. The refusal of the Soviet Union for the qualifier produced the mockery of the Chilean team playing to an empty stadium and scoring into an empty net.

The use of the stadium during the coup d'état is depicted in the 2002 documentary film *Estadio Nacional*, directed and produced by Carmen Luz Parot, and in the 2007 Swedish film *The Black Pimpernel*, which is based on the story of Swedish ambassador in Chile Harald Edelstam and his heroic actions to protect the lives of over 1,200 people during and after the military coup. The *Black Pimpernel* was shot on location in Santiago. The 1982 film *Missing* by Greek filmmaker Costa-Gavras depicts the September 11, 1973 coup d'état and execution of American journalists Charles Horman and Frank Teruggi at the Estadio Nacional.

In 2011, Chile set aside a section of the stadium, a section of old wooden bleachers called "Escotilla 8", to honor the prisoners who were detained there. It is surrounded by a barbed wire fence.

Extract from Wikipedia

Death & Horror at Chile's National Football Stadium | Trans World Sport - YouTube

In Chile's National Stadium, Dark Past Shadows Copa América Matches

NY Times

# Neoliberalism – the ideology at the root of all our problems

**Financial meltdown, environmental disaster and even the rise of Donald Trump – neoliberalism has played its part in them all. Why has the left failed to come up with an alternative?**

**George Monbiot- Guardian April 2016 <http://www.monbiot.com/> & <http://www.theguardian.com/>**



Ted Eytan - CCS 4.0



(CC BY-ND-NC 1.0) - Fred Murphy

Imagine if the people of the Soviet Union had never heard of communism. The ideology that dominates our lives has, for most of us, no name. Mention it in conversation and you'll be rewarded with a shrug. Even if your listeners have heard the term before, they will struggle to define it. Neoliberalism: do you know what it is?

Its anonymity is both a symptom and cause of its power. It has played a major role in a remarkable variety of crises: the financial meltdown of 2007-8, the offshoring of wealth and power, of which the Panama Papers offer us merely a glimpse, the slow collapse of public health and education, resurgent child poverty, the epidemic of loneliness, the collapse of ecosystems, the rise of Donald Trump. But we respond to these crises as if they emerge in isolation, apparently unaware that they have all been either catalysed or exacerbated by the same coherent philosophy; a philosophy that has – or had – a name. What greater power can there be than to operate namelessly?

So pervasive has neoliberalism become that we seldom even recognise it as an ideology. We appear to accept the proposition that this utopian, millenarian faith describes a neutral force; a kind of biological law, like Darwin's theory of evolution. But the philosophy arose as a conscious attempt to reshape human life and shift the locus of power.

Neoliberalism sees competition as the defining characteristic of human relations. It redefines citizens as consumers, whose democratic choices are best exercised by buying and selling, a process that rewards merit and punishes inefficiency. It maintains that "the market" delivers benefits that could never be achieved by planning.

Attempts to limit competition are treated as inimical to liberty. Tax and regulation should be minimised, public services should be privatised. The organisation of labour and collective bargaining by trade unions are portrayed as market distortions that impede the formation of a natural hierarchy of winners and losers. Inequality is recast as virtuous: a reward for utility and a generator of wealth, which trickles down to enrich everyone. Efforts to create a more equal society are both counterproductive and morally corrosive. The market ensures that everyone gets what they deserve.

We internalise and reproduce its creeds. The rich persuade themselves that they acquired their wealth through merit, ignoring the advantages – such as education, inheritance and class – that may have helped to secure it. The poor begin to blame themselves for their failures, even when they can do little to change their circumstances.

Never mind structural unemployment: if you don't have a job it's because you are unenterprising. Never mind the impossible costs of housing: if your credit card is maxed out, you're feckless and improvident.

As Naomi Klein documents in *The Shock Doctrine*, neoliberal theorists advocated the use of crises to impose unpopular policies while people were distracted: for example, in the aftermath of Pinochet's coup, the Iraq war and Hurricane Katrina, which Friedman described as "an opportunity to radically reform the educational system" in New Orleans.

Where neoliberal policies cannot be imposed domestically, they are imposed internationally, through trade treaties incorporating "investor-state dispute settlement": offshore tribunals in which corporations can press for the removal of social and environmental protections. When parliaments have voted to restrict sales of cigarettes, protect water supplies from mining companies, freeze energy bills or prevent pharmaceutical firms from ripping off the state, corporations have sued, often successfully. Democracy is reduced to theatre.

Another paradox of neoliberalism is that universal competition relies upon universal quantification and comparison. The result is that workers, job-seekers and public services of every kind are subject to a pettifogging, stifling regime of assessment and monitoring, designed to identify the winners and punish the losers. The doctrine that Von Mises proposed would free us from the bureaucratic nightmare of central planning has instead created one.

Neoliberalism was not conceived as a self-serving racket, but it rapidly became one. Economic growth has been markedly slower in the neoliberal era (since 1980 in Britain and the US) than it was in the preceding decades; but not for the very rich. Inequality in the distribution of both income and wealth, after 60 years of decline, rose rapidly in this era, due to the smashing of trade unions, tax reductions, rising rents, privatisation and deregulation.

