



## Episode 812: The Truth About Chile's Augusto Pinochet

Guest: Axel Kaiser

**WOODS:** I've been looking for somebody to talk to me about Pinochet for a while, but I haven't known who the appropriate person is. So you are the lucky winner, my friend. Congratulations. I'd like to just guide us through the relevant topics. I will say that when I visited Chile back in — I guess it was — wow, 2008. It's been a while. Or 2009? Somewhere between 2008 and 2009 I visited, and I had a great time, but my perception was that even to this day people in Chile are very divided regarding their views of Pinochet and his legacy. Is that a correct impression on my part?

**KAISER:** That's a correct impression, Tom, and you know, we were on the verge of a civil war in 1973 when Pinochet took over power and Allende killed himself. Some people think that he was killed by the Chilean military, actually. He shot himself with an AK-47 that was given to him by Fidel Castro himself when he came to Chile after Allende had been elected. So we were in this Cold War logic, and in the end the anti-communist forces and anti-totalitarian forces prevailed — which does not justify what happened later.

But the country is still divided. You have to keep in mind that Pinochet, after 17 years in government, he had this referendum, yes-or-no referendum, where he reintroduced democracy. But the question was, if he stayed a president with an elected parliament and everything, or he had to go home. He lost, but with 44% of the votes. We don't have to forget that. So he was very popular among the Chilean population, and this is a fact, even today.

**WOODS:** All right, these are the sorts of things that I want to dig more deeply into. Let's begin with the history. The version of events that most people are familiar with, or most people have been led to understand is as follows: that you had the democratically elected Allende, and then you had Pinochet, who took over possibly with the connivance of the CIA, and this is because you had a progressive in power, and Americans and right-wingers just can't tolerate having a progressive in power who's going to restore power to the people. That's the version of events that we have heard. How much of that is true?

**KAISER:** I think that's a lot of fiction, Tom, because the truth is that Chile was, as most of the world, a battlefield, if you want, from times of the Cold War. So the Soviet Union was actively supporting the Allende regime, and actually, Allende was an informant to the KGB. He had been an informant to the KGB since the 1950s. And he got a lot of money from the KGB for his own campaign. And it is true he was elected with 36% of the votes in the election of 1970, and what happened was that he brought a Marxist revolutionary program, which he claimed he wanted to install in Chile through democratic means.

So Allende was the first Marxist president that was ever democratically elected in the world. Typically Marxist leaders came through violent means to power: revolutions and things like this. And so when Allende was elected, Henry Kissinger said that this was one of the greatest threats to the Western Hemisphere that had happened, because of course this was a very dangerous precedent, that a Marxist president could be elected, democratically elected. And this was a legitimacy that communist movements didn't have so far.

So it is true that the CIA intervened, but it is also true that the KGB was intervening and massively in Chile as well, so it is only a one-sided story that you hear. And no one tells you why Fidel Castro spent a complete month in Chile after Allende was elected. No one tells you that the Soviet Union was even prepared to send heavy weaponry to the communist cause in Chile. And Pinochet was appointed commander-in-chief by Allende himself. So Pinochet was an enigma from an ideological perspective. Typically military people are very statist-oriented. They are not, at least in Chile, they are not really free marketeers or something like this.

So in the end what happened was that the whole population rebelled, because the situation in Chile was very similar to what is going on right now in Venezuela. So people didn't have things to eat. We had huge queues. We had more than 3,000 prices that were fixed by the government. Private firms were confiscated, land, everything. So the country was an economic catastrophe, and in the end people rebelled, and the armed forces took over power after they were told by the Chilean parliament. This is something that people don't know. In the year 1973, the Chilean Deputies Chamber with two-thirds of the vote called for the military to put an end to the Allende regime, because they accused him of trying to install a totalitarian Marxist dictatorship in the country. And this is a historic document. You can read it. I'm not making this up, you know?

