
Profile: José Piñera

Architect of Bush's 'Ownership' Society

by Cynthia R. Rush

The following is taken from "Bush's Social Security Privatization: Foot in the Door for Fascism," issued by LaRouche PAC in December 2004.

José Piñera, the architect of Chile's 1981 social security privatization, likes to brag that he is a "freedom fighter" whose only goal is to help the poor improve themselves, teaching them self-reliance and pride of "ownership." In the hundreds of self-promoting articles plastered all over his website, he quotes from the Declaration of Independence and asserts that privatization of the pension system is "truly consistent with the ideas of America's Founding Fathers." In an October, 1998 editorial in his online publication *Economía y Sociedad*, he even had the gall to use Benjamin Franklin's quote that "rebellion against a tyrant is obedience to God," to justify the bloody U.S.-backed 1973 military coup against the government of President Salvador Allende.

"Consistent with the ideas of America's Founding Fathers"? Let's get this straight. Piñera is a fascist whose privatization of social security and several other free-market reforms were imposed by force, when he served first as Labor Minister and then as Mining Minister under the brutal 1973-90 Pinochet dictatorship and its Operation Condor death-squad apparatus. Try as he might to portray himself as merely an economist and academic who opposed torture and what he calls the "excesses" of the Pinochet regime, the truth is that he justified and supported the 1973 coup, and the subsequent

imposition of Schachtian austerity which became the hallmark of the Chilean "economic miracle."

It is this *anti-American* model that Bush's backers want to impose in the United States today. What the braggart Piñera calls "freedom" is really the bestial notion of "property rights" and individual greed espoused by John Locke, whom Piñera fawns over as that "great British political thinker." There is nothing that Piñera has done or proposes to do, that remotely reflects the Leibnizian principles of "pursuit of happiness" and defense of the General Welfare embedded in the Declaration of Independence and the Preamble to the U.S. Constitution.

Everywhere the Chile model has been applied—eight countries in Ibero-America and several in Eastern Europe—it has failed miserably, resulting in great poverty for the workers who are its victims. As one Bolivian trade unionist told LaRouche PAC, "Al Capone couldn't have done a better job" in stealing workers' retirement funds.

Rip the Mask Off Fascism

That's why Piñera has become such a good friend and financial partner of John Train, the political and economic hitman who has for decades worked on behalf of Wall Street and Anglo-American financial interests against the American political system. Backed by such organizations as the Cato Institute and Hoover Institution, Piñera travels around the world to peddle the economic filth endorsed by Train and his partner in crime, George Shultz. That backing is what has given Piñera such international visibility.

Train's personal friendship with Piñera—both are "Harvard men"—is immediate grounds for investigating and exposing the former's role not only in Pinochet's fascist dictatorship and death-squad operation, but in Bush II's plan to impose the Chilean "model" in the U.S. as well.

Piñera has buttered up George Bush both privately and publicly by telling him that privatization of the U.S. Social Security system appeals to the "American experience" and "common sense and values of the people." Lying that the U.S. Social Security system is bankrupt, and sinking like the Titanic, he wrote Bush in a July 4, 2002 "Open Letter to the President of the United States," that privatization of Social Security "would demonstrate true leadership and become your legacy for all time." Piñera had met with Bush as early as August of 1997, when Bush was still Governor of Texas, to lobby for his plan.

But the Chilean is very explicit that pension privatization is part of a package deal. In a 2001 address at Boston University, he underscored that it "was introduced as part of a coherent set of radical free-market reforms, which were applied simultaneously. . . . In Chile, the same rationale that applies to the private pension system has already been extended, although imperfectly, to the areas of health and unemployment. . . ."

And what were the results? "A radical redistribution of



José Piñera, former Labor Minister and Mining Minister of Chile—under Pinochet—and architect of Chile’s disastrous social security privatization.

power from the state to civil society [which], by converting workers into individual owners of the country’s capital, has created a political and cultural atmosphere more consistent with free markets and a free society.”

That is, remove any governmental responsibility for defending the General Welfare, replacing it with a “cultural atmosphere” which gives free rein to the “invisible hand” of the market, and let the fittest survive. It is this “atmosphere” which reduces men to the level of animals.

Piñera also insists that the creation of private retirement accounts has led to a “virtuous cycle of trade liberalization” that has thrived regardless of who ran the government. In his twisted logic, market-invested retirement funds “mean that every worker is a capitalist” and thus “has a visible stake in the internationally-competitive economy.”

‘Long Live the Chilean Model’

The glaring omission in all of Piñera’s self-aggrandizing articles and speeches, is that what he incredibly calls the “true revolution” of 1973-89 could only have been imposed by force. Ignoring the overwhelming evidence of coup plotting by Henry Kissinger, the CIA, and other U.S. government agencies that occurred even before Allende took office in November of 1970, Piñera covers for the 1973 coup by claiming the military had “no option” but to remove Allende.

A majority of the Lower House of Chile’s Congress voted up a letter on Aug. 22, 1979 charging Allende with violating the Constitution and using “totalitarian” methods. Since Chile’s Constitution had no provision for legally removing an elected President, the military had to act, writes Piñera.

“Regrettably,” he adds, “a few members of the intelligence services went beyond the law and . . . committed human

rights violations in the fight against political violence and terrorism.” He then excuses himself by listing the newspaper articles he wrote while still in government denouncing human rights violations and torture.

He neglects to add that Pinochet’s economic policy, which he applied, was one giant human rights violation, which left the average Chilean worker worse off in 1989 than in 1970. As Labor Minister in 1978-80, he was ripping up the 1931 labor code which provided too many protections for workers to suit his tastes. His 1979 labor reform package abolished the minimum wage and dismantled the once-powerful organized-labor movement. Collective bargaining was eliminated, while most unions ceased to exist because of the restrictions placed on their functioning.

Piñera boasts that the privatized social security system is a huge success, which has reduced poverty and unemployment and made Chileans “owners of the productive assets of the economy through their retirement accounts,” known as AFPs (Pension Fund Administrators). In an article entitled “Long Live the Chilean Model,” he explains that there will of course always be poor people, just as there will always be rich people. “The accelerated growth which eliminates poverty also rewards those who are more productive with higher wages, thereby creating the ‘wealthy,’ ” Piñera explains.

Although Piñera also helped privatize the health-care system to create something akin to the managed-care system in the United States, and rewrote the country’s mining legislation to favor foreign investors, he feels his job isn’t finished. In 1990, he set up his own thinktank, Project Chile 2010, for the purpose of defending and perfecting the “model.” By 2010, when Chile celebrates the bicentennial of its independence, the goal is to have deepened the reforms, such that the country will have a fully privatized school system—no public schools at all; to partially privatize Codelco, the state-run copper firm; and to consolidate a “new paradigm of the state” which will oversee only “essential functions,” while everything else is run by the private sector.

Piñera has also dedicated an enormous amount of time manically travelling around the world to peddle his fascist model, through his International Center for Pension Reform. In his 2001 speech at Boston University, entitled “Toward a World of Worker Capitalists,” he boasts about having created a new “G-8” of eight Ibero-American countries that have emulated the Chilean privatized pension system, making the region “a world leader in structural pension reform.” If Mexico and El Salvador are successful, he predicts, “pension reform will spread rapidly to the rest of Central America.” The biggest “laggard” on the continent is Brazil, he complains.

Piñera also takes credit for the fact that Poland, Hungary, and Kazakhstan began to introduce private retirement accounts in the 1990s, and even Russia and China are planning similar reforms. But the real challenge, he states, will be Western Europe, whose “political elites . . . have so far been unwilling to engage in structural pension reform.”