The privatisation or marketisation of public services such as energy, water, trains, health, education, roads and prisons has enabled corporations to set up tollbooths in front of essential assets and charge rent, either to citizens or to government, for their use. Rent is another term for unearned income. When you pay an inflated price for a train ticket, only part of the fare compensates the operators for the money they spend on fuel, wages, rolling stock and other outlays. The rest reflects the fact that they have you over a barrel.

Those who own and run the UK's privatised or semi-privatised services make stupendous fortunes by investing little and charging much. In Russia and India, oligarchs acquired state assets through firesales. In Mexico, Carlos Slim was granted control of almost all landline and mobile phone services and soon became the world's richest man.

Financialisation, as Andrew Sayer notes in *Why We Can't Afford the Rich*, has had a similar impact. "Like rent," he argues, "interest is ... unearned income that accrues without any effort". As the poor become poorer and the rich become richer, the rich acquire increasing control over another crucial asset: money. Interest payments, overwhelmingly, are a transfer of money from the poor to the rich. As property prices and the withdrawal of state funding load people with debt (think of the switch from student grants to student loans), the banks and their executives clean up.

Sayer argues that the past four decades have been characterised by a transfer of wealth not only from the poor to the rich, but within the ranks of the wealthy: from those who make their money by producing new goods or services to those who make their money by controlling existing assets and harvesting rent, interest or capital gains. Earned income has been supplanted by unearned income.

Neoliberal policies are everywhere beset by market failures. Not only are the banks too big to fail, but so are the corporations now charged with delivering public services. As Tony Judt pointed out in *Ill Fares the Land*, Hayek forgot that vital national services cannot be allowed to collapse, which means that competition cannot run its course. Business takes the profits, the state keeps the risk.

The greater the failure, the more extreme the ideology becomes. Governments use neoliberal crises as both excuse and opportunity to cut taxes, privatise remaining public services, rip holes in the social safety net, deregulate corporations and re-regulate citizens. The self-hating state now sinks its teeth into every organ of the public sector.

Perhaps the most dangerous impact of neoliberalism is not the economic crises it has caused, but the political crisis. As the domain of the state is reduced, our ability to change the course of our lives through voting also contracts. Instead, neoliberal theory asserts, people can exercise choice through spending. But some have more to spend than others: in the great consumer or shareholder democracy, votes are not equally distributed. The result is a disempowerment of the poor and middle. As parties of the right and former left adopt similar neoliberal policies, disempowerment turns to disenfranchisement. Large numbers of people have been shed from politics.

Chris Hedges remarks that “fascist movements build their base not from the politically active but the politically inactive, the ‘losers’ who feel, often correctly, they have no voice or role to play in the political establishment”. When political debate no longer speaks to us, people become responsive instead to slogans, symbols and sensation. To the admirers of Trump, for example, facts and arguments appear irrelevant.

Judt explained that when the thick mesh of interactions between people and the state has been reduced to nothing but authority and obedience, the only remaining force that binds us is state power. The totalitarianism Hayek feared is more likely to emerge when governments, having lost the moral authority that arises from the delivery of public services, are reduced to “cajoling, threatening and ultimately coercing people to obey them”.

Like communism, neoliberalism is the God that failed. But the zombie doctrine staggers on, and one of the reasons is its anonymity. Or rather, a cluster of anonymities.

The invisible doctrine of the invisible hand is promoted by invisible backers. Slowly, very slowly, we have begun to discover the names of a few of them. We find that the Institute of Economic Affairs, which has argued forcefully in the media against the further regulation of the tobacco industry, has been secretly funded by British American Tobacco since 1963. We discover that Charles and David Koch, two of the richest men in the world, founded the institute that set up the Tea Party movement. We find that Charles Koch, in establishing one of his thinktanks, noted that “in order to avoid undesirable criticism, how the organisation is controlled and directed should not be widely advertised”.

The words used by neoliberalism often conceal more than they elucidate. “The market” sounds like a natural system that might bear upon us equally, like gravity or atmospheric pressure. But it is fraught with power relations. What “the market wants” tends to mean what corporations and their bosses want. “Investment”, as Sayer notes, means two quite different things. One is the funding of productive and socially useful activities, the other is the purchase of existing assets to milk them for rent, interest, dividends and capital gains. Using the same word for different activities “camouflages the sources of wealth”, leading us to confuse wealth extraction with wealth creation.

A century ago, the nouveau riche were disparaged by those who had inherited their money. Entrepreneurs sought social acceptance by passing themselves off as rentiers. Today, the relationship has been reversed: the rentiers and inheritors style themselves entrepreneurs. They claim to have earned their unearned income.

These anonymities and confusions mesh with the namelessness and placelessness of modern capitalism: the franchise model which ensures that workers do not know for whom they toil; the companies registered through a network of offshore secrecy regimes so complex that even the police cannot discover the beneficial owners; the tax arrangements that bamboozle governments; the financial products no one understands.

The anonymity of neoliberalism is fiercely guarded. Those who are influenced by Hayek, Mises and Friedman tend to reject the term, maintaining – with some justice – that it is used today only pejoratively. But they offer us no substitute. Some describe themselves as classical liberals or libertarians, but these descriptions are both misleading and curiously self-effacing, as they suggest that there is nothing novel about *The Road to Serfdom*, *Bureaucracy* or Friedman’s classic work, *Capitalism and Freedom*.