And so after that, on September 11th, actually, was the coup d'etat in Chile, and these are parts of the story that people have to know, because it's much more complex than what you get on television and all these people have not really read the story.

**WOODS:** Salvador Allende was elected in 1970, so he was in power for just about three years, right?

**KAISER:** Yeah.

**WOODS:** So you've already described a little bit of what life was like, but let's talk a little bit more about his time in office. I mean, because in other words there are going to be people who say everything he did, sure, of course the moneyed interests aren't going to like it, the imperialists aren't going to like it, but he was simply doing what was best for the people who are always and everywhere terribly exploited. How can you show that that's not correct?

**KAISER:** Well, you have to look at the numbers. We had 1,000% inflation, year-adjusted inflation, in 1973. We had scarcity of all basic goods. You name it: from rice to bread to anything you want, meat, whatever — milk. We didn't have these things. Government was completely bankrupted by these policies of printing money and spending money and all this. Industries were confiscated, and they were not working.

I don't know any Chilean left-wing economist, serious left-wing economist, who would agree with the statement that Allende had a reasonable economic management of the country. No one in Chile, not even left-wing economists — maybe some Marxist economists even today defend Allende, but not left-wing serious economists — defend the economic management of the Allende regime. They all have read papers, books, and they all admit that the economic management, socialist, centrally planned economy that he tried introducing in Chile was a disaster for the average Chilean person, and this is the reason why in the end he was not deposed by the military. People massively went to the streets. Several organizations of civil society, all of them were against the Allende regime, because not only violence was escalating, but also we had this economic disaster that people could not live with. Older people even now, they remember that they didn't have milk for their babies and all of these things.

And of course, what was the other side's argument if you asked? That greedy capitalists and CIA agents were taking all of the food away and were leaving people with not basic goods to satisfy their needs. But of course this is the same nonsense that we hear in the Venezuelan case. You see Maduro saying all the time, No, this is the fault of capitalists and the U.S. and all these imperialists. And we all know that's nonsense.

So in the end — and even former Allende friends would admit this — he was deposed, he was overthrown, because people didn't want him anymore. And this is not the narrative that left-wing intellectuals across the Western world want to hear, because they have created their own narrative, which is not necessarily based on the cruel reality. And the cruel reality is that Allende was not a man of the people; he was first from the upper, higher class, and secondly he failed the people, because he did not deliver the socialist paradise where everyone is going to be equal and have plenty of everything that he had promised. And this is the reason he was in the end overthrown by the military, yes, but after the same parliament that had been elected by the people called the military to overthrow him. So it's much more complex than people think.

**WOODS:** How long would people have had to wait for the next election if this particular way of solving the problem hadn't taken place? When was the next election?

**KAISER:** A couple of years. I think it was in '75, because these were six-year periods of time, presidential periods. So three more years maybe with Allende running the government. But this was impossible, because within the Allende coalition you had the Communist Party, the Socialist Party, very radical movements that wanted to introduce a dictatorship right away, and others wanted a more gradual change. So within the Unidad Popular, which was the name of the coalition, Popular Unity – I don't know how to translate that exactly – but you had enormous clashes and divisions.

So Allende lost control of the situation completely, not only of the country – he was not running the country anymore – but of the political situation. He was so desperate that he was the first one to call the military to form part of his government. He appointed some generals as ministers in order to bring order to a country that was derailed. And in the end he even lost the support of the Soviet Union and of the people and everyone. So what happened in 1973 was I think to some extent inevitable, because the situation was so disastrous that there was no way – no way – that the country would have resisted three more years with such a mismanagement and with 1,000% inflation and all of that.

And Chile, you know, has a different history than other countries in Latin America. We have been historically the most stable country in political terms. We had an ancient democracy, in the sense that we had a democracy for over 100 years. And our stability was much greater than if you go to the Caribbean or if you go to Venezuela or other countries. So we were not used to this kind of disaster. We have some episodes of course in our past, but other countries have had this more often than we have. So Chilean people don't like this. They don't tolerate this mismanagement, this chaos, basically.

