

## José Piñera and the promotion of American liberalism

By Axel Kaiser

*[This is Chapter 5 of Axel Kaiser Ph.D. dissertation at Heidelberg University titled “The American Philosophical Foundations of the Chilean Free Market Revolution”, July 25, 2014]*

### *Piñera and Economía y Sociedad on liberalism and fundamental rights*

Among all the Chicago Boys no one wrote more about the Chilean institutional transformation and its connection to British-American liberalism than José Piñera. Given his intellectual background, his fame as the most radical among the Chicago Boys, and his influence on the Chilean public opinion through his numerous writings, it is useful and necessary to dedicate a special chapter to Piñera’s intellectual contribution to the Chilean free market revolution. Piñera, who obtained his PhD in economics from Harvard, publicly declared to have been inspired in his work by classical liberal thinkers such as the American Founding Fathers. Moreover, Piñera’s first choice for a research topic for his dissertation at Harvard was on the American Founding Fathers, a project he could not materialize because his professors wanted a more standard dissertation.<sup>799</sup> With regard to the main intellectual influences on his thinking Piñera wrote:

In my four years in Cambridge, not only did I deepen my knowledge of economics and other social sciences, but I immersed myself in the exhilarating climate of freedom of American society. In search of the ultimate causes of the success of America, I became a passionate admirer of the Founding Fathers, and their two great legacies to the world: the Declaration of Independence and the Constitution of the Republic. I also found great inspiration in the works of thinkers of liberty such as John Locke, Adam Smith, Frederic Bastiat, Friedrich Hayek, Karl Popper, Ludwig von Mises, and Milton Friedman.<sup>800</sup>

Piñera became labor minister in 1978 after having impressed the Junta with an original analysis of Chile’s economic potential. Later on he also became minister of mining which is a key

<sup>799</sup> See: “El valor presente de los Founding Fathers” *Economía y Sociedad*, December 19, 2001. Available at: [http://www.josepinera.com/articles/articulos\\_eys\\_valor\\_presente\\_de\\_los\\_padres\\_fundadores.htm](http://www.josepinera.com/articles/articulos_eys_valor_presente_de_los_padres_fundadores.htm) Last accessed: 28/06/2014.

<sup>800</sup> José Piñera, “How the Power of Ideas can Transform a Country”, Available at: [http://www.josepinera.com/articles/articles\\_powerofideas.htm](http://www.josepinera.com/articles/articles_powerofideas.htm) Last accessed: 28/06/2014. As will be shown, several documents and writings of Piñera during the 1970s and 1980s confirm his classical liberal worldview.

position in a country that derives its main income from the exploitation of natural resources. More importantly, Piñera was the only Chicago Boy to create a magazine with the aim of spreading neoliberal ideas. The magazine was called *Economía y Sociedad (Economy and Society)* and was widely read by the Chilean economic, academic and political elites. As this chapter will show, *Economía y Sociedad* was Piñera's main platform for making the case in defense of the transitional nature of the military regime and the centrality of the free market revolution to achieve democracy. It was also a platform for criticizing the government for not restoring civil rights and for crashing other personal liberties. It must be pointed out however, that even if Piñera actively engaged in the defense of a free society both in economic and political terms, most of Piñera's criticism to the military regime on human rights issues were made after he had left his position in the government and his job as free market reformer had been accomplished. This is further indication of the centrality that economic liberty has over all other liberties in the neoliberal tradition. In the words of Piñera himself "with the fruits of his labor man conquers that amount of private property and economic liberty which is the base of his social and political liberty".<sup>801</sup> Of course, there can also be a pragmatic dimension to the decision of advocating for other individual liberties after leaving the government. It is not unlikely that Piñera would have lost his job and would not have been able to make the radical reforms he intended to, had he publicly criticized the military government during his time as minister. At any rate, Piñera remained a central figure in Chilean public life throughout the military regime, achieving great influence on the Chilean political, academic and economic leadership through his writings and opinions. Without any doubt his ideas and particular contribution formed part of the set of beliefs that influenced political events and institutional development in Chile during the 1980s. A statement such as the one made by former United States ambassador to Chile from 1977 to 1982, George Landau in *El Mercurio*, should be understood in this framework. Referring to the free market revolution, the Chicago Boys and the human rights problems, Landau wrote:

I was the ambassador of the United States in Chile during the years in which these projects were developed. Despite the fact that I had serious conflicts with the government with regard to the Letelier case, I want to stress that I was a first line witness of how Jose Piñera and this group of economists of solid liberal convictions transformed Chile into a free society, fighting for liberty, democracy and the rights of the individuals under the most adverse internal and external conditions.<sup>802</sup>

<sup>801</sup> José Piñera, "Trabajo y libertad", *La Tercera*, April 25, 1983.

<sup>802</sup> George Landau, "El otro día decisivo", *El Mercurio*, August 8, 2008.

Indeed, throughout the 1980s Piñera and *Economía y Sociedad* actively engaged in the defense of individual rights against the abuses of the military regime arguing that these rights were inherent to any free society and that they had been guaranteed by the Constitution. Useful to understand the philosophical background of this engagement is an article Piñera would write on human rights in 1991. In the piece, Piñera declared that the discussion on the subject of human rights could not be avoided. According to him, no one should think again that human rights and individual liberties were merely formal prerogatives of the individuals that could be taken away by government decisions or by the actions of other groups. For Piñera, this was the central lesson of liberalism: “liberalism teaches us that the best way to recognize the dignity of a person is to vindicate his liberties.”<sup>803</sup> In Piñera’s view, human dignity understood by classical liberalism entailed “freedom of speech, freedom of religion, freedom of association, freedom to work, freedom to entrepreneurship, freedom of education...”<sup>804</sup> In short, said Piñera, liberalism defends the right of everyone “to live according to his own opinions”.<sup>805</sup> This idea of human dignity required “an effective control of the abuses against the individual from the concentrated powers of society: government, monopolies, groups with collectivist pressures, circumstantial majorities with their arbitrary wishes”.<sup>806</sup> Accordingly, authority had to be subordinated to the individual and not the other way around. For ensuring these rights, a system of separation of powers was necessary, in which the authorities that abused power could be punished both in civil and criminal cases. Finally, Piñera sustained that human rights could not be defended with abstract concepts. The challenge was not to protect “the people” but to protect each individual providing real people with the legal and material tools so they could defend themselves.<sup>807</sup>

This view on human rights was consistent with Piñera’s engagement in the defense of civil liberties since the late 1970s. Piñera’s classical liberal approach to this issue was best reflected in an article authored by London School of Economics professor Maurice Cranston, which was endorsed and reproduced by *Economía y Sociedad* in 1985 reflecting the magazine’s position on the subject. The article was entitled “¿Qué son los derechos humanos?” (What are human rights?) and was a radical defense of a negative version of human rights that entailed economic freedom at its core. According to Cranston, John Locke had been the father of the concept of natural rights such as life, liberty and property, achieving great influence in England and the United States.<sup>808</sup>

<sup>803</sup> José Piñera, “Derechos humanos: y el futuro cuándo?” *Revista Hoy*, June 1991. Available at: [http://www.josepinera.com/chile/chile\\_ddhh\\_futuro.htm](http://www.josepinera.com/chile/chile_ddhh_futuro.htm) Last accessed: 28/06/2014.

<sup>804</sup> Idem.

<sup>805</sup> Idem.

<sup>806</sup> Idem.

<sup>807</sup> Idem.

<sup>808</sup> Maurice Cranston, ¿Qué son los derechos humanos?, *Economía y Sociedad*, September 1985, p.33.

For Cranston the cause of natural rights had been damaged by German intellectuals who had argued that they were not individual rights but collective or national rights. By the late 19<sup>th</sup> century the influence of these ideas had led to the disappearance of natural rights from the intellectual world. According to Cranston, after the experiences of the first half of the 20<sup>th</sup> century, the United Nations passed a declaration of human rights that again revived the tradition of natural rights. However, Cranston warned that under the pressure of socialist countries the UN had also incorporated social and economic rights such as the right to social security, home, health care, proper income and so on. These rights were not only unattainable but implied a negation of natural rights because it was reducing rights to the category of ideals. While human rights admitted no exceptions and had to be respected everywhere, ideals are no more than wishes. In Cranston's words: "the effect of a declaration of human rights overloaded with social and economic rights consists in taking out the civil and political rights of the morally compelling camp and bringing them to the world of utopic aspirations. To understand a right nothing is more important than to recognize that it is not an ideal".<sup>809</sup> Real human rights continued Cranston, did not need a justification for their existence: they were inherent to human nature.

Throughout the 1980s there were several publications where Piñera and *Economía y Sociedad* defended personal liberties along the lines of Cranston's classical liberalism. In these writings is possible to distinguish three main concerns in regard to human rights violations by the military regime: a) forced exiled, b) freedom of speech and freedom of information, and c) the right to life and personal security. Social and economic rights were rejected even though a limited redistributive role of government was acknowledged. It is useful to examine briefly the sort of defense made by Piñera and *Economía y Sociedad* of human rights in order to understand the tension between the classical liberal worldview and the Chilean authoritarian government as well as to provide further evidence with regard to the presence of ideas of political liberty and democracy in the free market revolution.

#### A) Forced exile

One of the most recurrent punishments that the military regime applied to political opponents was forced exile. For the people expelled from the country this meant leaving home, family and property behind, as well as a prohibition to return until the authorities allowed them to do so. In 1982, in the newspaper *La Tercera* Piñera criticized this government policy arguing, that "men should not be deprived of the right to live in his motherland".<sup>810</sup> Piñera further argued that

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<sup>809</sup> Ibid., p.35.

<sup>810</sup> José Piñera, "Dios nació en el exilio", *La Tercera*, November 15, 1982.