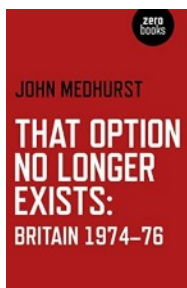
For all that, there is something admirable about the neoliberal project, at least in its early stages. It was a distinctive, innovative philosophy promoted by a coherent network of thinkers and activists with a clear plan of action. It was patient and persistent. *The Road to Serfdom* became the path to power.

Neoliberalism's triumph also reflects the failure of the left. When laissez-faire economics led to catastrophe in 1929, Keynes devised a comprehensive economic theory to replace it. When Keynesian demand management hit the buffers in the 70s, there was an alternative ready. But when neoliberalism fell apart in 2008 there was ... nothing. This is why the zombie walks. The left and centre have produced no new general framework of economic thought for 80 years.

Every invocation of Lord Keynes is an admission of failure. To propose Keynesian solutions to the crises of the 21st century is to ignore three obvious problems. It is hard to mobilise people around old ideas; the flaws exposed in the 70s have not gone away; and, most importantly, they have nothing to say about our gravest predicament: the environmental crisis. Keynesianism works by stimulating consumer demand to promote economic growth. Consumer demand and economic growth are the motors of environmental destruction.

What the history of both Keynesianism and neoliberalism show is that it's not enough to oppose a broken system. A coherent alternative has to be proposed. For Labour, the Democrats and the wider left, the central task should be to develop an economic Apollo programme, a conscious attempt to design a new system, tailored to the demands of the 21st century.

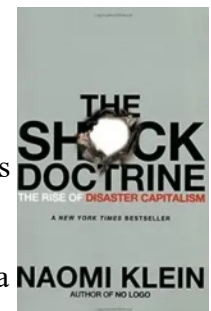
George Monbiot's *How Did We Get into This Mess?* is published by Verso.



Neoliberalism first reared its head in the UK with a speech from Labour Prime Minister Jim Callaghan when he said of Keynesian economics "That Option No Longer Exists". This book challenges the perception of the 70's as a grey decade but how the left challenged capitalism in the face of "stagflation" and how the establishment fought back allowing Thatcher to bring the full force of neo liberal policies to bear in the 80's.

Around the world in Britain, the United States, Asia and the Middle East, there are people with power who are cashing in on chaos, exploiting bloodshed and catastrophe to brutally remake our world in their image. They are the shock doctors.

Exposing these global profiteers, Naomi Klein discovered information and connections that shocked even her about how comprehensively the shock doctors' beliefs now dominate our world - and how this domination has been achieved. Raking in billions out of the tsunami, plundering Russia, exploiting Iraq - this is the chilling tale of how a few are making a killing while more are getting killed.



AFTER FINANCIAL APOCALYPSE, NEOLIBERALISM ROSE FROM THE DEAD - STRONGER THAN EVER. At the onset of the Great Recession, as house prices sank and joblessness soared, many commentators concluded that the economic convictions behind the disaster would now be consigned to history. And yet, in the harsh light of a new day, we have awoken to a second nightmare more ghastly than the first.

Once neoliberalism became a Theory of Everything, providing a revolutionary account of self, knowledge, information, markets, and government, it could no longer be falsified by anything as trifling as data from the 'real' economy. In this sharp, witty and deeply informed account, Mirowski - taking no prisoners in his pursuit of 'zombie' economists - surveys the wreckage of what passes for economic thought, finally providing the basis for an anti-neoliberal assessment of the current crisis and our future prospects.



# The menace of the myth of General Pinochet's Chilean economic miracle

Thomas Palley-Economics for Democratic and Open Societies

September 11, 2023, marks the fiftieth anniversary of General Pinochet's military coup against Chilean President Salvador Allende. While it is now widely recognized that Pinochet authorized large-scale human rights abuses, there is an accompanying narrative that he also unleashed an economic miracle via embrace of Milton Friedman's "Chicago Boys" vision of a market economy.

The "Pinochet economic miracle" narrative is profoundly misleading. Worse yet, it is a political menace for two reasons. First, it risks tacitly promoting the notion that dictatorship may be legitimate to the extent it offers a road to prosperity. Second, the Pinochet regime embraced Neoliberalism which promotes anti-democratic tendencies by fracturing society. The claim of a Pinochet economic miracle lends support to Neoliberalism, thereby encouraging acceptance of Neoliberalism despite its anti-democratic proclivities.

For those reasons, debate over Pinochet's economic policy remains of vital importance. The fiftieth anniversary of Pinochet's coup is an opportunity to challenge the pernicious miracle myth which is increasingly part of the conventional wisdom.

## Debunking the Pinochet economic miracle myth

Tackling the Pinochet myth is difficult. First, advocates of Neoliberalism seek to turn the debate into one about the socialist policies of President Salvador Allende, thereby changing topic. Second, economies are complex, so that a true measure of the Pinochet effect requires subtracting gains from other sources.

