

## "ENTIRELY UNRELATED"

### HOW AN IDEOLOGY WAS CLEANSED OF ITS CRIMES

**Milton [Friedman] is the embodiment of the truth that "ideas have consequences."**

—Donald Rumsfeld, U.S. defense secretary, May 2002<sup>1</sup>

**People were in prison so that prices could be free.**

—Eduardo Galeano, 1990<sup>2</sup>

For a brief period, it did seem that the crimes of the Southern Cone might actually stick to the neoliberal movement, discrediting it before it expanded beyond its first laboratory. After Milton Friedman's fateful trip to Chile in 1975, the *New York Times* columnist Anthony Lewis asked a simple but inflammatory question: "If the pure Chicago economic theory can be carried out in Chile only at the price of repression, should its authors feel some responsibility?"<sup>3</sup>

After the murder of Orlando Letelier, grassroots activists picked up on his call for "the intellectual architect" of Chile's economic revolution to be held responsible for the human costs of his policies. In those years, Milton Friedman couldn't give a lecture without being interrupted by someone quoting Letelier, and he was forced to enter through the kitchen at several events where he was being honored.

Students at the University of Chicago were so disturbed to learn of their professors' collaboration with the junta that they called for an academic investigation. Some academics backed them up, including the Austrian economist Gerhard Tintner, who fled European fascism and came to the U.S. in

the 1930s. Tintner compared Chile under Pinochet to Germany under the Nazis and drew parallels between Friedman's support for Pinochet and the technocrats who collaborated with the Third Reich. (Friedman, in turn, accused his critics of "Nazism.")<sup>4</sup>

Both Friedman and Arnold Harberger gladly took credit for the economic miracles performed by their Latin American Chicago Boys. Sounding like a proud father, Friedman crowed in *Newsweek* in 1982 that the "Chicago Boys . . . combined outstanding intellectual and executive ability with the courage of their convictions and a sense of dedication to implementing them." Harberger has said, "I feel prouder about my students than of anything I have written, in fact, the *latino* group is much more mine than the contribution to the literature."<sup>5</sup> When it came to considering the human costs of the "miracles" their students performed, however, both men suddenly saw no relationship.

"Despite my sharp disagreement with the authoritarian political system of Chile," Friedman wrote in his *Newsweek* column, "I do not regard it as evil for an economist to render technical economic advice to the Chilean Government."<sup>6</sup>

In his memoir, Friedman claimed that Pinochet spent the first two years trying to run the economy on his own, and that it wasn't until "1975, when inflation still raged and a world recession triggered a depression in Chile, [that] General Pinochet turned to the 'Chicago Boys.'"<sup>7</sup> This was blatant revisionism—the Chicago Boys had been working with the military before the coup even took place, and the economic transformation began on the day the junta took power. At other points, Friedman even claimed that Pinochet's entire reign—seventeen years of dictatorship and tens of thousands tortured—was not a violent unmaking of democracy but its opposite. "The really important thing about the Chilean business is that free markets did work their way in bringing about a free society," Friedman said.<sup>8</sup>

Three weeks after Letelier was assassinated, news came that cut short the debates over how Pinochet's crimes reflected on the Chicago School movement. Milton Friedman had been awarded the 1976 Nobel Prize for Economics for his "original and weighty" work on the relationship between inflation and unemployment.<sup>9</sup> Friedman used his Nobel address to argue that economics was as rigorous and objective a scientific discipline as physics, chemistry and medicine, reliant on an impartial examination of the facts available. He conveniently ignored the fact that the central hypothesis for which he was receiving the prize was being graphically proven false by

the breadlines, typhoid outbreaks and shuttered factories in Chile, the one regime ruthless enough to put his ideas into practice.<sup>10</sup>

One year later, something else happened to define the parameters of the debate about the Southern Cone: Amnesty International won the Nobel Peace Prize, largely for its courageous and crusading work exposing the human rights abuses in Chile and Argentina. The economics prize is actually independent from the peace prize, awarded by a different committee and handed out in a different city. From afar, however, it seemed as if, with the two Nobel prizes, the most prestigious jury in the world had issued its verdict: the shock of the torture chamber was to be forcefully condemned, but economic shock treatments were to be applauded—and the two forms of shock were, as Letelier had written with dripping irony, “entirely unrelated.”<sup>11</sup>