Chile was different to the communist regimes that blocked their borders so that people could not freely leave, adding that even the most radical adversaries of the military regime wanted to come back to Chile. After the government decision to allow the exiled to return in 1982, Piñera argued that it was “the best news of the year” celebrating the fact that opponents to the military government such as Andrés Zaldívar, Jaime Castillo and Eugenio Velasco could return to Chile.

Again in *La Tercera* but this time in 1986, Piñera would come back on the topic of forced exile, which the government had reintroduced. On that occasion Piñera demanded that the government should end this policy “immediately”.<sup>811</sup> The former labor minister explained that in a free society every person had the right to be judged by an impartial court in a due process of law and that the sanction of exile was “incompatible with a free society given its intrinsic cruelty”.<sup>812</sup> For Piñera, the people most affected were the families of those outcast by the authorities, which introduced an element that made “civic friendship” in society “impossible”.<sup>813</sup> Also in 1986 in *Economía y Sociedad*, Piñera would make the same case for the end of forced exile. He argued that the punishment was a “shame” and that the government should renounce to use the faculty of “administrative exile” provided by the Constitution.<sup>814</sup> He went on to say that the courts should challenge the government actions by accepting habeas *corpus* as a way to protect people from possible arbitrary actions by the government. In August of the same year the editorial of *Economía y Sociedad* warned that the main problem of the military regime was credibility with respect to human rights and the transition to democracy, arguing that it was necessary to regain credibility in the eyes of the United States and the developed world. In order to achieve that, the magazine sustained that the government had to allow the installation of independent TV networks and other media that could watch and denounce the government on human rights abuses.<sup>815</sup>

## B) Freedom of speech

Like all classical liberals, Piñera attributed enormous importance to freedom of speech and information. It is to this right that Piñera dedicated most of his writings. In Piñera’s view, a free press and freedom of speech were essential to control government power from outside and therefore crucial to protect individual liberties. No open and dynamic society could work without the free flow of information. In an article entitled “The Open Society” after Karl Popper’s famous work on totalitarian philosophies, Piñera argued, like Hayek and Friedman, that knowledge was

<sup>811</sup> José Piñera, “Fin al exilio”, *La Tercera*, August 18, 1986.

<sup>812</sup> Idem.

<sup>813</sup> Idem.

<sup>814</sup> José Piñera, “Fin al destierro”, *Economía y Sociedad*, July 1986, p.10.

<sup>815</sup> *Economía y Sociedad*, August 1986, p.8.

dispersed among all individuals in society.<sup>816</sup> The more complex a society was, the more limited was this knowledge. The advantage of a free society was that individuals could share their ideas, opinions and particular knowledge so that society could select the best combinations. This process required the existence of critique and analysis: “critique and the freedom to contribute with new ideas or objections to useless ideas allow society to correct many mistakes and adapt to the future”.<sup>817</sup> Following this line of analysis, Piñera argued that societies best progressed by the free play of their spontaneous forces and not by the dictate of an “enlightened elite”.<sup>818</sup> In a passage that closely resembled Adam Smith’s theory of the invisible hand, Piñera argued that “the interaction of free men, each one with his own contribution, produces in a free society results that are superior to those that could have been imagined by a single person or group with knowledge that is by definition limited”.<sup>819</sup> Piñera was thus making the same case Hayek had made in favor of epistemological skepticism and limited government. In Piñera’s words: “collectivist societies...where individuals are subordinated to the State or the nation are in reality societies where groups of people have centralized power in order to impose their own limited vision...These are societies distorted by the monstrous arrogance of those who believe to have access to reason or truth...In these societies not only does tyranny rule but also inefficiency”.<sup>820</sup>

One of the first concrete critiques of repressive government policies was made by Piñera in 1982 after the government’s decision to censor books. On the occasion, Piñera argued that the decision showed a “paternalistic conception of the development of the social body” that was grounded in the fear of confronting different ideas.<sup>821</sup> Piñera denounced that those who censored believed to be in the possession of “absolute truth” which was nothing but a “myth” to hide their “dogmatism”.<sup>822</sup> In a free society, continued Piñera, there was no such form of previous censorship because it was not the role of government to protect people from the books that could be dangerous. It was through public debate that those books could and should be neutralized and not through the use of government coercion. Piñera further explained that in a free society the real problem was not to “suppress with efficacy what is considered undesirable but to develop sufficient energies so that the greatest perversions produce the smallest damage”.<sup>823</sup> A free society entailed “sustained trust in the mechanisms of the open debate, in the right to disagree and in the value of tolerance”.<sup>824</sup> On the contrary, censorship assumed that the people were not mature

<sup>816</sup> José Piñera, “La sociedad abierta”, *La Tercera*, August 26, 1985.

<sup>817</sup> *Ibid.*, pp.151-152.

<sup>818</sup> *Ibid.*, p.152.

<sup>819</sup> *Idem.*

<sup>820</sup> *Idem.*

<sup>821</sup> “Previa, discrecional, inapelable”, *Economía y Sociedad*, September 1982, p.14.

<sup>822</sup> *Idem.*

<sup>823</sup> *Ibid.*, p.15.

<sup>824</sup> *Idem.*

enough to distinguish between what was good and wrong. Moreover, for Piñera, the government was again acting in an unconstitutional manner for it deprived the people from the ability to make their own choices. In addition, said Piñera, it was counterproductive because it weakened the capacity of society to react against dangerous ideas.

For Piñera, another unjust consequence of the logic of censorship is that it transformed the writer into a sort of ideological sniper, thereby making all writers suspicious of a possible crime. On top of that, the necessary controls for implementing censorship were “humiliating” for all writers. For these reasons, Piñera claimed that the “abolition of prior censorship was an imperative” arguing that history showed that censorship usually became a source of abuse.<sup>825</sup>

In 1983 Piñera once again defended freedom of expression, which he thought was being abusively suppressed by the military government. Piñera referred to the pressures made by government officials on newspaper editors to prevent them from publishing certain types of information. Piñera declared that it was his “moral duty to defend these liberties”.<sup>826</sup> He argued that there was press censorship in Chile, which was contradictory with the fundamental rights established in the Constitution of 1980 created by the same military government. He denounced the attempts of censorship as foolish and added that “those of us who promote integral freedom see freedom of speech as an essential pillar of a free and civilized society”.<sup>827</sup> Piñera warned the government that the truth would eventually prevail and that the attempts to hide it would only undermine its legitimacy.

Along the same lines, in 1985 in *Economía y Sociedad* Piñera published an article entitled “Una libertad vital” (A Crucial Liberty) in which he denounced that freedom of speech was “severely limited” in Chile making public debate extremely difficult.<sup>828</sup> In a line of argumentation that would be a constant during the 1980s, Piñera rejected the arguments restricting freedom of expression to make the fight against terrorism effective, arguing that the government had gone too far with restrictions that prevented public debate and open criticism. For Piñera, these measures deprived society “of their most important tool of intellectual discipline” and the best source of information “for the adoption of good decisions not only in the political sphere but also in the economic and social spheres”.<sup>829</sup> Piñera went on listing the restrictions imposed by the government on freedom of information, explaining that they constituted a “control exerted by a small group of people over the vital liquid that moves society: information”.<sup>830</sup> Piñera concluded his article with a set of recommendations to the government in order to restore freedom of information. Among them,

<sup>825</sup> Idem.

<sup>826</sup> José Piñera, “Con la vista nublada”, *La Tercera*, July 4, 1983.

<sup>827</sup> Idem.

<sup>828</sup> José Piñera, “Una libertad Vital”, *Economía y Sociedad*, February, 1985, p.6.

<sup>829</sup> Ibid.,p.6.

<sup>830</sup> Idem.

he demanded to put an end to censorship of a Chilean left wing magazine called *Hoy*; to modify the law that prohibited to inform and talk without prior authorization about topics considered “politically relevant”; to put an end to the pressure exercised by some ministers on the media through government propaganda; and to ensure independent management of the state television channel in order to get ready for the transition to democracy.

A few months later in an article entitled “No más censura” (No More Censorship) Piñera argued that the country could “no longer live without the oxygen that is freedom of speech”.<sup>831</sup> Piñera further argued that *Economía y Sociedad* clearly disagreed with the “anti-liberal prejudices of *Hoy* magazine” but insisted that according to a coherent position with the principles of liberty “no government official” had “the right to determine a priori what a publication can say”.<sup>832</sup> Piñera’s defense of the right to free speech of political opponents was based on the belief that prior censorship violated “one of the fundamental principles of a free society”.<sup>833</sup> He added that the military government was different from Marxist governments such as the one in Nicaragua and therefore should not fall “into the temptation of silencing opinions and news that a given censor considers inconvenient for the 11 million Chileans to know”.<sup>834</sup> Measures such as decree number 1,217 which established that the media could inform on “politically relevant issues” subject to prior authorization by the government were, according to Piñera, “draconian” and could be used at any time to censor any medium. In Piñera’s view there was “no justification” for the censorship that the Chilean people were suffering, which not only was “restricting the intellectual debate” but also hindering the construction of the necessary civic friendship to live in peace.<sup>835</sup>

Piñera once again referred to the issue of freedom of speech at a meeting organized by the National Press Association in June 1985. In his presentation, Piñera argued that there was no more difficult task for a society than having a successful transition from an authoritarian to a democratic system. What was needed to succeed, argued Piñera, was a sort of “Magna Carta that limits the action of the state” by establishing “fundamental rights, key economic liberties, private property, freedom of speech” and mechanisms to prevent the rise of totalitarianism.<sup>836</sup> For all that, the role of a free press was essential. A free press in Chile, explained Piñera, could only exist under the following conditions: a) full enforcement of constitutional guarantees; b) effective law that established sanctions to the abuse of information; c) a free journalism that did not force journalists to join unions in order to be able to work; d) autonomy of the media, which meant no government ownership of media; e) free access to all communication media, and f) a reduction in the economic

<sup>831</sup> José Piñera, “No más censura”, *Economía y Sociedad*, May, 1985, p.7.