By way of beginning, it is worth noting that President Allende's economic program was subject to extraordinary economic sabotage sponsored by Chile's elites and the US. The 1972 Chilean trucker strike was assisted by the CIA, paralyzed the economy, and caused inflation to soar. US multinational corporations went on an investment strike (with US government approval), and there was also a stop on buying Chilean copper which crushed Chile's foreign exchange earnings. Allende's government was beset by internal disorder and its program might have failed anyway. However, it is doubtful any developing economy could succeed in the face of such a concerted economic assault.

That said, the myth argument is about Pinochet's policies, and not Allende's. The argument begins by recognizing that Chile was subject to two rounds of "Chicago Boys" shock therapy, and the first round has been totally written out of the Pinochet miracle narrative. That first round (1975-1982) ended in a devastating economic crisis in which per capita income fell below that of 1960. The crisis was resolved by a massive government bailout of the banking system. It provides a classic example of what has become a standard feature of Neoliberalism, with financial bailouts being part of the mechanism whereby Neoliberalism concentrates wealth. More than that, it also illustrates how Neoliberalism persistently requires government to rescue it from itself.

The 1982 economic crisis was followed by a second round of Chicago Boys policy which is associated with greater macroeconomic success. The bailout re-established financial stability, and the 1980s can be viewed as a period of long recovery from the depths of an economic depression. In that regard, parallels can be drawn with Argentina in the 2000s.

In the 1990s other factors kicked in. Chile is one of the world's leading copper exporters, and the last twenty-five years have been a boom period for copper. Additionally, Chile is a major exporter of lithium, which has become another boom commodity over the past decade. The implication is much of Chile's macroeconomic success is due to its unique resource endowment which matched the times, rather than Pinochet's turn to Neoliberalism.

That said, there was a macroeconomic gain from the Chicago Boys' policies which transformed Chile into the posterchild of Neoliberalism. That gain came from making Chile a haven for international capital and then inserting Neoliberalized Chile into the emerging Neoliberal globalized economy in the 1990s. However, the macroeconomic gain came at the cost of a suppressed wage share and a high capital share, so that Chile had the highest income inequality in the OECD in the late 2000s.

Since 2010, there has been some reduction in inequality. However, it can be reasonably argued that improvement is because of Chile's natural resource base and not because the economic model is good. That explains the apparent paradox whereby ordinary Chileans have vigorously protested the model despite its surface macroeconomic success.

One final point is that Pinochet also persisted with many state-led innovations from the past. Thus, copper mining remained under public ownership and Chile still has a national health system. That further reinforces the argument that there was no "Pinochet economic miracle". Instead, Pinochet's effect was to move Chile in an oppressive and inegalitarian direction. In sum, not only does the economic miracle myth give indirect support for authoritarianism, but it also makes grossly false claims about the economic benefits of Neoliberalism.

### **Conclusion: a dangerous double movement**

The last thirty years have seen a double movement which acknowledges Pinochet's human rights abuses, but then subtly excuses them on grounds that he unleashed an economic miracle. The claim of a Pinochet economic miracle is false, and it is also politically dangerous in the tacit support it gives to dictatorship and Neoliberalism.

Myths are always difficult to debunk. The Pinochet economic miracle myth is especially difficult as it is pushed by both "hardcore" politically conservative Neoliberal economists and their more compassionate "softcore" liberal colleagues.

It is critical that we get Chile's economic record right as the debate has implications far beyond economics. The reality is General Pinochet is an enduring example of the evils of dictatorship. The coup against Allende provides a window on the realities of US foreign policy behavior. Chile's macroeconomic success is significantly due to its natural resource endowment and the legacy of past state interventions. The Chilean economy is a posterchild for the economic contradictions of Neoliberalism, in which the "best" perform poorly and their only claim to merit is that others perform worse. Lastly, the myth of a Pinochet economic miracle lends cruel support to anti-democratic tendencies.

### **Biography**

*Dr. Thomas Palley is an economist living in Washington DC. He holds a B.A. degree from Oxford University, and a M.A. degree in International Relations and Ph.D. in Economics, both from Yale University.*

*He has published in numerous academic journals, and written for The Atlantic Monthly, American Prospect and Nation magazines.*

*Dr. Palley has recently started a project, Economics for Democratic & Open Societies. The goal of the project is to stimulate public discussion about what kinds of economic arrangements and conditions are needed to promote democracy and open society.*

*Dr. Palley was formerly Chief Economist with the US "China Economic and Security Review Commission. Prior to joining the Commission he was Director of the Open Society Institute's Globalization Reform Project, and before that he was Assistant Director of Public Policy at the AFL-CIO.*



# The Chicago Boys On Tour

*For a long time we lived under the dictatorship of the Communists, but now we have found that life under the dictatorship of business people is no better. They couldn't care less about what country they are in.- Grigory Gorin, Russian*

*Spread the truth- the laws of economics are like the laws of engineering. One set of laws works everywhere*

*Larry Summers, Chief Economist of the World Bank  
1993*

Economic liberalism rose to prominence after the 1960s and liberal shock therapy became increasingly used as a response to economic crises, for example by the International Monetary Fund (IMF) in the 1997 Asian Financial Crisis. Shock therapy has been controversial, with its proponents arguing that it helped to end economic crises, stabilized economies, and paved the way for economic growth, while its critics including economist Joseph Stiglitz believed that it helped deepen them unnecessarily and created unnecessary social suffering.

