

Chile : 50 years after the disgrace Neoliberalism at gun point

Monday 11 September 2023, by [AMADOR Roberto González](#), [TOUSSAINT Éric](#) (Date first published: 8 September 2023).

The coup against the government of Chile's constitutionally elected president Salvador Allende, which marks its fiftieth anniversary this year, brought to a brutal and violent stop the course of several Latin American countries towards welfare states and sovereignty over their own natural resources. Chile prefigured what was about to happen in the world at large over the next ten years: an imperialist counter-offensive, notably from the USA, against policies aiming at income redistribution, local industrial development and the creation of welfare states, as explained by Éric Toussaint, founder of the [Committee for the Cancellation of Illegitimate Debts](#) and member of the scientific council of the *Association pour la Taxation des Transactions Financières et l'Action citoyenne* (ATTAC France).

Contents

- [The coup against Salvador \(...\)](#)
- [Pinochet's coup was "the \(...\)](#)

Fifty years on, the coup against Salvador Allende's constitutionally elected government is a watershed in world history : it imposed the neoliberal model through the use of sheer violence against popular classes, he added in an interview for *La Jornada*.

"Whether we think of Pinochet in Chile, Carlos Menem in Argentina or Carlos Salinas de Gortari in Mexico, the neoliberal model was a failure, notwithstanding a running discourse on claimed miracles. From a historical perspective, it resulted in privatisation and a backslide of an economy that had developed diversified manufacturing to more dependence on its commodity exports - oil, gas, minerals, farm products - often called 'reprimarization'," [1] as further commented by Éric Toussaint, an internationalist and prominent actor in movements such as the World Social Forum, who criticises the policies of international financial institutions towards countries of the South.



Demonstration by young people opposed to the dictatorship, after a demonstration organized by the National Workers' Command, May 1, 1984. General Historical Archives of the Ministry of Foreign Affairs. Creative Commons Attribution 2.0 Chile

The coup against Salvador Allende imposed an economic model that went against the popular classes

The dictatorship of Augusto Pinochet, the general who led the coup against President Allende, initiated a neoliberal wave and the heralding of an economic and political model. Chile was a laboratory for the imposition of this model based, among other tenets, on the reduction of the public sector's role in the regulation of economic activities, the privatisation of strategic resources and the transfer of services such as health care and education to private companies. [2].

Chile was a laboratory for the imposition of this model based, among other tenets, on the reduction of the public sector's intervention in the regulation of economic activities, the privatisation of strategic resources and the transfer of services such as health care and education to private companies

Policies imposed on Chile from 1973 onward, aimed at putting an end to a period of Keynesian policies in the North and the South that lasted about 35 years depending on the area [3]; those policies claimed a measure of autonomy from imperialism and required ruling classes making concessions to the popular classes. Toussaint refers here to a period that includes the presidency of [Lázaro Cárdenas](#) in Mexico, [Juan Domingo Perón](#) in Argentina and Getulio Vargas, followed by [Juscelino Kubitschek](#) and [Joao Goulart](#) in Brazil. Chile was thus a forerunner of what was about to happen in the years that followed the coup. It is a historic watershed because it was the beginning of a general counter-offensive against Keynesian policies promoting state-supported development and development policies implemented in Latin America, as suggested by CEPAL.

Pinochet's coup was "the beginning of a journey towards the hell of neoliberalism"

Pinochet's coup was "the beginning of a journey towards the hell of neoliberalism", which reached another stage with the election of Margaret Thatcher in the UK in 1979 and of Ronald Reagan in the US in 1980. It was a historic shift - the application of an economic model through sheer violence against popular classes and left-wing movements, as also happened in Uruguay and Argentina. It was a terrible time in terms of repression in Latin America. The neoliberal economic model had a clearly conservative political dimension, along with massive repression by the army, as happened in Chile and Argentina.

Pinochet's coup was "the beginning of a journey towards the hell of neoliberalism", which reached another stage with the election of Margaret Thatcher in the UK in 1979 and of Ronald Reagan in the US in 1980

Éric Toussaint further draws our attention on the fact that the coup in Chile was not only supported by the US, their army and their intelligence agencies, but also by financial institutions such as the World Bank and the International Monetary Fund.

-What economic interests created the conditions favouring the coup against Allende?

- One of the reasons for the downfall of Allende's government was the nationalisation of copper mining. It affected US corporations which lobbied the US government and encouraged the right-wing Chilean army. Afterwards, the neoliberal model was gradually implemented through massive privatisations and increased reliance on primary resources, the liberalisation of investments and an increase in public and private debt. The idea was that in order to attract investors you had to

privatise and pass laws to “protect” investments against any nationalisation. As time went by, people at the helm of power in several Latin American countries came to claim that such economic policies were the only viable course for development.

Latin America privatised its economies and became an exporter of raw materials whereas in the decades before the coup, several countries had initiated a manufacturing process

I would say that it was the only way to hell. It was accompanied by intense propaganda on the so-called Chilean miracle, as there had been similar propaganda on [Salinas de Gortari](#)'s alleged miracle in Mexico in the early 1990s. But those models have collapsed. In Chile, there was a general bank crisis under Pinochet's dictatorship, and they had to be bailed out, as in Mexico, Ecuador and a number of other countries. Latin America privatised its economies and became an exporter of raw materials or the seat of *maquiladoras* (*maquiladoras* are assembly lines), for instance, car plants where parts are not produced because they are imported and assembled by low-paid, low-skilled workers, whereas in the decades before the coup, several countries had initiated a manufacturing process.

What is the current state with this approach to economic policies?

- The massive rejection of neoliberal policies by the majority of the popular classes in Latin American countries found its first clear expression after dictatorships and the debt crisis in the 1980s. We can also mention the uprisings in Venezuela in 1989 (known as Caracazo), movements such as the Zapatistas in Mexico (from 1994), and the elections of Hugo Chávez in Venezuela, Rafael Correa in Ecuador and Evo Morales in Bolivia at the end of the 1990s and the beginning of the 21st century. A common goal was to regain control over natural resources such as oil and gas. More recently, we can mention the electoral victories of Andrés Manuel López Obrador in Mexico in 2018, of Alberto Fernández in Argentina in 2019, of Gabriel Boric and Gustavo Petro in Chile and in Colombia respectively, in 2022, and of Luiz Inácio Lula da Silva in Brazil in 2023.

There is a new wave of left-wing governments, but they do not break away from the capitalist economic model

There is a new wave of left-wing governments, but they do not reject the capitalist economic model. They do implement policies of assistance and public aid to the poorest sections of the popular classes, which is important, of course, but there is no real will to bring about structural change.

Source: Mexican daily paper [La Jornada](#), Friday 1st September 2023

P.S.

• CADTM. :
<https://www.cadtm.org/Chile-50-years-after-the-disgrace-Neoliberalism-at-gun-point>

Footnotes

[1] If we think of economy as consisting of three sectors, namely exploitation of raw material and farming (primary sector), manufacturing (secondary sector) and services (tertiary sector), as economies tend to develop technologies, they shift toward the second and third sectors. However,

in some countries that are rich in raw material, the part assigned to the primary sector often unduly increases; this is called 'reprimarization'.

[2] In his book *World Bank: a Critical History*, Éric Toussaint shows that a partly similar evolution occurred in the Philippines from the second half of 1972. See chapter 7: [The World Bank and the Philippines](#)

[3] In Brazil, a brutal anti popular turn occurred, with Washington's support, as early as end of March 1964 with the overthrow by the army of President Joao Goulart's left-wing government. See <https://www.cadtm.org/Brazil-50-years-after-the>