And that's why even today, Tom, even today if you go to take a look at the surveys, the most respected institutions among Chilean people are the armed forces and the police. It's incredible, after everything that happened. And this is a puzzle to many people, but it's because Chileans don't like these kind of chaotic situations, and then they resort to a strong person or guy who can bring back order. And I have to repeat: Pinochet obtained 44% of the votes after 17 years of dictatorship, and this is something that people should really think about. It's not nothing. I mean, it's important. Part of the electorate gave him their support after 17 years. Many democratic leaders would want to get 44% after 17 years, and they don't get it. So this is not justifying anything, but it's explaining the historical situation.

**WOODS:** All right, now we have to get into Pinochet himself. Before we do that, let's thank our sponsor.

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All right, who is Pinochet? 1973 rolls around. Who is this man? Had anybody ever heard of him?

**KAISER:** He was really not very well known. He was not a very important figure from the military, had not been a great student. He had not been someone who would call your attention because he was very vocal in any respect. He had no known ideology. This is incredible. No one knew if he was left wing. As I said, Allende himself appointed him commander-in-chief of the army, basically. So he was no one special, so to speak. And when he had to act, he even hesitated, because the guys who really wanted the coup and who really pushed for the coup after what happened with the Deputies Chamber were the guys from the navy, Marina. And Pinochet was the last one to say, Okay, I'm with you, and I'm determined to put an end to this regime. No, he was the last guy to say, Okay, we'll go for this.

And when he came to power, of course because the army is the strongest branch of the armed forces, he was elected president of the junta, because we didn't have a unipersonal dictatorship like Cuba had with Fidel Castro; we had a junta, which means that the commander-in-chief from the four branches of the armed forces were the legislative body, and they were making the decision together. And they were blocking each other sometimes. This is really interesting.

So this was Pinochet. He was nothing special, and when you really read his biography you find this. He was not a known socialist; he was not a known anti-socialist. He was nothing special. But then he played this major role in history, and of course when he came to power, the first two years he tried to manage the economy in the way that it had been managed the last 50 years. We had this import substitution system, so a very protectionist economy and socialist economy. And he failed.

So Milton Friedman and Arnold Harberger came to Chile in 1975. March, if I'm not mistaken. And they wrote some analysis about the situation of the economy of Chile. And Friedman even met with Pinochet for 45 minutes, and he told him how to correct the inflationary problem and to apply this shock therapy and all of this. And so Pinochet listened to them. And because he was a pragmatic and not an ideologue, he applied these reforms, and the economy started growing.

And that was the origin of the so-called Chilean Miracle. We had these Chicago Boys, these Chicago-trained economists that came to Chile and made all these reforms. And they have also been very heavily criticized for taking part in this regime, but the fact is that the economy started growing, and nowadays we have the same system, more or less, and Chile is the wealthiest country in Latin America. So from that perspective, he was not wrong, we could say. If you compared his economic legacy with the economic legacy of other dictators in Latin America there is no question — even Paul Krugman admits in one of his books that the reforms that were introduced in Chile were successful.

So I think from that perspective he made good decisions. Of course we have the whole other part, which is the darkest part, which has to do with human rights abuses and all of that. But as I said, he was nothing special, and I don't think he ever imagined that he would have the chance of playing this role in Chilean history.

**WOODS:** I do want to get to the human rights abuses in just a moment, but just another recollection from my trip, however many years ago it was: my impression was that a lot of people in Chile really did not seem to understand why their country was more prosperous than a lot of other countries on the continent. Like, why were they more prosperous than Bolivia? It seemed — Well, we must be better people than the Bolivians. Like, they had no institutional explanation for what might account for this.