## Post-Soviet states

With the exception of Belarus, the Eastern European states adopted shock therapy. Nearly all of these post-Soviet states suffered deep and prolonged recessions after shock therapy, with poverty increasing more than tenfold. The resulting crisis of the 1990s was twice as intense as the Great Depression in the countries of Western Europe and the United States in the 1930s. The hypothesized one time jump in prices intended as part of shock therapy actually led to a lengthy period of extremely high inflation with a drop in output and subsequent low growth rates.[29] Shock therapy devalued the modest wealth accumulated by individuals under socialism and amounted to a regressive redistribution of wealth in favor of elites who held non-monetary assets. Contrary to the expectation of shock therapy proponents, Russia's rapid transition to the market increased corruption, rather than alleviating it.

The cost to human life was profound, as Russia suffered the worst peace time increase in mortality experienced by any industrialized country. For the years 1987 and 1988, roughly 2% of Russia population lived in poverty (surviving on less than \$4 a day), by 1993-1995, it was 50%.[33] According to Kristen Ghodsee and Mitchell A. Orenstein, a significant body of scholarship demonstrates that the rapid privatization schemes associated with neoliberal economic reforms did result in poorer health outcomes in former Eastern Bloc countries during the transition to capitalism, with the World Health Organization itself stating "IMF economic reform programs are associated with significantly worsened tuberculosis incidence, prevalence, and mortality rates in post-communist Eastern European and former Soviet countries." They add that Western institutions and economists were indifferent to the consequences of the shock therapy they were advocating as their priorities included permanently dismantling the state socialist system and integrating these countries into the emerging global capitalist economy, and that many citizens of the former Eastern Bloc countries came to believe that Western powers were deliberately inflicting this suffering upon them as punishment for defying Western ideals about liberal democracy and market economics.

Arguments exist whether these adverse outcomes were due to the general collapse of the Soviet economy (which began before 1989) or the policies subsequently implemented or a combination of both. Sachs himself resigned from his post as advisor, after stating that he felt his advice was unheeded and his policy recommendations were not actually put into practice.[37][38] In addition to his criticism of the way in which Russian authorities handled the reforms, Sachs has also criticized the U.S. and the IMF for not providing large-scale financial aid to Russia, which he felt was integral to the success of the reforms.

Advocates of shock therapy view Poland as the success story of shock therapy in the post-communist states and claim that shock therapy was not applied appropriately in Russia, while critics claim that Poland's reforms were the most gradualist of all the countries and contrast China's reforms with those of Russia and their vastly different effects. Some research suggests that the very fast pace of 'shock therapy' privatization mattered and had a particularly harsh effect on the death rate in Russia.

# Descent into hell

**Ndongo Samba Sylla- D+C**

In Africa, the International Monetary Fund (IMF) and the World Bank do not have a good reputation. Many people consider them agencies of misery, poverty and social distress. This perception is driven by the experience of the structural-adjustment programmes that the international financial institutions (IFIs) insisted on in the 1980s and 1990s.

The story begins in the 1970s. Oil prices were high after the oil shocks of 1973 and 1979, and oil-exporting countries deposited substantial revenues in western private banks. Lethargic western economies, however, could not absorb the “petrodollars”, so banks encouraged developing countries to borrow. African governments bit the hook. The opportunity looked good and they had to finance development. Given that prices of the commodities that African countries exported were solid, debt burden seemed bearable.

In the 1980s, commodity prices fell, however. At the same time, interest rates and the dollar exchange rate increased. This was the worst-case scenario. The external debt became a huge burden on many countries. Their balance of payments started to deteriorate. As they became less and less able to service their debts, they had to turn to the IFIs for emergency loans and rescheduling of loans.

According to the IFI’s division of labour, the IMF deals with the short term, macroeconomic stabilisation. Typically it insists on two things:

- budgetary measures to “clean up” public finances by reducing government spending (cutting subsidies, reducing
- public-sector employment, decreasing social expenditure et cetera) and
- monetary-policy measures, including devaluation of the national currency to promote exports and higher interest rates to fight inflation.

In contrast, the World Bank’s role is to manage medium and long term development through “structural measures”. They consist of:

- unilateral trade liberalisation, in particular the reduction of tariffs and quotas that protect certain sectors, and
- the privatisation of public enterprises, which is supposed to make them more efficient.

The term “structural adjustment programmes” refers to this set of measures as demanded by the IMF and the World Bank. In the USA and the UK, similar strategies were implemented by President Ronald Reagan and Margaret Thatcher respectively. The slogan was “austerity”. Thatcher famously liked to argue “there is no alternative”, though that stance was disputed by the opposition.

African governments were cornered. Depending on funding in currencies they had no control of, they indeed had no alternative. In the hope of “consolidating” their budgets, they cut capital expenditure and social spending. The education and health sectors were affected in particular. Moreover, they exposed more of their economies to global competition.