<sup>832</sup> Idem.

<sup>833</sup> Idem.

<sup>834</sup> Idem.

<sup>835</sup> Idem.

<sup>836</sup> José Piñera, “Seis condiciones para una prensa libre”, *Economía y Sociedad*, August, 1985, p.31.



power of the state. This last point is crucial to analyze the way in which economic and political liberty were intertwined in the worldview of classical liberalism. Along the lines of Friedman, Piñera explained that the power of the government to control the materials necessary to produce the newspapers, to fix the prices of the products that the media can sell or buy and to regulate the commercial activities that allowed the media to work, were all forms in which government could exercise a de facto censorship. For those reasons, according to Piñera, a “social market economy contributes powerfully to the existence of a free press”.<sup>837</sup> Finally, Piñera concluded that the enormous influence that the state still had on all aspects of the life of the citizens was the consequence of the hesitation of the different sectors of society to advance to a “regime of integral liberties which is the only one capable of guaranteeing development and pluralism”.<sup>838</sup>

### C) Right to life and security

The most critical article with regard to human rights abuses was published by Piñera in *Economía y Sociedad* in 1986. The article addressed an incident in which some members of the military forces had burned two people who were planning a terrorist attack. The case was called the “quemados” —the burned— and became a major scandal in the Chilean media. In his intervention, Piñera argued that the “inexplicable incapacity” of the military government to guarantee respect for fundamental rights was undermining “its ethical value and chasing away its supporters”.<sup>839</sup> Piñera continued:

why do more than 3,000 Chileans still remain in exile? Why is terrorism being hunted down in the shantytowns with massive raids that hurt the dignity of the hundreds of thousands of people that live there? Whose idea was it to send young conscripts with camouflage and combat uniforms to watch their own countrymen?<sup>840</sup>

Piñera concluded that it was “incomprehensible” that a government with such an incredible record on economic reforms could not understand that such “persistent” human rights violations were not acceptable, urging it to adopt substantial measures to solve the problem and guarantee the respect of fundamental rights for all Chileans.<sup>841</sup>

Unsurprisingly, Piñera had to face the reaction of the government which, through the state

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<sup>837</sup> Idem.

<sup>838</sup> Idem.

<sup>839</sup> José Piñera, “¿Hasta cuándo?”, *Economía y Sociedad*, July, 1986.

<sup>840</sup> Idem.

<sup>841</sup> Idem.

owned newspaper *La Nación*, accused *Economía y Sociedad* of confusing the public with regard to the “quemados case”. Responding to a leader in *La Nación* that made those accusations, Piñera reiterated that the government was incapable of guaranteeing human rights, adding that among the Chilean military there were “bands of assassins” who acted with impunity and were responsible for the killing of several people.<sup>842</sup>

In August 1986, in *La Tercera* Piñera would again address the “quemados case” arguing that it was unacceptable that the case remained in “obscurity and impunity”.<sup>843</sup> He added that lies destroyed any possibility of achieving the civic friendship that Chile needed for constructing peace. In Piñera’s view, lies would prevent the restoration of trust within Chilean society, which was the reason why the authorities had to discover the truth and make it public.<sup>844</sup>

With regard to other fundamental rights, also in 1986, Piñera would make the case to end the states of emergency because they were not effective in fighting terrorism and consistently restricted fundamental rights such as the right to assemble, to mobilize, to be informed and to enter and leave the country.<sup>845</sup> The government, according to Piñera, was undermining constitutional stability by not protecting fundamental rights. In Piñera’s words: “Why should Chileans feel loyal to the Constitution when the chapter which is most important to them—the chapter on fundamental rights— which protects their liberty and gives them security that they will not be subjected to abuses is not being applied?”<sup>846</sup> Along these lines Piñera, criticized those judges who were ruling that *habeas corpus* claims could not be filed under a state of exception. He added that the restrictions imposed on freedom of expression made impossible the emergence of a press that could “watch over the power and the political debate”.<sup>847</sup>

Another important article with regard to the fight against terrorism and the protection of human rights was published by *Economía y Sociedad* in July 1987. The piece argued that terrorism sought to discredit the legal institutions so that it could destroy the foundations of a civilized order, warning that when the intelligence services acted brutally they became themselves agents of subversion by destroying the confidence of the people in the institutions.<sup>848</sup> This in turn made of society an easy prey for totalitarianism. Therefore, it was crucial that the military rulers should understand that terrorism should be fought with “the most complete respect for the rights of all Chileans”.<sup>849</sup> According to the article, Chile needed better intelligence services that could deal with terrorism without destroying the confidence of the public in the government institutions. Moreover,

<sup>842</sup> See: *La Nación*, August 6, 1986.

<sup>843</sup> *La Tercera*, August 4, 1986.

<sup>844</sup> Idem.

<sup>845</sup> José Piñera, “Estados de excepción”, *Economía y Sociedad*, April, 1986.

<sup>846</sup> Ibid., p.

<sup>847</sup> Idem.

<sup>848</sup> “El dilema de los príncipes”, *Economía y Sociedad*, July, 1987, p.11.

<sup>849</sup> Idem.

for *Economía y Sociedad*, intelligence services should “not be a source of danger for human rights but their defender; the last shield of the open society”.<sup>850</sup>

In 1987 the editorial *Economía y Sociedad* argued that the Pinochet government was not going to win the referendum of 1988 if it continued to undermine its support by persisting in policies that violated human rights.<sup>851</sup> Some of the most important deficiencies of the government, argued the magazine, were the concentration of political power and the absence of checks and balances.<sup>852</sup> According to the magazine, the government had now an opportunity to correct this in order to gain credibility. Among the measures recommended by Piñera was the elimination of the article of the Constitution that enabled declaring a state of exception due to the perturbation of internal peace. According to Piñera, this measure would put an end to forced exile as well as reestablish *habeas corpus* and enable the free functioning of newspapers and magazines. Piñera insisted that a well-functioning economy was not enough for achieving all the support necessary to win the election of 1988 and that political liberties were essential.<sup>853</sup> Accordingly, the government also had to lead the transition to democracy making sure that no violations of fundamental rights took place.<sup>854</sup> In addition, the transition to democracy needed a consensus about essential values among the ruling elites and the civil society. In the words of *Economía y Sociedad*:

Civil society has to do an indispensable task in order to make possible a democratic political order which is stable and effective: to reach an agreement about the basic rules of the game that will lead the economic social and political development of the country...it seems that this consensus should at least include...rights that are inherent to human nature such as the right to life, freedom of conscience, freedom of expression and due process of law...<sup>855</sup>

The magazine included the right to private ownership and economic liberty making it very clear that so-called “social and economic rights” such as the right to a home provided by the government were not part of the list of negative rights. Moreover, *Economía y Sociedad* warned that a government that assumed the role of providing for the people in their necessities could easily lead to weakening personal liberties.<sup>856</sup> *Economía y Sociedad* was thus once again promoting a negative idea of liberty along the lines of classical liberalism, rejecting one of the central premises of the

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<sup>850</sup> Idem.

<sup>851</sup> “Otro golpe de timón”, *Economía y Sociedad*, April 1987, p.7.

<sup>852</sup> Idem.

<sup>853</sup> Idem.

<sup>854</sup> Idem.

<sup>855</sup> “El camino al 89”, *Economía y Sociedad*, April, 1985, p.6.

<sup>856</sup> Idem.

welfare state.

*Economía y Sociedad on democracy, government and liberty*

As has been pointed out, *Economía y Sociedad* assumed the role of influencing society, especially the ruling elites. The magazine openly declared that its task was “to persuade” and “become a useful instrument for the decision-making of businesses and also for the civic decisions of private individuals and the authorities.”<sup>857</sup> In the case of the authorities, the magazine argued that “public responsibilities have to be inserted in a body of ideas about the individual, society and the state, which recognized the essential values of collective life and the priorities that must orient them”.<sup>858</sup>

The reading of the magazine created by Piñera provides yet another proof that a comprehensive version of classical liberalism —with a social market economy component— was at the heart of the free market revolution. All the central ideas of classical liberalism, such as the rule of law, a limited government, limited democracy, negative liberty, property rights, the spontaneous nature of progress, the inconvenience of the welfare state and the efficiency of the market are to be found in the magazine. Like “*The Brick*” and the Constitution, a special emphasis was put on the connection between economic freedom, democracy and political freedom. As the third issue published in 1978 explained, the new military government had three essential commitments: freedom, reason and democracy. As far as freedom was concerned, a crucial point made by *Economía y Sociedad* was that the process of disintegration of the Chilean democracy and economy had started long before the UP government. Just like “*The Brick*” had done years earlier, *Economía y Sociedad* argued that for decades, government power had expanded increasing the scope of public decisions.<sup>859</sup> In the words of the magazine:

The pace at which the state expanded, its increasing intervention in spheres that are not of its concern, the diversified volume of services that became dependent on it, the vast amount of resources and the number of jobs it came to control are features that describe what it seemed an unstoppable movement towards socialism.<sup>860</sup>

Thus, in the eyes of *Economía y Sociedad*, statism had restricted private initiative and

<sup>857</sup> “Un año”, *Economía y Sociedad*, April, 1983, p.3.

<sup>858</sup> “Sobre realismo y la flexibilidad”, *Economía y Sociedad*, August, 1982, p.11.

<sup>859</sup> “Hacia un nuevo modelo político”, *Economía y Sociedad*, Santiago, May-June, 1978, p.2.