### The Blinders of “Human Rights”

This intellectual firewall went up not only because Chicago School economists refused to acknowledge any connection between their policies and the use of terror. Contributing to the problem was the particular way that these acts of terror were framed as narrow “human rights abuses” rather than as tools that served clear political and economic ends. That is partly because the Southern Cone in the seventies was not just a laboratory for a new economic model. It was also a laboratory for a relatively new activist model: the grassroots international human rights movement. That movement unquestionably played a decisive role in forcing an end to the junta’s worst abuses. But by focusing purely on the crimes and not on the reasons behind them, the human rights movement also helped the Chicago School ideology to escape from its first bloody laboratory virtually unscathed.

The dilemma back to the inception of the modern-day human rights movement, with the 1948 adoption of the United Nations Universal Declaration of Human Rights. No sooner had the document been written than it became a partisan battering ram, used by both sides in the Cold War to accuse the other of being the next Hitler. In 1967, press reports revealed that the International Commission of Jurists, the preeminent human rights group focused on Soviet abuses, was not the impartial arbiter it claimed to be but was receiving secret funding from the CIA.<sup>12</sup>

It was in this loaded context that Amnesty International developed its doctrine of strict impartiality: its financing would come exclusively from

members, and it would remain rigorously “independent of any government, political faction, ideology, economic interest or religious creed.” To prove that it was not using human rights to advance a particular political agenda, each Amnesty chapter was instructed to simultaneously “adopt” three prisoners of conscience, one each “from communist, Western, and Third World countries.”<sup>13</sup> Amnesty’s position, emblematic of the human rights movement as a whole at that time, was that since human rights violations were a universal evil, wrong in and of themselves, it was not necessary to determine why abuses were taking place but to document them as meticulously and credibly as possible.

This principle is reflected in the way the terror campaign was recorded in the Southern Cone. Under constant surveillance and harassment from secret police, human rights groups sent delegations to Argentina, Uruguay and Chile to interview hundreds of victims of torture and their families; they also gained what access they could to prisons. Since independent media were banned and the juntas denied their crimes, these testimonies form the primary documentation of a history that was never supposed to be written. Important as this work was, it was also limited: the reports are legalistic lists of the most stomach-turning methods of repression, cross-referenced with the UN charters they violated.

The narrow scope is most problematic in Amnesty International’s 1976 report on Argentina, a breakthrough account of the junta’s atrocities and worthy of its Nobel Prize. Yet for all its thoroughness, the report sheds no light on why the abuses were occurring. It asks the question “to what extent are the violations explicable or necessary” to establish “security”—which was the junta’s official rationale for the “dirty war.”<sup>14</sup> After the evidence was examined, the report concludes that the threat posed by left-wing guerrillas was in no way commensurate with the level of repression used by the state.

But was there some other goal that made the violence “explicable or necessary”? Amnesty made no mention of it. In fact, in its ninety-two-page report, it made no mention that the junta was in the process of remaking the country along radically capitalist lines. It offered no comment on the deepening poverty or the dramatic reversal of programs to redistribute wealth, though these were the policy centerpieces of junta rule. It carefully lists all the junta laws and decrees that violated civil liberties but named none of the economic decrees that lowered wages and increased prices, thereby violating the right to food and shelter—also enshrined in the UN charter. If the junta’s revolutionary economic project had been even superficially examined, it

would have been clear why such extraordinary repression was necessary, just as it would have explained why so many of Amnesty's prisoners of conscience were peaceful trade unionists and social workers.

In another major omission, Amnesty presented the conflict as one restricted to the local military and the left-wing extremists. No other players are mentioned—not the U.S. government or the CIA; not local landowners; not multinational corporations. Without an examination of the larger plan to impose “pure” capitalism on Latin America, and the powerful interests behind that project, the acts of sadism documented in the report made no sense at all—they were just random, free-floating bad events, drifting in the political ether, to be condemned by all people of conscience but impossible to understand.

