

Despotism, Neoliberalism and the “Chilean Miracle”

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Global Research, February 10, 2015

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Region: [Latin America & Caribbean](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#), [Religion](#)

I often wonder what goes through the minds of Americans when they hear or see the word ‘science.’ American culture is totally irrational, anti-intellectual, and creedal. Perhaps other cultures are too.

Americans, even supposedly educated ones, believe the damndest things. Many believe that immunization spreads disease, that mankind’s activity has no effect on the climate, that evolution doesn’t take place, and, oddly enough, that science will solve all our problems. Evidence to the contrary doesn’t influence these people. They are immune from learning.

This creedalism also afflicts our institutions of learning. Alternatives to what Americans call democracy, even when it obviously doesn’t work, are absent from political science curricula, very good professors of mathematics are sometimes believers in creationism, subjects that are totally unscientific are sometimes called sciences. A religion in America exists that is named scientology!

When the Russians launched Sputnik in 1954, Americans went into crisis mode and began programs to expand the teaching of science in schools everywhere. But the results have been meager. For the most part, Americans are no more scientific today than they were in 1954.

A scientific mindset can be characterized as an insistence that claims be supported by verifiable evidence. Anyone who accepts or promotes claims that cannot be so supported lacks a scientific mindset. Few in America, even those who hold the highest offices, have such mindsets. Recently I heard President Obama claim that 99% of the world’s Muslims do not support the Islamic jihad. With more that a billion Muslims in the world located on different continents in different countries, how could he have enough evidence to support that claim? The President lacks a scientific mindset. His claim is nothing more than wishful thinking expressed in an attempt to convince the world that the War on Terrorism is not a religious war.

But much of this anti-intellectualism stems from the true and most fundamental religion of America. No, it is not Christianity. Christ was expelled from Christianity in Christendom a long time ago. The Christ child was removed from His manger and replaced by a dwarf dressed in a Santa Claus suit. The worship of Mammon became the religion of the West. Christ’s birth is now celebrated in an orgy of commerce. Scientific knowledge is ignored whenever it conflicts with this fundamental religion. In America, the market is the altar on which Americans worship their god, Mannon, and Americans fight wars and engineer regime changes to proselytize the world. Convert to a belief in Mammon or die is America’s marching slogan.

Chile, like the other countries with capitalistic market oriented economic practices, struggled for generations with economic results that could never provide its citizens with their most fundamental needs.

In 1970, the Chilean people elected an openly socialist government hoping to finally bring about change. The conservative reaction was swift. With a large handful of help from the C.I.A., a military *coup d'état* overthrew the government in September 1973 and installed a despotic government headed by General Augusto Pinochet who was not a nice man. During his short seventeen year reign, thousands were killed and many simply disappeared. But he made a significant contribution to Chile's economy. He began the Chilean Miracle.

Pinochet asked America economist Milton Friedman for economic advice. Friedman wrote Pinochet a letter to comply with the request. He wrote that the key economic problems of Chile clearly were inflation and the lack of a healthy market economy—standard free market dogma. Friedman has not come to be known as an original thinker. He stated that “There is only one way to end inflation: by drastically reducing the rate of increase of the quantity of money” and that “cutting government spending is by far and away the most desirable way to reduce the fiscal deficit, because it . . . strengthens the private sector thereby laying the foundations for healthy economic growth.” As the European Union is learning, this advice takes an economy down the road to despairity, not prosperity. And so it has come to pass in Chile.

“For 30 years [Chile](#) has been a laboratory for free market economics, with privatised pensions and even a school voucher system designed by Milton Friedman, the godfather of Chicago economics, who once described Chile's success as a miracle. Yet now Latin America's most prosperous country may be reversing the experiment, to the consternation of free marketeers [everywhere](#).”

Although the Chilean Miracle has reduced Chile's recorded poverty rate from 60 per cent to 9 per cent, it has done so at the cost of unequal income distribution, among the region's worst. So it is again obvious that Capitalism always enriches the wealthy at the expense of everyone else. It bifurcates societies into haves and have nots which then are always in conflict with themselves.

That similar results have come about over and over again in history should have lead economists with scientific mindsets to reject Capitalism's free market principles. That they have not rejected them demonstrates that they all lack a scientific mindset.

How could it ever be otherwise? The inherent contradictions of Capitalism necessitate this result. In America, merchants are legally allowed to lie when attempting to sell products and services. Puffery is a well-established legal doctrine. Yet what it does is legalizes theft by deception. Inducing a person to buy snake oil is just as much stealing as picking his/her pocket. The “general welfare” can never be attained in such a nation. Show me the argument that leads to the conclusion that a nation can attain a state of prosperity by allowing its people to steal from one another. Yet that is what American market Capitalism does. Friedman's reforms in Chile did the same thing.

Four years ago in the state of Arkansas, a businessman who owns a large number of fast-food franchises ran for governor. A main plank in his platform was that Arkansas lacked a

sufficient number of high paying-jobs, a problem which he would address. No one seemed to notice that he could have addressed that problem without running for office by simply giving his employees hefty raises. He lost the election and never raised the wages of his employees. He did nothing. The much vaunted Private Sector never does anything to address human issues.

No economist seems to recognize that the most effective way to stimulate an economy in the doldrums is for businesses to hire the unemployed or increase wages, something the private sector can easily do but never does. Jefferson was right when he wrote that merchants have no country. They also have no humanity.

The myths that culture's build on are also those that destroy them. The world changes but the myths don't. True believers never change. They are to stand up for their beliefs and they do. And sometimes they die!

Stand up for your beliefs is the worst piece of advice a person can receive. Better to question them.

Paul Krugman has called Milton Friedman a great economist and a great man. Similar things have been said of Billy Graham. Neither is great in any way. Both are purely conventional dogmatists.

Faith, whether in God, the market, war, a specific form of government, or anything else, is always a mask worn to disguise ignorance.

John Kozy is a retired professor of philosophy and logic who writes on social, political, and economic issues. After serving in the U.S. Army during the Korean War, he spent 20 years as a university professor and another 20 years working as a writer. He has published a textbook in formal logic commercially, in academic journals and a small number of commercial magazines, and has written a number of guest editorials for newspapers. His on-line pieces can be found on <http://www.jkozy.com/> and he can be emailed from that site's homepage.

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