<sup>860</sup> Idem.

seriously “jeopardized individual freedom”.<sup>861</sup> It had also destroyed the “basic pillar of democracy —freedom— leading to serious economic inefficiencies”.<sup>862</sup> As a consequence, the sphere of decisions that individuals could make without the involvement of the state was dramatically reduced while the power of the authority became substantially greater.<sup>863</sup> Consequentially, for the magazine, Chile had not only gradually destroyed individual freedom but also become a rent- seeking society where government was the “great distributor of rents and favors”.<sup>864</sup> The military government had to reverse that situation if it wanted to restore the soundness of the economy and a functioning democracy. In a speech given by Piñera and reproduced in *Economía y Sociedad*, the former minister argued that the contribution of economic freedom to the establishment of a true democracy was a fact that was no longer debated in western nations that had been able to combine progress, liberty and democracy.<sup>865</sup> It was evident he added, that when government fixed prices and salaries, controlled major enterprises and hundreds of thousands of jobs and granted thousands of privileges, there could be no real democracy. Under such a system, the fight over political control was a fight over the control of people’s lives. In this context, said Piñera echoing Friedman, “economic liberty is much more than a mechanism that allows... the efficient allocation of resources and maximizes productive growth. Economic liberty is a necessary but not sufficient condition for a true democracy and a free society.”<sup>866</sup> Therefore, economic liberties such as the right to engage in productive activities, the right of free association and equality before the law had to be guaranteed.<sup>867</sup> At the same time Piñera considered private property as the base for individual liberty and progress. If John Adams argued that “the moment the idea is admitted into society, that property is not as sacred as the laws of God... anarchy and tyranny commence”<sup>868</sup> Piñera declared that “when private property is confiscated individual liberty becomes an illusion and progress comes to a halt”.<sup>869</sup> In this logic the success of a process of political liberalization was measured by the degree of negative liberty that it achieved: “the success of a process of political liberalization can be measured by its potential to reduce state power so that in basic matters society can develop independent from the political color that is in power”.<sup>870</sup> For Piñera, only when society was depoliticized would it be stable and the economy could prosper.<sup>871</sup>

<sup>861</sup> “Institucionalidad económica”, *Economía y Sociedad*, Santiago, July-August, 1978, p.2.

<sup>862</sup> Idem.

<sup>863</sup> Hacia un nuevo modelo político, *Economía y Sociedad*, Santiago, May-June, 1978, p.2.

<sup>864</sup> Idem.

<sup>865</sup> José Piñera, “Megatendencia del decenio”, *Economía y Sociedad*, Santiago, September 1983, pp.8-9.

<sup>866</sup> Ibid.,p.9.

<sup>867</sup> “El camino al 89”, *Economía y Sociedad*, April 1985, p.6.

<sup>868</sup> John Adams, “The Life of the Author” in: *The Works of John Adams, Second President of the United States:with a Life of the Author, Notes and Illustrations, by his Grandson Charles Francis Adams*, Vol. I, Little, Brown and Co., Boston ,1856, p.148.

<sup>869</sup> “El camino al 89”, *Economía y Sociedad*, April 1985, p.6.

<sup>870</sup> “Modernización y futuro”, *Economía y Sociedad*, July, 1984, p.15.

<sup>871</sup> Idem.

In the eyes of the magazine, economic liberty required that public decisions should be restricted to their own spheres so that property was “dispersed” and private individuals had “a wider area for their initiatives”.<sup>872</sup> What the military government had to construct, said the magazine, was “a society that is more free, stronger and less dependent on the decisions of the authority”.<sup>873</sup> For that, free economic institutions were essential and had to pursue the following aims: a) material progress and security of the Chilean people; b) securing economic liberty in order to construct a libertarian society; c) ensuring justice both in its individual and social dimension.<sup>874</sup> All of this, claimed *Economía y Sociedad*, had not been promoted by the Chilean economic model existent prior to 1973. On the contrary, the magazine argued that even though many of the statist policies responded to a desire of achieving justice, they had instead been the source of much injustice leading the state to serve interest groups and thereby abandoning the poor. Therefore, the new economic institutions had to be inspired in the following four principles: a) The subsidiarity of the state, which implied a “recognition of free private initiative and private property on the one hand, and state responsibility for satisfying the basic needs of the population and regulating the economy on the other hand”; b) equality before the law; c) rationality in public decisions allowing technicians to define economic and public policy; and d) participation of the citizens so that political decisions reflected the value judgment of the people.<sup>875</sup>

Of all of these principles the one most stressed by *Economía y Sociedad* was the subsidiarity of the state. In the view of the magazine, it was this principle that guaranteed the economic freedom on which all liberties in society depended. As the magazine argued, upon the correct understanding and application of the subsidiarity of the state rested “the best defense of a free society” because statist excesses were “one of the most dangerous threats to western democracies...”<sup>876</sup> Moreover, the magazine argued that the correct interpretation of the subsidiarity principle and its consolidation in constitutional rules was “the most powerful defense against runaway statism”.<sup>877</sup> Statism was in turn opposed to a principle which according to *Economía y Sociedad* was essential to Chilean culture: freedom.<sup>878</sup> For the magazine, it was freedom as well as the stability of the economic and democratic system that demanded that the new institutions created by the military government did not intervene in the spheres of the individual initiative. Otherwise they would become dependent on the political system leading to the politicization of society and to increasing conflicts within the political class. One year before the referendum of 1988 *Economía y*

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<sup>872</sup> “El camino al 89”, *Economía y Sociedad*, April 1985 ,p.4.

<sup>873</sup> Idem.

<sup>874</sup> “Institucionalidad económica”, *Economía y Sociedad*, Santiago, July-August, 1978, p.2.

<sup>875</sup> Idem.

<sup>876</sup> “Definiciones Constitucionales”, *Economía y Sociedad*, Santiago, July-August, 1978, p.4.

<sup>877</sup> “Marco institucional para la política económica”, *Economía y Sociedad*, Santiago, July-August, 1978, p.5.

<sup>878</sup> Idem.

*Sociedad* argued that just like Margaret Thatcher had done in Britain, the military government in Chile had made a “neoliberal revolution” that sought to return to the individuals “those spaces of freedom taken away by bureaucracy and statism”.<sup>879</sup> For *Economía y Sociedad*, London and Santiago concentrated on recovering “the liberties in that sphere where socialism usually confiscates first: the market”.<sup>880</sup>

The second commitment of the military government, according to *Economía y Sociedad* was with reason. This idea was inextricably linked to the concept of limited democracy that was at the core of the free market revolution. The magazine argued that a distinction had to be made between value judgments and technical judgments. On technical issues such as public policy and the economy, it was the experts on the social sciences that had to make decisions unless the public was well informed; otherwise individual freedom would be restricted and collectivism would arise.<sup>881</sup>

This was a clear justification for institutional constraints on politicians and thereby on the democratic principle. The magazine went as far as arguing that a mechanism had to be considered so that certain decisions were not made by politicians but by experts: “It is beyond doubt that the complexity or confidential nature of certain decisions make unthinkable its public debate. In some cases, when the decision is primarily technical, it could be submitted to these commissions of experts”.<sup>882</sup> What was required was that the Constitution laid down the principles of the free market model and designed “the mechanisms which canalized the contribution of experts and the will of the people in a genuinely democratic way”.<sup>883</sup> In turn, the new economic institutions had to be designed so that they would “make sure that public decisions respond to a national commitment to freedom, reason and democracy”.<sup>884</sup> In other words, democracy had to be limited in order to protect the free market economy which was seen as the base for a functioning democracy and all other liberties.

In a rather unconvincing way, the magazine claimed that it did not advocate a technocracy, because all values and ideological positions were not determined by experts but by society. Experts should only recognize the scientific truths and be responsible for issues such as monetary policy, subsidies, taxes and others. The aim of this strategy of limiting democracy, according to the magazine, was to avoid the politicization of issues that were crucial for the wellbeing of the population thus preventing populism, demagoguery and eventually the destruction of the economy and the political system, as had recently happened in Chile. What *Economía y Sociedad* was promoting in other words, was a tradition that put experts in the position of defining public and

<sup>879</sup> “Cómo proyectar una obra”, *Economía y Sociedad*, Santiago, June 1987, p.7.

<sup>880</sup> Idem.

<sup>881</sup> “Hacia un nuevo modelo político”, *Economía y Sociedad*, Santiago, May-June, 1978, p.5.

<sup>882</sup> “Definiciones Constitucionales”, *Economía y Sociedad*, Santiago, July-August, 1978, p.4.

<sup>883</sup> “Entre lo anacrónico y lo imposible”, *Economía y Sociedad*, Santiago, July-August, 1978, p.9.

<sup>884</sup> Idem.

economic policy taking away the ability of politicians to engage in massive redistributive policies. In this the magazine followed the distinction made by Courcelle-Seneuil and Friedman between economics as a science and morals: “The economic field presents the clearest example of the distinction between moral and technical judgments. The latter must be made based on technical considerations, which requires the establishment of formulas that effectively canalize the contribution of experts providing rationality to public decisions”.<sup>885</sup>

Instead of damaging democracy, in the view of the magazine this limitation to the democratic principle would strengthen it by preventing the harmful effects of the politicization of technical decisions. The commitment to democracy constitutes a “fundamental principle of the Chilean society”,<sup>886</sup> said the magazine. This required universal suffrage in order to give equal value to the preferences of all citizens. However, the magazine insisted that the commitment to democracy was subordinated to a free economic system. According to *Economía y Sociedad*, “a new balance between the power of the state and the individual” by separating technical from moral decisions and by developing the “democratic procedures” necessary for the generation of political power had to be reached. All of this had the aim of constructing a “stable political model for a society that seeks liberty, justice and progress”.<sup>887</sup>

As has been argued in this view, economic liberty was the base for the whole organization of society and a necessary condition for prosperity, civil liberties and even democracy. In 1982, the magazine would leave no doubt about the importance of economic freedom and limited government for the whole institutional project.<sup>888</sup> The new economic model argued the magazine, sought four objectives. The first one was to give a new value to private initiative and private enterprise, for which both the respect for private property and the reduction in the size of government were crucial. The second one was to select the free competitive market as the main allocator of resources, an idea that had been essential to classical liberalism since Adam Smith. Also following classical liberal ideas the magazine declared that the third objective was to liberalize trade enabling the use of the competitive advantages of the Chilean economy. And finally, the fourth objective was to establish a state that acted according to the subsidiarity principle. In addition several major free market reforms and changes to social policy had to be made. According to the magazine, this new social model sought to make compatible “justice with efficiency and personal freedom”.<sup>889</sup>

The severe economic crisis of 1981 did not diminish the support of *Economía y Sociedad* to the free market revolution. On the contrary, it made it stronger. Even if the magazine criticized

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<sup>885</sup> “Institucionalidad económica”, *Economía y Sociedad*, Santiago, July-August, 1978, p.3.