Every facet of the human rights movement was functioning under highly restricted circumstances, though for different reasons. Inside the affected countries, the first people to call attention to the terror were friends and relatives of the victims, but there were severe limits on what they could say. They didn't talk about the political or economic agendas behind the disappearances because to do so was to risk being disappeared themselves. The most famous human rights activists to emerge under these dangerous circumstances were the Mothers of the Plaza de Mayo, known in Argentina as the Madres. At their weekly demonstrations outside the house of government in Buenos Aires, the Madres did not dare hold up protest signs—instead they clasped photographs of their missing children with the caption *¿Dónde están?* Where are they? In the place of chants, they circled silently, wearing white headscarves embroidered with their children's names. Many of the Madres had strong political beliefs, but they were careful to present themselves as nothing more threatening to the regime than grieving mothers, desperate to know where their innocent children had been taken.\*

In Chile, the largest of the human rights groups was the Peace Committee, formed by opposition politicians, lawyers and Church leaders. These were lifelong political activists who knew that the attempt to stop torture and to free political prisoners was only one front in a much broader battle over who would have control of Chile's wealth. But in order to avoid becoming the regime's next victims, they dropped their usual old-left denunciations of the bourgeoisie and learned the new language of “universal human rights.”

\* After the end of dictatorship, the Madres became some of the fiercest critics of the new economic order in Argentina, as they still are today.

Scrubbed clean of references to the rich and the poor, the weak and strong, the North and the South, this way of explaining the world, so popular in North America and Europe, simply asserted that everyone has the right to a fair trial and to be free from cruel, inhuman and degrading treatment. It didn't ask why, it just asserted *that*. In the mixture of legalese and human interest that characterizes the human rights lexicon, they learned that their imprisoned *compañeros* were actually prisoners of conscience whose right to freedom of thought and speech, protected under articles 18 and 19 of the Universal Declaration of Human Rights, had been violated.

For those living under dictatorship, the new language was essentially a code; just as musicians hid the political messages in their lyrics in sly metaphors, they were disguising their leftism in legalese—a way of engaging in politics without mentioning politics.\*

When Latin America's terror campaign was picked up by the fast-expanding international human rights movement, those activists had their own, very different, reasons for avoiding talk of politics.

#### Ford on Ford

The refusal to connect the apparatus of state terror to the ideological project it served is characteristic of almost all the human rights literature from this period. Although Amnesty's reticence can be understood as an attempt to remain impartial amid Cold War tensions, there was, for many other groups, another factor at play: money. By far the most significant source of funding for this work was the Ford Foundation, then the largest philanthropic organization in the world. In the sixties, the organization spent only a small portion of its budget on human rights, but in the seventies and eighties, the foundation spent a staggering \$30 million on work devoted to human rights in Latin America. With these funds, the foundation backed Latin American groups like Chile's Peace Committee as well as new U.S.-based groups, including Americas Watch.<sup>15</sup>

Prior to the military coups, the Ford Foundation's primary role in the Southern Cone had been to fund the training of academics, mostly in economics

\* Even with these precautions, human rights activists were not safe from the terror. Chile's jails were filled with human rights lawyers, and in Argentina the junta sent one of its top torturers to infiltrate the Madres, posing as a grieving relative. In December 1977, the group was raided; twelve mothers were permanently disappeared, including the leader of the Madres, Azucena de Vicenti, along with two French nuns.

and agricultural science, working closely with the U.S. State Department.<sup>16</sup> Frank Sutton, the deputy vice president of Ford's international division, explained the organization's philosophy: "You can't have a modernizing country without a modernizing elite."<sup>17</sup> Although squarely within the Cold War logic of attempting to foster an alternative to revolutionary Marxism, most of Ford's academic grants did not betray a strong right-wing bias—Latin American students were sent to a wide range of U.S. universities, and funding for graduate departments was provided to diverse Latin American universities, including large public ones with left-leaning reputations.