**KAISER:** Right. It is true, and that has to do with what Hayek used to stress, which is the battle of ideas. The problem is we had this military regime, then we had the technocrats — they called them technocrats, or these economists that were trained at the Chicago university, free marketeers, basically, who came back to Chile and started making all of these reforms. And so they put an end to the price fixing system. They put an end to the centrally planned economy, basically, and they replaced it with free market institutions. And the result was the Chilean Miracle, and that poverty fell from 50% to 7%, and per capita income quadrupled, and many other indicators I could name for you improved substantially.

But people don't know this, because we didn't have — Let's put it this way: we didn't have a Mises Institute explaining to the people all the time that the reason why Chile works is because we have the highest index of economic freedom in the whole region. And so people forget about this, especially Millennials who didn't experience all the disaster of the socialist regime from Allende. And so people think, Okay, it's normal that we have supermarkets and malls and everything, and they take it for granted, but it's not. We all know it's not. We all know it's the work of the market, and when the market works and you have individual freedom and you have entrepreneurs being driven by profit motive and by passion and all of these things that of course are important, then you create wealth.

And this is something I've been very engaged in in Chile in the public debate, television, everywhere, trying to explain to people, because it's very easy to fall again into this trap, this socialist trap where people come, these populists come, and they tell you, Okay, you will not have to work anymore; I will just take money away from the rich, and I will give you things for free. And this is what is going on right now in Chile, and of course it's not the only country in the world where this is going on, but it's a huge problem right now. And so we have a presidential election next year, and many candidates are really leaning towards these kinds of redistributionist policies, which we all know are very harmful. So I hope that we will continue on our successful path in the future, but there is no guarantee. And you know, in Latin America everything is possible.

**WOODS:** I have had several people, libertarians, say to me, Whatever good you can say about Pinochet is clearly overwhelmed by the human rights abuses, because it doesn't matter how much he freed markets, if a single person died it can't be justified. And that's where they leave it. What do you think about that?

**KAISER:** I think that's a nonsensical argument. I don't know. I mean, would they rather have a dictator that, besides from human rights abuses, leaves an economic disaster as

a legacy? Like, would they go for Castro rather than Pinochet? Because Castro, we all know it's a disaster economically, that people have no access to basic goods and all of this, and we all know that the health care system is a mess, and all of these things are basic lies that you see replicated in The New York Times everywhere. But we all know this is not true. And when he dies everyone speaks about the great — Even Obama didn't dare to say something against him.

But when you go to Pinochet, who of course there were many cases — But let's put things in perspective. According to the official records of the Chilean democratic government, under Pinochet a little more than 3,000 people were killed. 3,000. Most of them between 1973 and 1975. The justification for this was fighting against terrorism, Marxism, and all of this. Okay. And this is of course terrible. It happened. But when it comes to Fidel Castro, according to Project Cuba, it's about 100,000 people, human rights abuses. And on top of that you have a disastrous economic legacy, and people cannot even leave the island if they want.

Under Pinochet in Chile you had many problems, but you could leave Chile any time you wanted. It was not illegal to have dollars. You could start your own business any time you wanted. You could sell whatever you wanted. You could buy whatever you wanted. You had not a fully free press, but also media that criticized the regime heavily, and you had organizations that opposed the government. You had political parties that opposed the government. Actually, later when he lost the referendum, they came into power. So you could sell anything you wanted, you could buy anything you wanted, and basically you were free to pursue your own ends with no heavy repression from part of the government.

The repression under the Chilean military regime, it existed. Of course it existed, but it was basically focused on groups that the regime thought were a threat to their power or to the social order — basically left-wing groups and left-wing-associated people. But the average person was not usually involved in this kind of misconduct or misbehavior or crimes committed by members of the military regime.

So when people say to me that nothing justifies the human rights abuses, of course nothing justifies it, but the thing is you have to be able to do an objective analysis, and history is much more complex than saying nothing justifies something. We had the Cold War, the Chilean economic collapse under Allende, and I have to remind people that Allende was accused by the Chilean parliament of abusing human rights too, of using the secret police and all these institutions to go after people who opposed the regime. And many people were killed by terrorist groups that were supported by the Allende regime. So this is not a one-sided story. It's not only on the one side that crimes were committed; it was also from the other side, from the left, many crimes were committed.