<sup>886</sup> *Ibid.*, p8.

<sup>887</sup> *Idem.*

<sup>888</sup> “Una clarificación indispensable”, *Economía y Sociedad*, June, 1982, pp.9-10.

<sup>889</sup> *Ibid.* p.,10.



some proponents of the neoliberal economic model for being too orthodox in facing the crisis, it nevertheless argued that the government had to stay on its liberalization course. It further declared that businessmen and workers were the wealth creators and that everything that was said against this idea was “illusion and demagoguery”.<sup>890</sup> It warned against the reemergence of socialism and populism which was taking advantage of the difficult situation of the country. According to *Economía y Sociedad*, statism could only offer a future of “mediocrity, poverty, coercion and discrimination” to the Chilean people.<sup>891</sup> Besides maintaining the liberal economic system, the magazine argued that the biggest challenge for the government was to “evolve towards the democratic objective”.<sup>892</sup> The transition to a new democratic system that was strong enough to endure the attacks of totalitarianism and communism was according to the magazine “the most solemn commitment of this regime”.<sup>893</sup> The magazine harshly criticized the doubts that were arising among sectors of the military that were questioning the need to return to democracy and a free society.<sup>894</sup> According to *Economía y Sociedad*, there was no clarity with regard to the definition of freedom. The magazine made its classical liberal position clear once again arguing that personal liberty had been gradually destroyed by the welfare state that seemed very attractive to the population.<sup>895</sup> Accordingly, liberty could only prevail if the state retreated to the activities that were of its concern. Only thus “every individual could be the master of his own destiny in all aspects of life”.<sup>896</sup> For the magazine, there was not enough awareness that a welfare state gradually but inevitably led to “an overextended organization that ended up being the great employer” thereby destroying liberty.<sup>897</sup> In the words of the magazine:

To pretend that in such a regime a significant sphere for the enjoyment of political liberties is possible is an instance of naiveté that Trotsky himself refutes in his writings: in a country where the only employer is the state, dissent means death by slow starvation. The old principle ‘he who does not work shall not eat’ is replaced by another: he who does not obey shall not eat.<sup>898</sup>

The threat that *Economía y Sociedad* saw in the welfare state followed the same logic of neoliberals like Hayek, Friedman, Buchanan and classical liberals like Courcelle-Seneuil, Edmund

<sup>890</sup> *Economía y Sociedad*, September, 1982, p.7.

<sup>891</sup> “Un falso dilema”, *Economía y Sociedad*, December, 1982, p.3.

<sup>892</sup> *Ibid.*, p.5

<sup>893</sup> *Idem.*

<sup>894</sup> *Idem.*

<sup>895</sup> *Ibid.*, p.8.

<sup>896</sup> *Idem.*

<sup>897</sup> *Idem.*

<sup>898</sup> “Hacia una sociedad libre”, *Economía y Sociedad*, December, 1982, p.8.

Burke and Thomas Jefferson. Neoliberals believed that if not stopped in time a welfare state would lead to socialism. The welfare state, wrote Hayek in the preface to the 1976 edition of *The Road to Serfdom*, had taken the place of classical socialism with its large schemes of wealth redistribution.<sup>899</sup> Despite its gradualism, the results of the welfare state, according to Hayek, would be almost the same as classical socialism.<sup>900</sup> In such a system, argued Hayek also citing Trotsky, there would exist “a complete monopoly of employment” giving the state unlimited power of coercion”.<sup>901</sup> Along the same lines *Economía y Sociedad* declared that Chile could not afford to “renounce its path towards liberty”.<sup>902</sup> Instead it had to renew its “faith in true liberalism” and invite all people who believed in freedom to work for the fulfillment of the pending tasks. This idea of freedom, stressed the magazine, did not only include economic freedom but “all implications of the concept of freedom”.<sup>903</sup>

### *The intellectual origins of the free market revolution according to Economía y Sociedad*

One of the most telling aspects of *Economía y Sociedad* with regard to the ideas it sought to spread, has to do with the thinkers and intellectual tradition that the magazine explicitly recognized as the antecedents of the free market revolution. A very enlightening episode in this respect involved Arturo Fontaine Talavera, who was close to Jaime Guzmán and would later become the director of the CEP, and Mario Góngora, one of Chile’s most eminent conservative historians and a follower of Oswald Spengler. The exchange between Fontaine and Góngora is important because it reflected the ideological and political differences between neoliberals who were making the free market revolution and conservatives who were opposing it. It was another chapter in the old conflict between nationalist and corporatist forces and the liberal forces that were following Courcelle-Seneuil’s tradition.

In an important book, Góngora complained that under the military regime liberalism and its “anti-statist” bias had completely replaced the traditional notion of the state in Chile. Góngora linked this statist tradition to Edmund Burke and Oswald Spengler. According to Góngora, as a result of the neoliberal ideas, there was no longer a state that defined the Chilean identity or served the “common good”. In the words of Góngora, “the subsidiarity principle of the disciples of Milton Friedman’s school has become almost the only principle.”<sup>904</sup> Góngora correctly identified the core

<sup>899</sup> Friedrich von Hayek, *Camino de Servidumbre, Alianza*, Madrid, 1985, p. 25.

<sup>900</sup> Idem.

<sup>901</sup> Friedrich von Hayek, *The Constitution of Liberty*, Routledge, London, 2009, p. 120

<sup>902</sup> “Hacia una sociedad libre”, *Economía y Sociedad*, December, 1982, p.8.

<sup>903</sup> Idem.

<sup>904</sup> Mario Góngora, *Ensayo histórico sobre la noción de Estado en Chile en los siglos XIX y XX*, Ediciones La Ciudad, Santiago, 1981, p.134.

of the new beliefs that were defining Chile's institutional evolution. If the state had always played a central role in Chilean society, said Góngora, "now the tendency of privatization is expanding and the belief that economic liberty is the base for political liberty and ultimately of all liberties is being postulated by members of the economic team..."<sup>905</sup> For Góngora, the 1980 Constitution had done much to consolidate the neoliberal worldview, eliminating ideas like state education that had their origin in the statist tradition of Chile. Like his nationalist predecessors Encina, Subercaseaux and Fuentealba, who attacked Courcelle-Seneuil's liberalism, Góngora went on criticizing the free trade policies of the Chicago Boys accusing them of harming the national industry. Interestingly enough, Góngora addressed one of the crucial aspects of Douglass North's institutional analysis. He argued—mistakenly as we have seen—that because neoliberalism was alien to Chilean culture it would not endure the passing of time: "Neoliberalism is not a product of our society as it is in England, Holland or the United States. It is a top down anti-statist revolution in a nation that was formed by the state...Is liberalism compatible as an idea with the planning of a liberal system in a country in which this idea is not incorporated into its tradition?"<sup>906</sup> Citing Friedrich von Hayek and his thesis that constructivism does not work because institutions evolve over time, Góngora concluded that neoliberalism would not prosper in Chile. Thus Góngora was accusing the Chilean reformers of following a socialist method of rational planning, completely ignoring the Chilean cultural heritage.

On an intellectual level, Góngora's critique using Hayek's and Edmund Burke's arguments was potentially devastating to the efforts being made by the Chicago Boys. Based on a cultural approach and taking the ideas of two main liberal referents, Góngora was predicting nothing less than the failure of the free market revolution. It is no wonder that *Economía y Sociedad* extensively responded to Góngora in order to defend the institutional transformation that was taking place in Chile. One of the replies to Góngora's critique came from Gonzalo Vial, another eminent conservative historian who nevertheless was close to the Chicago Boys' ideas. Vial reminded Góngora that historically the Chilean state had been captured by oligarchs who exploited it to their own benefit.<sup>907</sup> For Vial, the Chilean state that Góngora viewed as the protector of the common good had never existed. Justifying the economic reforms, Vial argued that the government had to help the very poor and not interest groups as it had done throughout Chilean history.<sup>908</sup>

Arturo Fontaine's response was far more important from a philosophical perspective especially given the fact that Fontaine was himself part of the group contributing to the free market revolution. He entitled his critique of Góngora's work "A Disturbing Book". The first thing Fontaine did was to put into question Góngora's thesis that the state had formed the Chilean nation

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<sup>905</sup> Idem.

<sup>906</sup> Ibid. p137.

<sup>907</sup> Gonzalo Vial, "Un ensayo, dos enfoques," *Economía y Sociedad*, June, 1982, p.19.