But there were several significant exceptions. As discussed earlier, the Ford Foundation was the primary funder of the University of Chicago's Program of Latin American Economic Research and Training, which churned out hundreds of Latino Chicago Boys. Ford also financed a parallel program at the Catholic University in Santiago, designed to attract undergraduate economics students from neighboring countries to study under Chile's Chicago Boys. That made the Ford Foundation, intentionally or not, the leading source of funding for the dissemination of the Chicago School ideology throughout Latin America, more significant even than the U.S. government.<sup>18</sup>

When the Chicago Boys came to power in a hail of gunfire alongside Pinochet, it did not reflect particularly well on the Ford Foundation. The Chicago Boys had been funded as part of the foundation's mission to "improve economic institutions for the better realization of democratic goals."<sup>19</sup> Now the economic institutions that Ford had helped build in both Chicago and Santiago were playing a central role in the overthrow of Chile's democracy, and its former students were in the process of applying their U.S. education in a context of shocking brutality. Making matters more complicated for the foundation, this was the second time in just a few years that its protégés had chosen a violent route to power, the first case being the Berkeley Mafia's meteoric rise to power in Indonesia after Suharto's bloody coup.

Ford had built the economics department at the University of Indonesia from the ground up, but when Suharto came to power, "nearly all the economists that the program produced were recruited into the government," a Ford document notes. There was practically no one left to teach the students.<sup>20</sup> In 1974, nationalist riots broke out in Indonesia against "foreign subversion" of the economy; the Ford Foundation became a target of popular rage—it was the foundation, many pointed out, that had trained Suharto's economists to sell Indonesia's oil and mineral wealth to Western multinationals.

Between the Chicago Boys in Chile and the Berkeley Mafia in Indonesia, Ford was gaining an unfortunate reputation: graduates from two of its flagship programs were now dominating the most notoriously brutal right-wing dictatorships in the world. Although Ford could not have known that the ideas in which its grads were trained would be enforced with such barbarism, uncomfortable questions were nonetheless raised about why a foundation dedicated to peace and democracy was neck-deep in authoritarianism and violence.

Whether as a result of panic, social conscience or some combination of both, the Ford Foundation dealt with its dictatorship problem the way any good business would: proactively. In the mid-seventies, Ford transformed itself from a producer of "technical expertise" for the so-called Third World to its leading funder of human rights activism. That about-face was particularly jarring in both Chile and Indonesia. After the left in those countries had been obliterated by regimes that Ford had helped shape, it was none other than Ford that funded a new generation of crusading lawyers dedicated to freeing the hundreds of thousands of political prisoners being held by those same regimes.

Given its own highly compromised history, it is hardly surprising that when Ford dived into human rights, it defined the field as narrowly as possible. The foundation strongly favored groups that framed their work as legalistic struggles for the "rule of law," "transparency" and "good governance." As one Ford Foundation officer put it, the organization's attitude in Chile was, "How can we do this and not get involved in politics?"<sup>21</sup> It wasn't just that Ford was an inherently conservative institution, accustomed to working hand in hand, and not at cross purposes, with official U.S. foreign policy.\* It was also that any serious investigation of the goals served by the repression in Chile would inevitably have led directly back to the Ford Foundation and the central role it played in indoctrinating the country's current rulers in a fundamentalist sect of economics.

There was also the question of the foundation's inescapable association with the Ford Motor Company, a complicated relationship, especially for activists on the ground. Today, the Ford Foundation is wholly independent

\* In the 1950s, the Ford Foundation often served as a front organization for the CIA, allowing the agency to channel funds to anti-Marxist academics and artists who did not know where the money was coming from, a process extensively documented in *The Cultural Cold War* by Frances Stonor Saunders. Amnesty was not funded by the Ford Foundation; nor were the most radical of Latin America's human rights defenders, the Mothers of the Plaza de Mayo.

of the car company and its heirs, but that was not the case in the fifties and sixties when it was funding education projects in Asia and Latin America. The foundation was started in 1936 with donations of stock from three Ford Motor executives, including Henry and Edsel Ford. As the foundation's wealth expanded, it began to operate independently, but its divestment of Ford Motor stock was not completed until 1974, the year after the coup in Chile and several years after the coup in Indonesia, and it had Ford family members on its board until 1976.<sup>22</sup>

In the Southern Cone, the contradictions were surreal: the philanthropic legacy of the very company most intimately associated with the terror apparatus—accused of having a secret torture facility on its property and of helping to disappear its own workers—was the best, and often the only, chance of putting an end to the worst of the abuses. Through its funding of human rights campaigners, the Ford Foundation saved many lives in those years. And it deserves at least part of the credit for persuading the U.S. Congress to cut military support to Argentina and Chile, gradually forcing the juntas of the Southern Cone to scale back the most brutal of their repressive tactics. But when Ford rode to the rescue, its assistance came at a price, and that price was—consciously or not—the intellectual honesty of the human rights movement. The foundation's decision to get involved in human rights but "not get involved in politics" created a context in which it was all but impossible to ask the question underlying the violence it was documenting: Why was it happening, in whose interests?