And I have to remind people that one of the highest officials of the Socialist Party, the Chilean Socialist Party, Clodomiro Almeyda, he was speaking about more than 1 million

people that had to die in Chile in order to make the socialist revolutions work. These were the terms that they were speaking in at the time. And so of course there was, as I said, a sort of civil war, a pre-civil war. And when you have that, what do you want me to say? These things, horrible things happen.

Now, I would ask these libertarians if they would prefer a communist dictatorship for Chile or a civil war with 1 million dead people, as the socialists were saying would happen, or if they would prefer that Pinochet would have been a dictator that ruined the country's economy even more. And so more people suffer and more people are victims of this regime, and I don't think anyone in his right mind would argue for that, especially if you take into account the fact that it was the free market miracle that we had in Chile – so-called miracle, because I don't think it's a miracle, because free markets work, but they call it a miracle – the free market that enabled the reintroduction of democracy and a working democracy in the '90s and even after that.

So if you had not had this economy that was growing at 7% per year, democracy would have been very unstable, and we would have fallen again into a situation where you would have had a lot of violence. So I don't think it's that easy, Tom. I mean, they make it very easy for themselves when they say that, but that's not really serious historical analysis, in my opinion.

**WOODS:** We've talked about human rights abuses, but we've just spoken about them in that way. Can you just describe for me what exactly we're talking about? What is it that Pinochet did that you say, Look, I don't defend this; this is not good – What are we talking about exactly?

**KAISER:** Well, there were of course people that were tortured. There were missing people, so sometimes security, police, would come, take people away, and then you would never find out if they killed them, what they did with them, and some of them were actually killed and then thrown into the Pacific Ocean. I'm not saying all of them were innocent in the sense that they were not engaging in revolutionary activities or terrorist activities, but I'm sure some of them were innocent.

And so the Rettig report, it was the official document where these casualties were registered and they did the whole work of trying to determine how they were killed and how many people died, and this was done in the '90s, so when we had democracy. So the Rettig report shows about 3,000 people that were killed under Pinochet, and a couple of hundred members of the military as well, so there were not only people who died from the left-wing side of the spectrum or civilians, but also people in uniform. Usually we also forget that people in uniform have human rights. So there was this confrontation, this fight between these socialist armed groups that had been supported by the Soviet Union and Cuba, and you had on the other side the military regime and the Chilean military that of course was better prepared for war, and they had less casualties. But still.

So what happened under Pinochet is of course that the control was in the hands of the military, and many things could have been prevented. I think that it was not necessary



to make people disappear, to kill them, to torture them. So I think this was a complete abuse of power. I don't think that was necessary or justified in any way, although some people do justify it, but I don't agree with them. And from that perspective I think this is not defensible. So yes, this is tragic, but it is also what happens when the military runs a country. Military people are trained to kill people, not to dance or to do things like this. So in the end the responsibility is also from the political class that had destroyed the country, and power more or less fell upon the military in Chile. That's the reality.

And so what do you expect from the military, from soldiers and generals and military people? In the logic of the Cold War — we can't forget that — we have the Soviet Union massively intervening in Chile. This was also perceived as a serious threat by the Chilean military, and they reacted to this. And they overreacted to it, so crimes were committed. Now, I'm not saying all people who were killed in this were innocent, because as I — and I repeat, many of them were involved in terrorist groups, had also killed people, had also tortured others, had killed civilians in terrorist attacks, and all of this. So it is a little bit more complex than what is usually said in the media and so on.