<sup>908</sup> Idem.

through several wars and its permanent presence in social life. For Fontaine, this could also be said of almost all states in the world, including liberal ones like England or the United States, so this could not be a reason to sustain that neoliberalism would fail in Chile.<sup>909</sup> Then Fontaine added that contrary to what Góngora seemed to suggest, Edmund Burke was a liberal in the tradition of Adam Smith and that he had made a fundamental mistake in putting him on a same level with Oswald Spengler, who belonged to a collectivist tradition. Unlike Spengler, Burke never promoted the idea endorsed by Góngora of a state with separate personality and “above the class and interest conflicts of society”.<sup>910</sup>

For Fontaine Góngora’s argument that liberalism had no cultural heritage in Chile directly ignored that “during the 19<sup>th</sup> and 20<sup>th</sup> centuries liberal political and economic philosophy had more importance in Chile than Thomism or Spanish traditionalism”.<sup>911</sup> According to Fontaine, Góngora offered no evidence that the notion of the state in Chile in the 19<sup>th</sup> century was incompatible with liberalism. Fontaine further argued that Góngora was wrong when he said that neoliberalism, like socialism and the Prebisch doctrine, were utopias. According to Fontaine, modern liberalism was a realistic approach, which made it the best model for the Chilean society.<sup>912</sup>

After a reply by professor Góngora, in the following edition of *Economía y Sociedad*, Fontaine further developed his arguments in defense of the free market revolution. He insisted that Burke did not belong to the same tradition as Spengler, suggesting that Burke was a liberal in the tradition of Friedman and his Chilean followers. Fontaine cited several passages of Burke to support his point. Among them was Burke’s famous work *Thoughts and Details on Scarcity*, in which the British thinker argued that “to provide for us in our necessities is not in the power of Government. It would be a vain presumption in statesmen to think they can do it. The people maintain them, and not they, the people.”<sup>913</sup> Thus, insisted Fontaine along the lines of Hayek who considered Burke a central figure of classical liberalism, Burke was an anti-statist. By putting Burke in the same tradition as Spengler, Góngora had confused the tradition of the Chicago Boys with that of collectivist doctrines.

Some time later, *Economía y Sociedad* would publish an opinion again referring to Góngora’s thesis. According to the magazine it was true that the free market revolution was a “re-foundational act”, but it was not comparable to the rational planning that had been intended by Christian Democrats with the so called “revolution in liberty” or by the UP with the socialist

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<sup>909</sup> Arturo Fontaine Talavera, “Un libro inquietante”, *Economía y Sociedad*, June, 1982, p.22.

<sup>910</sup> Idem.

<sup>911</sup> Idem.

<sup>912</sup> Ibid., p.23.

<sup>913</sup> Edmund Burke, “Thoughts and Details on Scarcity”, in: *Select Works of Edmund Burke*, Liberty Fund, Indianapolis, 1999. Vol. 4, p. 41.

revolution.<sup>914</sup> *Economía y Sociedad* argued that the libertarian revolution of the Chicago Boys had resulted as a necessity from the complete destruction of the country caused by statist ideologies. Its challenge was to create “a new economic and social order that through the liberalization of society dramatically increases the scope of individual liberties and reduces the excessive power of the state enabling a stable, democratic and integrating future”.<sup>915</sup> Using Hayek’s terminology, the magazine added that the Chilean democracy had not been interrupted so that some “Manchesterian economists” could fulfill their dream of having the price of bread being determined by supply and demand laws, but to prevent Chile from going down the “road to serfdom” followed by Cuba.<sup>916</sup> It concluded with the following remark directly citing Hayek:

The path to freedom is full of obstacles and it is extraordinary difficult when a country has go down the road to serfdom described by Hayek. Even though the project of constructing in Chile a free economy and a free society is still valid, its consolidation and concretion will take time..., time for creating a true culture of freedom that supports in the mind of the Chilean people those values and conducts that are required...<sup>917</sup>

In this context, the magazine argued, following Friedman’s thesis of Chile’s “political miracle” and Hayek’s case for a transitional dictatorship, that the Chilean experience showed that “authoritarian regimes are capable of giving away substantial amounts of power in the social and economic sphere in order to accomplish a project of a free society”.<sup>918</sup> It added, however, that it was exceptional that a “neoliberal experience” should have taken place under a military government.<sup>919</sup>

The defense that *Economía y Sociedad* did of the Chilean free market revolution citing classical liberal authors was persistent over time and it included the justification of particular reforms such as the privatization of social security with classical liberal philosophy. This reform made by Piñera was described by *Economía y Sociedad* as a great triumph of individual liberty over statism. According to the magazine, in Chile the old Bismarckian social security system had crushed individual liberties, becoming the philanthropic ogre denounced by Mexican Nobel laureate writer Octavio Paz in his essay *El ogro filantrópico*.<sup>920</sup> The privatization of social security had changed this situation by “extending the margins of individual freedom and by creating a sentiment

<sup>914</sup> “El desafío chileno”, *Economía y Sociedad*, January 1983, p.7.

<sup>915</sup> Idem.

<sup>916</sup> Idem.

<sup>917</sup> Ibid.,p.9.

<sup>918</sup> Ibid.,p.8.

<sup>919</sup> Idem.

<sup>920</sup> “Del ogro filantrópico a la verdadera previsión”, *Economía y Sociedad*, November, 1982, p.11.

of adhesion to the social system”.<sup>921</sup> Moreover, Piñera’s emblematic reform, said the magazine, eliminated the discretionary power and the corruption of the system constructing “effective safeguards to prevent the corrosive action of totalitarianism”.<sup>922</sup> Because every worker was the owner of his retirement money the new system had a “commitment with personal effort and a responsible management of the economy”.<sup>923</sup> Along the lines of North’s thesis that the feedback offered by reality changes belief systems, the magazine argued that the prevailing statist ideas and values had been partly changed thanks to economic reforms in areas such as social security, labor law, mining and others: “it is not a political crime anymore to praise the private enterprise, it is not a sin anymore to value the market and it is not shameful any more to plea for a reduction in the size of government.”<sup>924</sup> Thus, the liberal reforms had put an end to many prejudices and ideological biases by opening the people’s minds to the policies that had achieved “development in freedom in western nations”.<sup>925</sup>

For the magazine, Chile had followed the United States where economic liberty had been understood as the basis for all other liberties and democracy. In 1983 the magazine reproduced and endorsed a speech given by the American ambassador to Chile, James Therberge, on the occasion of the American Independence Day.<sup>926</sup> The piece is telling because the arguments Therberge put forth to explain the success of the American democracy were firmly grounded on classical liberalism and were almost identical to those the Chicago Boys were making to support their own reforms. By reproducing Therberge’s speech *Economía y Sociedad* was not only promoting its own political and intellectual agenda but also explaining the intellectual origins of the free market revolution, linking it directly to the American tradition of political and economic freedom.

According to Therberge, one of the central reasons why democracy in America had endured the passing of time was because it had been limited.<sup>927</sup> This meant that government did not massively engage in redistributive policies. In Therberge’s view, negative liberty was essential for the well-functioning of democracy:

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<sup>921</sup> Idem.

<sup>922</sup> Idem.

<sup>923</sup> Ibid.,p.12.

<sup>924</sup> “Megatendencias del decenio”, *Economía y Sociedad*, September, 1983, p.8. The idea that especially among political elites the free market revolution had changed beliefs was also shared by historian Lucia Santa Cruz who in 1983 observed that economic liberalism had been gradually accepted even by its former critics. In the words of Santa Cruz: “The permanent and most important changes, although difficult to foresee...are those related to the mindset. In this sphere, and despite the opposition to certain currents of economic liberalism it is possible to see that...certain basic premises of the market economy had permeated even sectors that were opposed to them”. *La Segunda*, September 9, 1983.

<sup>925</sup> Idem.

<sup>926</sup> “Democracia en América”, *Economía y Sociedad*, May 1983, p. 29.

<sup>927</sup> Ibid.,p30.

We enjoy a democracy that still limits the scope of activities of the state and its great bureaucracy. The innate American mistrust in state power and in fact in any great concentration of power whether public or private is one of the strongest defenses against the establishment of the Leviathan state, the most oppressive of all state tyrannies.<sup>928</sup>

The ambassador warned however, quite along the lines of Friedman, Hayek and the Chicago Boys, that in the last decades the government had expanded with the aim of providing for the wellbeing of the people. This increase in the role of government, said Therberge, “constitutes a potential threat to liberty in so far as it controls and regulates more and more of the life of society and the life of the individual”.<sup>929</sup> Therberge went on explaining that not only a free press and private property had been crucial for America, but also the fact that many liberties such as to join or not to join a union, did not depend on the will of any bureaucrat. Democracy and liberty were in the roots of American society because government and politics did not get involved. Thus, in the ambassador’s view, the American society was a depoliticized society. And a depoliticized society had been exactly the aim of the Chicago Boys.

Therberge continued saying that an omnipotent government could emerge from the antiliberal reaction that presented itself as “progress” and sought to destroy the legacy of the Founding Fathers.<sup>930</sup> For Therberge, the Founding Fathers had understood that human nature is selfish and that social conflict is inevitable, a vision also shared by the Chicago Boys. Accordingly, the American Constitution sought to limit the power of government. Therberge further said that civil liberties and democratic elections could be used to destroy freedom. Democracy could lead to the destruction of democracy by the use that antiliberal and pro-totalitarian groups like communists made of it.<sup>931</sup> As we have seen, this was also a standard argument of the Chicago Boys and Jaime Guzmán in order to limit democracy.

In its editorial of July 1986 *Economía y Sociedad* picked up Therberge’s ideas arguing that the American Founding Fathers were aware of the weakness of human nature. This had led them to limit the abuses of power by creating a set of institutions that guaranteed individual liberty. In the words of the magazine, the United States had been a role model democracy because it had “defended political and economic liberties”.<sup>932</sup> *Economía y Sociedad* further argued that the fact that the Declaration of Independence with its new concept of representative democracy was drafted the

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<sup>928</sup> Idem.

<sup>929</sup> Idem.

<sup>930</sup> Idem.

<sup>931</sup> Idem.