The full impact of structural adjustment is hard to assess. The issue is controversial. Things would be different if this specific policy mix had not been implemented throughout the developing world. We have no

empirical evidence of what results a different approach might have delivered. The IFIs, which always praise competition, actually enforced a monopoly on policymaking.

In lack of counter-factual evidence, the best approach to assessing the results of structural adjustment is to consider what they were supposed to deliver. The IFIs promised to liberate market forces so African countries would become competitive internationally and prosper fast. Things turned out differently. For most countries concerned, the 1980s and 1990s were descent into hell.

### **Stalled growth**

Economic growth slowed down. It fell below the rates of previous decades. Agriculture suffered as state support was radically withdrawn. In West Africa, this sector has actually never recovered from that blow. After independence in the 1960s, industrialisation had begun encouragingly in some places, but it was now wiped out. Ill-considered trade liberalisation hurt budding industries. Because of devaluation, the imported equipment they needed became more expensive. At the same time, the costs of inputs such as electric power, fuel, water et cetera rose, as governments reduced their expenditure.

In 1980, seven African countries had had a per-capita manufacturing output that was comparable to that of Thailand. With the exception of Mauritius, all of them were lagging far behind Thailand two decades later. The UN Conference on Trade and Development (UNCTAD) made this comparison in a report in 2005. Its conclusion was that structural adjustment had “failed to restore an economic climate conducive to investment and employment”. The UN Children’s Fund (UNICEF) had issued a warning call in 1987, pleading for an “adjustment with a human face” (Cornia et al. 1987).

The impact was worst in social dimensions. After independence, schools served more or less as a social elevator. Due to structural adjustment, the quality of public education deteriorated significantly. That was true from primary schools to universities. Access to education became more unequal, with poor people becoming ever more marginalised. Instead of expanding the health infrastructure, which basically served urban areas, into the rural hinterland, governments reduced spending on public health, compounding problems of inequality. The rich can afford expensive private clinics or go abroad for treatment, but the poor must depend on informal medicine or decaying public health facilities.

It bears repetition that the Ebola crisis in Guinea, Liberia and Sierra Leone would have been less deadly, had these West African countries had a proper health infrastructure. In lack thereof, they witnessed the fast spread of the disease, which, according to the World Health Organization’s conservative estimates, killed some 11,000 persons. Structural adjustment is partially to blame, though civil wars certainly compounded the problems.

Instead of making economies grow fast, the structural adjustment policy actually had a contractive impact. Fast growing populations made matters worse. Formal employment was in ever shorter supply. Impoverished peasants looked for livelihoods in the cities. Factory workers lost jobs. Housewives wanted to earn money to supplement the dwindling incomes of households’ main breadwinners, and so did youngsters who dropped out of school. Ever more families could no longer afford school fees or educational materials. Cohorts of young girls in disadvantaged neighbourhoods resorted to prostitution to earn the money they needed for eating once a day or obtaining sanitary napkins.

Poverty, lawlessness and exploitation added up to a fertile ground for corruption. With stagnant incomes, public sector employees – regardless of their rank – were tempted to make ends meet with ethically reprehensible practices. Police officers took bribes from motorists. Bureaucrats demanded money for services that are supposed to be free, such as issuing IDs. Teachers and professors cheated at exams and charged high sums for private lessons.

### **Downward spiral**

It is particularly depressing that all this suffering led to nothing. Structural adjustment had the tendency of worsening the financial issues that it was supposed to resolve.

According to the Committee for the Cancellation of Third World Debt, the debt repayments from the Global South to the Global North between 1980 and 2000 amounted to the equivalent of 52 Marshall Plans. These massive sums were basically wasted on a downward spiral of ever more debt being restructured ever more often.

In view of this vicious cycle, a global movement emerged, demanding the cancellation of debt. By the end of the 1990s, the established economic powers of the G8 finally admitted that structural adjustment had failed. Its Cologne summit initiated multilateral debt relief in 1999 by launching the Heavily Indebted Poor Countries (HIPC) initiative (see box).

In the early 2000s, economic growth returned to Africa. The driving forces were:

- relative political calm instead of strife,
- rising commodity prices and
- debt relief.

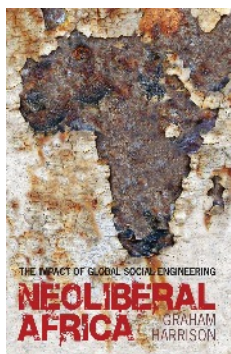
Though growth was quite vigorous, it only generated few formal-sector jobs. It was not propelled by manufacturing or higher productivity in agriculture. Therefore, masses of people still depend on the informal sector which is marked by low pay, no social protection and permanent insecurity.

The sad truth is that Africa has been experiencing jobless growth. It is striking, moreover, that average growth rates of about five percent in the millennium's first decade equalled the share of GDP that was transferred abroad (repatriated profits, interest on loans and expat incomes). Africans are definitely not prospering.

Structural adjustment was a dark chapter in Africa's postcolonial history. The IMF, however, is still the main administrator of the currencies of the most vulnerable African economies, which need its approval before borrowing money in international markets.