That omission has played a disfiguring role in the way the history of the free-market revolution has been told, largely absent any taint of the extraordinarily violent circumstances of its birth. Just as the Chicago economists had nothing to say about the torture (it had nothing to do with their areas of expertise), the human rights groups had little to say about the radical transformations taking place in the economic sphere (it was beyond their narrow legal purview).

The idea that the repression and the economics were in fact a single unified project is reflected in only one major human rights report from this period: *Brasil: Nunca Mais*. Significantly, it is the only truth commission report published independently of both the state and foreign foundations. It is based on the military's court records, secretly photocopied over years by tremendously brave lawyers and Church activists while the country was still under dictatorship. After detailing some of the most horrific crimes, the authors pose that central question so studiously avoided by others: Why? They

answer matter-of-factly: "Since the economic policy was extremely unpopular among the most numerous sectors of the population, it had to be implemented by force."<sup>23</sup>

The radical economic model that took such deep root during dictatorship would prove harder than the generals who implemented it. Long after the soldiers returned to their barracks, and Latin Americans were permitted to elect their governments once again, the Chicago School logic remained firmly entrenched.

Claudia Acuña, an Argentine journalist and educator, told me how difficult it had been in the seventies and eighties to fully grasp that violence was not the goal of the junta but only the means. "Their human rights violations were so outrageous, so incredible, that stopping them of course became the priority. But while we were able to destroy the secret torture centers, what we couldn't destroy was the economic program that the military started and continues to this day."

In the end, as Rodolfo Walsh predicted, many more lives would be stolen by "planned misery" than by bullets. In a way, what happened in the Southern Cone of Latin America in the seventies is that it was treated as a murder scene when it was, in fact, the site of an extraordinarily violent armed robbery. "It was as if that blood, the blood of the disappeared, covered up the cost of the economic program," Acuña told me.

The debate about whether "human rights" can ever truly be separated from politics and economics is not unique to Latin America; these are questions that surface whenever states use torture as a weapon of policy. Despite the mystique that surrounds it, and the understandable impulse to treat it as aberrant behavior beyond politics, torture is not particularly complicated or mysterious. A tool of the crudest kind of coercion, it crops up with great predictability whenever a local despot or a foreign occupier lacks the consent needed to rule: Marcos in the Philippines, the shah in Iran, Saddam in Iraq, the French in Algeria, the Israelis in the occupied territories, the U.S. in Iraq and Afghanistan. The list could stretch on and on. The widespread abuse of prisoners is a virtually foolproof indication that politicians are trying to impose a system—whether political, religious or economic—that is rejected by large numbers of the people they are ruling. Just as ecologists define ecosystems by the presence of certain "indicator species" of plants and birds, torture is an indicator species of a regime that is engaged in a deeply anti-democratic project, even if that regime happens to have come to power through elections.

As a means of extracting information during interrogations, torture is notoriously unreliable, but as a means of terrorizing and controlling populations, nothing is quite as effective. It was for this reason that, in the fifties and sixties, many Algerians grew impatient with French liberals who expressed their moral outrage over news that their soldiers were electrocuting and water-boarding liberation fighters—and yet did nothing to end the occupation that was the reason for these abuses.