<sup>932</sup> “Cien años de libertad”, *Economía y Sociedad*, July, 1986, p.7.

same year of publication of Adam Smith's *Wealth of Nations* and its free market intellectual revolution, symbolized the inseparable relation between political liberty, economic liberty and democracy.<sup>933</sup> For the magazine, Chile's tragedy had been that unlike the Americans, its leadership had not understood the relationship between economic and political liberty. This had ultimately led to the collapse of democracy in 1973. The magazine celebrated the economic reforms of the military regime but criticized it for crushing individual liberties such as freedom of expression. It also criticized the American political leadership for encouraging statism in Latin America via foreign aid programs like the Alliance for Progress.<sup>934</sup>

Another interesting defense of the Chilean free market revolution directly using classical liberal thinkers was made by the editor of *Economía y Sociedad*, David Gallagher. In a very long article dedicated to the 40<sup>th</sup> anniversary of Hayek's best seller *The Road to Serfdom*, Gallagher not only explained the intellectual origin of Hayek's liberalism but it directly applied it to the Chilean case. According to Gallagher, in *The Road to Serfdom*, Hayek had made clear the connection between economic liberty and political liberty and showed that any system which seeks collective results tends towards totalitarianism.<sup>935</sup> He added that Hayek's thinking was "now more valid than ever before", explaining that one of Hayek's greatest philosophical contributions had been to distinguish between false and true liberalism. For Gallagher, true liberalism had inspired the glorious British revolution of 1688 and the American Constitution.<sup>936</sup> This tradition rejected the power of human Reason to design progress and was therefore essentially skeptical. In Gallagher's view, institutions evolved over time and knowledge was dispersed in society. Only the spontaneous order could lead to real progress, which implied a limited government and individual freedom understood as the absence of coercion.<sup>937</sup> The place where knowledge was used and exchanged was the market. Thus, a free economy was inseparable from free people and progress.<sup>938</sup>

False liberalism held the complete opposite view, wrote Gallagher. It had its origin in the French revolution, particularly in Rousseau. Its pretense of knowledge inevitably led to the dismissal of traditions and established institutions and to the attempt to construct a new order based on rational design. This in turn could only lead to collectivism and socialism, a path that looked attractive because of its promises of triumph over necessities. This path was reinforced by the pride of intellectuals who could not tolerate the idea that society could progress without their commands. According to Gallagher, among the most ferocious critics of this rationalist liberal tradition were

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<sup>933</sup> Idem.

<sup>934</sup> Idem.

<sup>935</sup> David Gallagher, "Hayek: el verdadero liberalismo", *Economía y Sociedad*, October, 1984, p.23.

<sup>936</sup> Idem.

<sup>937</sup> Idem.

<sup>938</sup> Ibid., p.24.



Edmund Burke and Alexis de Tocqueville, both of them classical liberals in the tradition of Hayek.<sup>939</sup> For this tradition, added Gallagher, it was not possible to achieve certain collective results if freedom was to be preserved.<sup>940</sup> The quest for equality, for instance, would lead a society to “reduce the multiplicity of individuals” and because not all individuals would agree on common aims, coercion would be necessary. Only the market system was compatible with multiple aims said Gallagher. Gallagher went to say that this collectivist path had been followed by Chile until the destruction of the society under the Unidad Popular regime.<sup>941</sup> Moreover, Gallagher reminded his readers that Hayek had warned against the threat of redistributive policies for personal liberty and democracy. In a highly critical observation about the welfare states which was typical of neoliberals Gallagher said:

In reality, modern democratic governments are more powerful than the monarchies that classical liberals denounced in the past. The separation of power, an invention of classical liberals, has not been enough to limit the discretionary power of governments...in these last decades the uncontrollable discretionary power of the state apparatus has been dominated in many countries by pressure groups that have extracted from society enormous wealth transference in order to protect their interests.<sup>942</sup>

The solution, said Gallagher, was to return to Hayek’s idea of the rule of law and a Constitution which entirely prohibits redistributive policies with the exception of those for the people that cannot compete in the market. These constitutional ideas said Gallagher “are completely valid for current Chile” urging to make the Constitution even stronger against the possible abuses of democracy.<sup>943</sup> Gallagher concluded sustaining that the liberal vision of Hayek, Burke, the American Constitution, Lord Acton and others, was the only plausible vision for society because it accepted men as they were.

Along the lines of Gallagher’s article, *Economía y Sociedad* published an extensive piece by former Christian Democrat senator and Harvard economist José Musalem Saffie, in which he praised “neoliberalism” as the form of organizing society. According to Musalem, neoliberalism was “the most creative and elaborate doctrine in the last fifty years”.<sup>944</sup> Referring to an essay by the French classical liberal intellectual Guy Sorman, Musalem argued that liberalism was defeating

<sup>939</sup> Idem.

<sup>940</sup> Ibid., p.25.

<sup>941</sup> Ibid., p.25.

<sup>942</sup> Ibid., p.26.

<sup>943</sup> Idem.

<sup>944</sup> José Musalem Saffie, “Nuevo liberalismo”, *Economía y Sociedad*, May, 1986, p.11.

social statism. Neoliberalism he argued, was progressive and gave the individual priority over the state. Musalem recognized the origins of the Chicago Boys' neoliberalism in classical liberalism, which he claimed had gained more rationality and had included a preoccupation for the poor thanks to Hayek's work.<sup>945</sup> In this context, wrote Musalem, "free enterprise is not an end in itself; it is the most democratic form of association to combine liberty, prosperity, efficacy, solidarity and economic progress".<sup>946</sup> For Musalem, these were the ideas behind the Chilean reformers who believed that the liberal solution consisted in "reducing the state to make the individuals and the nation greater".<sup>947</sup> Crucial for Musalem was that neoliberalism in his view, did take care of the poor: "for the new liberalism there is a duty of solidarity in front of problems such as poverty, which has to arise from the people, from business and from the government".<sup>948</sup> In addition, according to Musalem, this new liberalism conceived of liberty as an integral entity, which included the protection of human rights. This had clearly not been the case under the military regime even though *Economía y Sociedad* was trying to influence in order to change repressive policies.

#### *Piñera's defense of American liberalism in the aftermath of the military regime*

Piñera's defense of American ideas of liberty is not only to be found during the time of the free market revolution but also from the 1990s onwards. To examine his intellectual work after the return of democracy in Chile is important in order to confirm that the set of beliefs that inspired him during his time both as an adviser to the military regime and as a public intellectual during the 1980s was indeed British-American liberalism. The study of these materials, mostly books, papers, and publications in *Economía y Sociedad*, after 1990 show a remarkable intellectual consistency throughout time. A recurrent theme was the justification for the military coup of 1973. According to *Economía y Sociedad*, it had been this event that had prevented the consolidation of a Marxist totalitarian regime in Chile.<sup>949</sup> The liberalization process that took place later continued to be presented as an important contribution to the defeat of communism, not only in Chile, but worldwide. Along the same lines, economic liberty still played the primary role in the historical analysis. The free market revolution had, in the words of the magazine, been "the most important cause" of the return of democracy in Chile.<sup>950</sup> The magazine insisted that unlike the previous democracy, the new Chilean democracy was free from the sources of conflict that had destroyed the old one: "the opening of wide spaces for an effective economic and social freedom generated the

<sup>945</sup> Idem.

<sup>946</sup> Ibid., p.13.

<sup>947</sup> Idem.

<sup>948</sup> Ibid.,p.12.

<sup>949</sup> "¿Cuándo se salvó Chile?", *Economía y Sociedad*, July/September 1996, p. 7.

<sup>950</sup> Idem.

indispensable complement for political freedom preventing the new democracy from falling into another crisis”.<sup>951</sup> In this context the free market revolution was presented as the result of the power of ideas, specifically as the result of a deep belief in the idea of freedom. All the reforms, recollecting *Economía y Sociedad*, faced ferocious opposition within and outside the military government. This left the Chicago Boys no other option than becoming public intellectuals in order to influence the climate of opinion. In the words of the magazine: “the economists became speakers, editorialists, panelists in debate programs on the radio and even commentators on the news of some TV channels”.<sup>952</sup> Thus *Economía y Sociedad* was once again acknowledging the importance of ideas and intellectuals in the institutional evolution of Chile. And these ideas, as Piñera would insist ever since, were those of classical liberalism. A telling article in this respect was published by Piñera in the *Cato Journal* in 2003. In the paper, Piñera argued along the lines of Douglass North’s approach in attempting to provide an answer for the differences in economic and political performance between Latin America and the United States. According to Piñera, to a large extent the success of the latter was due to the institutions created by Thomas Jefferson, James Madison, John Adams, Alexander Hamilton and the rest of the Founding Fathers, which had been inspired in classical liberal beliefs.<sup>953</sup> Their greatest intellectual and institutional legacies according to Piñera were the American Constitution, the Bill of Rights, the Federalist Papers and the Declaration of Independence. Like Hayek’s argument that Latin America had failed because it had modeled its institutions after the French rationalist tradition, Piñera argued that Latin America’s tragedy was that instead of “founding fathers” it had had “founding generals” that did not value individual liberty, as they were closer to the Spanish centralizing tradition.<sup>954</sup> As a result of this set of beliefs, the region lacked the institutions and principles necessary to build democracies and economies that served individual freedom. The Chilean free market revolution, suggested Piñera, had been an exception to this by following an American liberal philosophy that had enabled economic prosperity as well as the return to a functioning democracy. Piñera insisted that many of the problems of Latin America were due to the existence of unlimited democracies. He stressed that freedom was a greater value than democracy, quoting Alexis de Tocqueville’s dictum that democracy has always to be on its guard against popular despotism. In Piñera’s words the tragedy of Latin America had been that “the tyranny of the majority has led again and again to excessive government interventionism, and invasive policies and actions”.<sup>955</sup> Confirming the instrumental vision of democracy of neoliberals and classical liberals, Piñera argued that democracy was a means to

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<sup>951</sup> Idem.

<sup>952</sup> Idem.

<sup>953</sup> José Piñera, “Latin America: A Way Out,” *Cato Journal*, Vol.22, No.3, Winter 2003, p. 409.

<sup>954</sup> Idem.