On the other hand, countries' debt levels are rising fast again, while interest rates and the dollar exchange rate are set to increase. It seems that the scenario that led to the structural-adjustment concept in the first place is currently being replicated. We must hope that the lessons have been learned and the same mistakes will not be made again.

*Ndongo Samba Sylla manages programmes and research at the Dakar office of the Rosa Luxemburg Foundation, which is affiliated to Germany's Left party.*



Neoliberalism has shaped African development for nearly thirty years. As such, it is not an economic 'shock' or a 'structural adjustment', but rather a historic shift in Africa's development politics and policy. This book explores the ways in which African countries have experienced the neoliberal project, highlighting how this project has gone beyond economic liberalisation and towards a bolder social transformation. As an ideology, neoliberalism projects an end-point not simply of a market economy but of a market society.

# Neoliberalism in the European Union

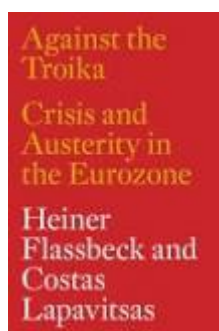
Christoph Hermann

FORBA Discussion Paper 3/2007- Excerpt

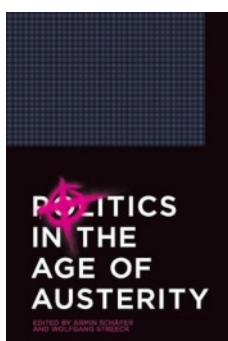
While Europeans may think Europe is exceptional, the policies delivered by the European Union in no way departs from the neoliberal mainstream. Major policy issues such as the Single Market Strategy, European competition policy, Economic and Monetary Integration and even the European

Employment Strategy have enhanced “free” trade and “free” capital mobility, monetary restraint and budgetary austerity, the flexibilisation of labour markets and the erosion of employment security. In some areas, including monetary and fiscal policies, Euro-zone member states have gone further in following the neoliberal agenda than even the neoliberal front-runners, the US and UK. Contrary to the rhetoric of the European Social Model it was precisely the integration process that allowed policy makers,

backed by the leading sections of European capital, to circumvent and erode the social rights that were achieved in the postwar decades and that represented the essence of the various European social models. This process was facilitated as much by the substantial democratic deficits of the EU, including the marginal status of the European Parliament, as the extraordinary structural imbalance embodied by the institutional arrangements that govern European decision-making processes and the implementation of common European policies. This arrangement gives priority to competition and monetary issues at the expense of social demands. While member states that fail to meet the convergence criteria are threatened with financial penalties, there are no sanctions in the case of a member state falling short of employment targets. This state of affairs follows from the monetary straightjacket imposed by the GSP which is largely responsible for the lack of employment growth in Europe.<sup>94</sup> As a result of the systematic and deepening structural imbalance in the Draft European Constitution, French and Dutch voters were correct to reject the treaty despite the improvements it contained with respect to the role and the influence of the European Parliament.<sup>95</sup> In contrast to the widespread perception of European distinctiveness, Europe shares the same outcome with other regions of the world where neoliberal restructuring has been put into effect: There has been a major redistribution of wealth from work-contingent income to ownership-contingent income.



On the 25th January 2015 the Greek people voted in an election of historic importance - not just for Greece but potentially all of Europe. The radical party Syriza was elected and austerity and the neoliberal agenda is being challenged. Suddenly it seems as if there is an alternative. But what? The Eurozone is in a deep and prolonged crisis. It is now clear that monetary union is a historic failure, beyond repair—and certainly not in the interests of Europe’s working people. Building on the economic analysis of two of Europe’s leading thinkers, Heiner Flassbeck and Costas Lapavitsas (a candidate standing for election on Syriza’s list), *Against the Troika* is the first book to propos...



## Politics in the Age of Austerity

by Wolfgang Streeck (Editor)

In a world of increasing austerity measures, democratic politics comes under pressure. With the need to consolidate budgets and to accommodate financial markets, the responsiveness of governments to voters declines. With contributions from leading scholars in sociology and politics this book is timely and cutting edge in its analysis.

# Austerity policies have made European citizens €3000 a year worse-off

*Dominic Caddick- New Economics Foundation*

European governments are spending €1000 less on public and social services per person than they would have done if austerity had not been implemented

Austerity policies in the European Union (EU) since 2009 have contributed to making citizens €3000 a year worse-off, according to research from the New Economics Foundation (NEF) and Finance Watch, published today. The new report also finds that European governments today are spending €1000 less on public and social services per person than they would have, had austerity not been implemented.

After the 2008 financial crisis, the EU introduced stricter fiscal rules that define limits to government borrowing and spending, in an attempt to reduce the levels of government debt. This included a reinforcement of the rules to bring government deficits under 3% of GDP and debt-to-GDP levels under 60%. EU member states attempted to follow these rules through cuts to public spending and cancelling planned public investment. The report finds that this has left Europe less resilient to economic shocks like the Covid-19 pandemic and the Russian invasion of Ukraine.

The EU responded to the start of the Covid pandemic by putting its rules limiting public spending and borrowing on ice. On 9 November, the European Commission will publish its roadmap to change these rules, as part of a broader review of the EU's economic governance framework. This will determine the rules for government borrowing and spending once the emergency measures introduced to deal with Covid-19 and Russia's invasion of Ukraine are relaxed at the end of next year.