In 1962, Gisèle Halimi, a French lawyer for several Algerians who had been brutally raped and tortured in prison, wrote in exasperation, “The words were the same stale clichés: ever since torture had been used in Algeria there had always been the same words, the same expression of indignation, the same signatures to public protests, the same promises. This automatic routine had not abolished one set of electrodes or water-hoses; nor had it in any remotely effective way curbed the power of those who used them.” Simone de Beauvoir, writing on the same subject, concurred: “To protest in the name of morality against ‘excesses’ or ‘abuses’ is an error which hints at active complicity. There are no ‘abuses’ or ‘excesses’ here, simply an all-pervasive *system*.”<sup>24</sup>

Her point was that the occupation could not be done humanely; there is no humane way to rule people against their will. There are two choices, Beauvoir wrote: accept occupation and all the methods required for its enforcement, “or else you reject, not merely certain specific practices, but the greater aim which sanctions them, and for which they are essential.” The same stark choice is available in Iraq and Israel/Palestine today, and it was the only option in the Southern Cone in the seventies. Just as there is no kind, gentle way to occupy people against their determined will, there is no peaceful way to take away from millions of citizens what they need to live with dignity—which is what the Chicago Boys were determined to do. Robbery, whether of land or a way of life, requires force or at least its credible threat; it’s why thieves carry guns, and often use them. Torture is sickening, but it is often a highly rational way to achieve a specific goal; indeed, it may be the only way to achieve those goals. Which raises the deeper question, one that so many were incapable of asking at the time in Latin America. Is neo-liberalism an inherently violent ideology, and is there something about its goals that demands this cycle of brutal political cleansing, followed by human rights cleanup operations?

One of the most moving testimonies on this question comes from Sergio

Tomasella, a tobacco farmer and secretary-general of Argentina’s Agrarian Leagues, who was tortured and imprisoned for five years, as were his wife and many friends and family members.\* In May 1990, Tomasella took the overnight bus to Buenos Aires from the rural province of Corrientes in order to add his voice to the Argentine Tribunal against Impunity, which was hearing testimony on human rights abuses during the dictatorship. Tomasella’s testimony was different from the others. He stood before the urban audience in his farming clothes and work boots and explained that he was the casualty of a long war, one between poor peasants who wanted pieces of land to form cooperatives and the all-powerful ranchers who owned half the land in his province. “The line is continuous—those who took the land from the Indians continue to oppress us with their feudal structures.”<sup>25</sup>

He insisted that the abuse he and his fellow members of the Agrarian Leagues suffered could not be isolated from the huge economic interests served by the breaking of their bodies and destruction of their activist networks. So instead of naming the soldiers who abused him, he chose to name the corporations, both foreign and national, that profit from Argentina’s continued economic dependence. “Foreign monopolies impose crops on us, they impose chemicals that pollute our earth, impose technology and ideology. All this through the oligarchy which owns the land and controls the politics. But we must remember—the oligarchy is also controlled, by the very same monopolies, the very same Ford Motors, Monsanto, Philip Morris. It’s the *structure* we have to change. This is what I have come to denounce. That’s all.”

The auditorium erupted in applause. Tomasella concluded his testimony with these words: “I believe that truth and justice will eventually triumph. It will take generations. If I am to die in this fight, then so be it. But one day we will triumph. In the meantime, I know who the enemy is, and the enemy knows who I am, too.”<sup>26</sup>

The Chicago Boys’ first adventure in the seventies should have served as a warning to humanity: theirs are dangerous ideas. By failing to hold the ideology accountable for the crimes committed in its first laboratory, this subculture of unrepentant ideologues was given immunity, freed to scour the world for its

\* For this account I am indebted to Marguerite Feitlowitz’s inspiring book, *A Lexicon of Terror*.

next conquest. These days, we are once again living in an era of corporatist massacres, with countries suffering tremendous military violence alongside organized attempts to remake them into model “free market” economies; disappearances and torture are back with a vengeance. And once again the goals of building free markets, and the need for such brutality, are treated as entirely unrelated.

## PART 3

## SURVIVING DEMOCRACY

### BOMBS MADE OF LAWS

**An armed conflict between nations horrifies us. But the economic war is no better than an armed conflict. This is like a surgical operation. An economic war is prolonged torture. And its ravages are no less terrible than those depicted in the literature on war properly so called. We think nothing of the other because we are used to its deadly effects. . . . The movement against war is sound. I pray for its success. But I cannot help the gnawing fear that the movement will fail if it does not touch the root of all evil—human greed.**

—M. K. Gandhi, “Non-Violence—The Greatest Force,”  
1926