<sup>955</sup> Ibid., p.412.

adopting decisions where collective decisions were needed, but that it should exist to serve freedom, which implied that government powers had to be limited.<sup>956</sup> Failing that, majorities could easily create institutional instability by changing economic and social policies at will. Following Locke, Piñera argued that to be legitimate the majority rule had to be “limited by a constitutional framework that protects life, liberty and property.”<sup>957</sup> Only in that case would democracy and liberty be compatible. Moreover, for Piñera, “the lesson of history is that a free economy and civil society cannot prosper without limited government and rule of law”.<sup>958</sup> In Piñera’s view, the United States, unlike Latin America, had been successful largely because it had a limited government and a rule of law that followed what F.A Hayek had called “The Constitution of Liberty”.<sup>959</sup>

As can be seen, long after the free market revolution had taken place, Piñera still saw the philosophical foundations of the reforms in the American tradition of freedom. This ideological consistency is also confirmed in other works. In a book published in 2002 explaining the reforms to the mining law, Piñera argued that only a regime of private property was compatible with a free social order and that the control by the state of companies had failed because it had prevented the development of the creative forces of society.<sup>960</sup> Piñera argued that there was an intimate relation between private property and freedom citing one of John Adams’ remarks in his *Defense of the Constitution of 1787* to support his claim.<sup>961</sup> He recalled that for John Adams private property had to be as sacred as the laws of God if tyranny and chaos were to be prevented and added that the Chilean democracy had collapsed precisely because the institution of private property had been put into question by projects like the agrarian reform of the 1960s.<sup>962</sup> Citing the French classical liberal economist Frédéric Bastiat, Piñera went as far as to argue that these confiscatory measures had been nothing but legalized robbery.<sup>963</sup> In Piñera’s view, the principle of private property introduced in the economy and in the mining sector after the nationalization of the mines, had enabled the formidable expansion of the economy and the reconstruction of the social order along the lines demanded by John Adams.<sup>964</sup>

Similarly, Piñera argued that the philosophy that had inspired the privatization of social security had its roots in the American tradition of individual liberty. In his best seller on the social security reform Piñera wrote that in the previous social security system, inherited from the Bismarckean model, freedom did not exist and monopoly was the rule. Like Mises, Hayek and

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<sup>956</sup> Idem.

<sup>957</sup> Ibid. p. 413.

<sup>958</sup> Ibid., p.414.

<sup>959</sup> Idem.

<sup>960</sup> José Piñera, “Fundamentos de la ley constitucional minera”, *Economía y Sociedad*, Santiago, 2002, p.16.

<sup>961</sup> Idem.

<sup>962</sup> Idem.

<sup>963</sup> Idem.

<sup>964</sup> Idem.

neoliberals in general, Piñera had a critical opinion of Bismarck. In his eyes the German Chancellor had not only created the militaristic state that had produced two world wars but also the gigantic welfare state that was threatening to bankrupt the western nations.<sup>965</sup> In an essay entitled *Bismarck versus Franklin*, Piñera argued that the age of Bismarck had been the same as that of central planners like Marx, Comte and Saint Simon.<sup>966</sup> In his view, a complete different philosophy was represented by Benjamin Franklin and the American Founding Fathers. According to Piñera, Franklin had seen that “the individual is not a passive data point for central planners, but the source of initiative, creativity, and individuality”.<sup>967</sup> Moreover, Piñera remarked that Franklin had understood the extraordinary power of compound interest, which was one of the characteristics of the Chilean private social security system. Thus, according to Piñera, Chile had been the first country in the world to put away the Bismarckean legacy by making of individual liberty the cornerstone of the new social security system. For Piñera, the new system put an end to “enlightened planners” putting instead the individual choices of the Chilean workers at the center of the system.<sup>968</sup> Piñera said that this meant the beginning of a new era, the era of individual responsibility based on personal and private capitalization accounts. For Piñera, this was a way of dismantling the welfare state, preserving individual freedom and securing an economically sound pension system. In Piñera’s view, all that was in the purest spirit of the American Founding Fathers: “Chile’s new social security paradigm, anchored in personal retirement accounts, captured Franklin’s virtues of individual responsibility and ownership, savings and thrift, wealth creation through the miracle of compound interest, and passing a legacy onto the next generation”.<sup>969</sup> In an interview in 2004, Piñera would insist on this idea. Asked about the social security system in the United States he declared: “What I advocate is to replace the current system for one rooted in individual responsibility that is fully coherent with the ideas of Thomas Jefferson and the other Founding Fathers”.<sup>970</sup> He criticized Franklin Roosevelt for having introduced the Bismarckean system in the United States, which he considered alien to the American culture.<sup>971</sup> The Chilean private social security system, he suggested, was much more in the American tradition not only because it was economically more sound but because it was an “act of faith in the liberties of individuals and in the wonderful things they can do when they are free.”<sup>972</sup> As a final warning, Piñera argued that if this private social security system was to endure the passing of time, it was

<sup>965</sup> See: Interview in *Diario Financiero*, November 26, 2004.

<sup>966</sup> José Piñera, “Franklin versus Bismarck”, *Economía y Sociedad*, July 4, 2005. Available at: [http://www.josepinera.com/articles/articulos\\_eyes\\_Franklin\\_vs\\_Bismark.htm](http://www.josepinera.com/articles/articulos_eyes_Franklin_vs_Bismark.htm) Last accessed: 28/06/2014.

<sup>967</sup> Idem.

<sup>968</sup> *Diario Financiero*, November 26, 2004.

<sup>969</sup> Piñera, *Franklin versus Bismarck*.

<sup>970</sup> *Diario Financiero*, November 26, 2004.

<sup>971</sup> Idem.

<sup>972</sup> Idem.

necessary to follow Jefferson's advice that liberty demanded eternal vigilance.<sup>973</sup> This implied that individuals had to remain always suspicious of political power and its attempts to distort the system. Like Hayek, Friedman, Mises, Mill and many others, Piñera called for an active engagement in the battle of ideas arguing that ideas were the most powerful instrument for changing society.<sup>974</sup>

### *Conclusions to Chapter V*

Among the Chicago Boys, José Piñera was by far the most actively engaged in the public debate to promote the philosophical foundations of the free market revolution. His numerous writings and *Economía y Sociedad*, the magazine he founded in the late 1970s aiming at influencing the Chilean ruling elites, provide useful material to have a better understanding of the ideas behind the institutional project of the Chicago Boys and people like Jaime Guzmán. As this chapter shows, Piñera and *Economía y Sociedad* permanently linked the free market revolution to American ideas of liberty and classical liberalism in general. While Chapter I of this work explained that British-American liberalism endorsed a negative conception of liberty with all its institutional implications and Chapters II, III and IV showed that this vision had been promoted by Courcelle-Seneuil, the Chicago Boys, Hayek, Friedman, and Guzmán, the evidence presented in Chapter V confirmed that the tradition of negative liberty was the main driving force behind the free market revolution. Despite the fact that some redistributive role was given to the state, overall, Piñera and *Economía y Sociedad* rejected the social rights and New Deal type of liberalism and defended instead the proposition that economic liberty is the base of all other liberties. Piñera also promoted a limited democracy, a strong protection of property rights and a depoliticized society. In short, the whole intellectual project of Piñera both as a reformer and as a public intellectual was about limiting the power of government in all spheres. These and the other elements analyzed in this chapter allow to conclude that a comprehensive version British-American liberalism found another channel to become part of the intellectual foundations of the free market revolution through Piñera's contribution as a policy maker and as an intellectual. Coinciding with the Chicago Boys, reality feedback, which for North is crucial in defining beliefs, was one of the central reasons for Piñera's promotion of the neoliberal worldview. In particular the Cold War and Chile's institutional evolution under the ISI system and socialism contributed to this ideological reaction. For Piñera and *Economía y Sociedad* the progressive strangling of economic freedom had

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<sup>973</sup> Idem.

<sup>974</sup> José Piñera, "Reforma previsional: veinte claves del éxito y una crisis desesperada", *Economía y Sociedad*, Julio/Septiembre, 1996, p.30.

led to the destruction of democracy and political liberties under the UP government. Also in this aspect, Piñera and *Economía y Sociedad* showed remarkable consistency with “*The Brick*”, Friedman’s views on Chile, Guzmán justification for his so-called “constitution of liberty” and the worldview of the Chicago Boys at large. Piñera’s intellectual engagement included a strong defense of human rights once he left office. It is interesting to note that Piñera himself linked the defense of negative rights such as freedom of expression, life, due process of law, and others, to a classical liberal worldview. Critique of the military regime for violating these rights was systematic throughout the 1980s, indicating that the ideas of political freedom broadly understood were indeed part of the concern of José Piñera and other actors of the free market revolution who wrote for *Economía y Sociedad*. This by no means exempts those who collaborated with the military regime from the potential political, criminal or moral responsibility for the abuses that took place under the regime. It simply shows that ideas of freedom beyond economic freedom were indeed a concern of people like José Piñera and others who were pushing for the construction of an integrally free society along the lines of British-American liberalism. Equally important in this context, was Piñera’s and *Economía y Sociedad*’s engagement in the reintroduction of democracy. This chapter again shows that through Piñera and the magazine, democracy was part of the philosophical foundations of Chile’s free market revolution. Like all the Chicago Boys, Guzmán and Hayek, Piñera conceived of the authoritarian regime as a transitional period which was necessary to restore a functioning economy and the institutions for a limited democracy that would not degenerate into collectivism by undermining economic liberties. The many articles of *Economía y Sociedad* analyzed in this chapter also show that the magazine saw in thinkers such as Hayek, Edmund Burke, Karl Popper and the American Founding Fathers among others, its intellectual forerunners. Particularly Piñera linked the free market revolution to what he viewed as the libertarian philosophy of Thomas Jefferson, Benjamin Franklin, John Adams and Alexander Hamilton. Even though Piñera made this connection especially after democracy had been reintroduced, it becomes clear from the analysis of his previous writings and the publications of *Economía y Sociedad* that from the late 1970s to the 1990s the intellectual driving force behind Piñera and *Economía y Sociedad* was largely a comprehensive version of liberalism rooted in the British-American tradition of negative liberty.