The research finds that austerity policies in the EU, brought in following the 2008 financial crisis, have led to a permanent scarring of incomes, and cuts to spending on infrastructure and vital public services. Low levels of gross domestic product (GDP) growth led to a fall in tax intakes for governments, increasing government debt. Major European governments that were prevented from vital public spending as a result of these EU rules experienced lower levels of growth over the last decade, the research finds. The report finds that countries like Greece and Italy that pursued greater austerity and cuts to public spending ended up with higher government debt levels.

The report finds that the impact of austerity on disposable incomes differs greatly across the EU. In Germany incomes only dropped 1% compared to the pre-2008 trend, while incomes in Finland and the Netherlands were 15% to 16% lower. Of the countries analysed, Ireland and Spain were hardest hit, with average incomes dropping by 29% and 25% respectively.

Polling commissioned by NEF and Finance Watch and conducted by Censuswide earlier this year found that two out of three Europeans polled agree that rules around spending should be changed to allow governments to spend more on education, health, social care and jobs. 70% of people reported concern about the effects that reintroducing austerity could have. However, 70% of respondents also reported concern about rising government debt. The report argues that restrictions on public spending are not the answer to these concerns, as countries which implemented harsher public spending cuts ended up with higher debt levels.

The report finds that, had EU member states not implemented austerity policies following the 2008 financial crisis:

The average EU citizen would be €2891 better off.

- Governments would have invested €533bn more in infrastructure, including domestic and renewable energy resources which would have protected European families from dramatic energy price rises.

- Governments would be spending an extra €1000 per person on social sectors like education, health and social care.

*Frank Van Lerven, programme lead of macro-economics at the New Economics Foundation, said:*

*“The last decade of austerity policies have damaged European economies and stopped our living standards from improving. An obsession with debt and deficit reduction neither boosts economic growth nor keeps debt low. Instead, austerity has held European countries back from their potential, so it is vital the EU’s next proposals match financial responsibility with commitments to improve living standards and halt the climate crisis.”*

*Ludovic Suttor-Sorel, research and advocacy officer at Finance Watch, said:*

*“Ensuring public debt sustainability is important. But the EU’s excessive focus on public spending reduction to reach arbitrary debt thresholds depressed economic activities in many countries, resulting in higher debt-to-GDP levels. Worse, it has made us poorer and underfunded our economic, social and energy social infrastructures in the decade following the financial crisis, leaving Europeans more vulnerable to the skyrocketing cost of living. The Commission has the opportunity to change course and empower national governments to make qualitative investments and reforms towards a greener and stronger Europe.”*

## **Europe’s fiscal framework – the people’s view?**

### **How austerity made us poorer and less able to cope with crises**

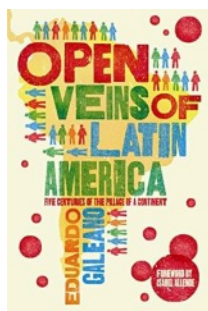
By Frank van Lerven, Dominic Caddick, Sebastian Mang





**Chilean refugees pictured at Allende Way in Sheffield named after the deposed socialist President. Cllr Bill Michie is pictured second on the right.**

## More reading on Chile, S. America and neoliberalism



Rather than chronology, geography, or political successions, Eduardo Galeano has organized the various facets of Latin American history according to the patterns of five centuries of exploitation. Thus he is concerned with gold and silver, cacao and cotton, rubber and coffee, fruit, hides and wool, petroleum, iron, nickel, manganese, copper, aluminum ore, nitrates, and tin. These are the veins which he traces through the body of the entire continent, up to the Rio Grande and throughout the Caribbean, and all the way to their open ends where they empty into the coffers of wealth in the United States and Europe.

In his original, post 9/11 book, John Perkins revealed how he was recruited as an economic hit man in the 1970s, and exposed the corrupt methods American corporations use to spread their influence in the developing world, cheating countries out of trillions of dollars. In this new, extensively updated edition he lays bare the latest, terrifying evolution of the economic hit man, and how the system has become even more entrenched and powerful than ever before.



This political thriller has its origins in an actual event - the disappearance of a young American writer and filmmaker, Charles Horman (John Shea), during a South American military coup > Jack Lemmon stars as Charles' father, Ed Horman, a prominent New York businessman, who comes to the aid of Charles' wife, Beth (Sissy Spacek), in her desperate search for her missing husband. They are led in circles, up blind alleys and are confronted with lies and false hopes from both U.S. and foreign officials. But they frantically trudge on together, overcoming their past differences until the painful, shattering conclusion...

Foreword by JEAN ZIEGLER, UN Special Rapporteur on the Right to Food, and author of The Empire of Shame

“This impressive study focuses on Africa, which has suffered hideous crimes. Yash Tandon’s case is a powerful one, and can be extended: the global class war that is institutionalized in the misnamed ‘free trade agreements’ is also a war against the traditional victims of class war at home. The resistance, in Africa and elsewhere, which Tandon describes here, is a source of hope for the future.” —Noam Chomsky