But what strikes me all of the time, Tom, is that — no one can justify what happened in terms of human rights abuses, of course — but how and why is it the case that Fidel Castro can get away with murder, literally, and no one says anything, and he is considered a great leader, not only by President Bachelet in Chile, who's our socialist president right now, but even by Jean-Claude Juncker and the European Union, and then you have the prime minister of Canada speaking highly of Castro, and even Obama doesn't say anything to condemn Castro. And if you go to The New York Times, for example, and the way they reported the death of Pinochet — he died when he was 91 — and then the way they reported Castro's death is so obviously biased in favor of Castro that you really wonder if these people really care about human rights at all, or they only care when it's convenient to their own agenda. And I'm speaking about The New York Times, because it's a clear example, but there are many other newspapers or commentators or politicians who make this distinction.

And I don't think Fidel Castro was better than Pinochet in any way. Not from an economic point of view, not from a human rights perspective. He stayed there 60 years and gave power to his brother. He died like a monarch and all that. And over 100,000 people died under his regime. That's according to Project Cuba. In Chile it's 3,000-something according to the Rettig report. So I don't know how some people can speak very strongly against Pinochet, but when it comes to Fidel Castro they tend to say, Yes, but look at their success in health care, at their success in education — which we all know are lies and so on. So I'm mentioning this, because it's really interesting to note this double standard when it comes to one or the other, and we have to condemn human rights violations or the abuse of liberty everywhere with the same strength. And this is something you don't see happening.

**WOODS:** Yeah, so you're saying that it sounds like people who are concerned about human rights abuses in Chile are not universally concerned about them. They seem to

have a selective kind of concern. That seems to be true in a lot of cases. But the Castro case of course is the most extraordinary and appalling one of all. The mass media is involved in it. In the United States they were fawning over Castro. It just defies belief. Before I let you go, tell me about the foundation that you're with in Chile. Tell me what it is and what it's all about.

**KAISER:** Well, it's a think-tank. It's called the Foundation for Progress, and we are basically trying to spread classical liberalism and make it popular through different means. We use a lot of technology. We of course also publish books by Hayek, Mises, Rothbard, and other thinkers that are not really widely read in Chile or Latin America, for that matter. And many of these books are in English, and most people here don't speak English, so we have to translate them to make them available for the public. We focus a lot on students at the university level, school levels, so they are, you know, not intoxicated by these collectivist beliefs so early on. And we are fully supported by — Our supporter funding is private, so we don't get a penny from the government. Of course we wouldn't accept it.

And I started this a couple of years ago with a couple of businesspeople who read a book I wrote, what's called *The Fatal Ignorance*. I was a little bit inspired by Hayek's *Fatal Conceit*, but the other way around. I was arguing that the ignorance on the right side of the spectrum or the classical liberal side of the spectrum — I don't think it's the same, but to put it in political terms — was that they were not aware of the importance of the battle of ideas and culture and the use of language and all of this, which is in the end — and this is something I learned from reading Hayek, basically — it is in the end what drives social evolution and economic evolution and political evolution. And we've been, for example, very inspired in the Mises Institute in the U.S. We have also connections to the Cato Institute and others. So we are basically defending the ideas of classical liberalism and trying to explain to people that that's not only the best way to live in material terms, but also the most moral way to have social order: you know, based on individual liberty and not commands or orders given to you by the government or some politician.

**WOODS:** What's the website?

**KAISER:** So it's [FPPChile.org](http://FPPChile.org).

**WOODS:** Okay.

**KAISER:** [FPPChile.org](http://FPPChile.org). Unfortunately we have not translated things to English yet. We have a couple of interviews that are interesting. We interviewed Deirdre McCloskey, for instance, and other people we invite to Chile, and those are in English, but not many documents we have published so far are in English. But we are working on that right now.

**WOODS:** I have a global audience with many Spanish speakers listening, I am very happy to say, and I know some of them will be delighted to check out your site, the site of the foundation. I'm linking to it at [TomWoods.com/812](http://TomWoods.com/812). This has been pretty

helpful, I would say, this discussion, and I appreciate it very much, and we'll have to talk again. I enjoyed our conversation.

**KAISER:** Sure. I'm here. You can call me any time. It was very nice speaking to you.