

# Pinochet's Indictment: The Real Significance

by Cynthia R. Rush

On Dec. 13, Chilean Judge Juan Guzmán Tapia announced the indictment and house arrest of former dictator Gen. Augusto Pinochet on charges of kidnapping nine dissidents, and murdering one of them, under the military regime that began on Sept. 11, 1973 and ended in 1990. Reversing a 2002 court ruling that had concluded that Pinochet's mild dementia made him unfit to stand trial on any charges, Judge Guzmán stated that the 89-year-old Pinochet was "mentally competent to face a criminal trial in Chile."

Although an injunction against Pinochet's house arrest was obtained by his defense lawyer, Pablo Rodríguez, the case is expected to proceed, and more indictments on related cases will follow. These include the \$8 million that Pinochet stashed away in secret accounts in Washington, D.C.'s Riggs Bank—his entire fortune is said to be \$15 million—and the 1974 assassination of Chile's Gen. Carlos Prats and his wife in Buenos Aires. Judge Guzmán is also reportedly preparing to order a freeze on Pinochet's financial assets, while two Chilean lawyers have filed papers demanding that Pinochet's immunity in the Riggs Bank case be lifted.

Guzmán's ruling immediately produced a flurry of international press coverage, all with very detailed reports on the years of brutal repression, kidnappings, and murders carried out not only by Pinochet's domestic security apparatus, but also by the "Operation Condor" mechanism, which included the four other military governments ruling at the time in the region—Argentina, Bolivia, Paraguay, and Brazil. Finally, these exposés concluded, Pinochet will be brought to justice for his murderous crimes.

## The Real Story

But these reports miss the point, many of them deliberately so. The strategic significance of Pinochet's indictment goes beyond the issue of human rights violations, per se. It puts an international spotlight—appropriately—on the current drive by the insane George W. Bush to ram through in the United States the same fascist Chilean economic model, *starting with the privatization of Social Security*, that synarchist bankers imposed first on Chile in 1973, and then on the rest of Ibero-America.

As *EIR*'s own investigation has shown, the leadership of Operation Condor came out of the synarchist factions of the region's Armed Forces, which coordinated with the neo-fascist networks behind Europe's "Operation Gladio" and the



*Chile's Gen. Augusto Pinochet has been indicted for crimes committed during his 1973-90 military dictatorship—just as the Bush Administration hails his "reform" of Chile's pensions.*

"strategy of tension" it spawned, especially in Italy. These Operation Condor synarchists killed, tortured, and "disappeared" thousands of Ibero-Americans, so that the University of Chicago-trained economists who took over with Pinochet in 1973, or the Finance Minister of Argentina's 1976-83 military regime, the British-trained José Martínez de Hoz, could impose their fascist free-market economic policies.

George Shultz, former head of the University of Chicago's Business School and later Secretary of State, along with former Secretary of State Henry Kissinger, oversaw the project from the top. On the ground, the terrorism unleashed by left-wing synarchists fuelled Operation Condor's military barbarism, ultimately engulfing the region in a "dirty war" which caught thousands of innocents in the crossfire.

## Economic Fascism

Today, as the head of Chile's Unified Labor Federation, Arturo Martínez, told *EIR* (see interview following), the private pension model is an abject failure, imposed by a fascist

regime which took away not only pensions and labor rights, but any possibility of an existence defined by a defense of the general welfare. In the 1981 privatization, the free marketeers simply stole a \$22 billion state-run pension fund to keep an expanding debt bubble afloat, while savagely looting the state sector and any other productive economic activity in the name of “economic freedom.”

Chilean Congressman Carlos Montes, who heads up the commission investigating the privatization of state companies under the Pinochet regime, has begun to unearth the sordid details on how this financial looting was carried out. Pinochet and his “Chicago Boys” ministers, some of whom ended up running the private pension funds (AFPs) or were handed control of privatized companies, made millions off this process, likely laundered through Riggs Bank, according to ongoing criminal investigations. Pinochet and several of his government ministers have had multimillion-dollar accounts at Riggs at one time or another.

Montes is probing the business activities of 38 of the dictator’s relatives, in connection with money-laundering and tax evasion, and as these details emerge, they will most likely be the basis for future indictments. Pinochet’s son-in-law Julio César Ponce Lerou, today one of Chile’s wealthiest businessmen, was president of the government agency that supervised the privatization of all state-owned companies.

It is instructive that the same rapacious financial interests that have bought up the bulk of Ibero-America’s privatized state companies, including most particularly Chile’s, now also control 96% of the Assets Under Management (AUM) of the country’s private pension funds. Chief among these interests, with \$11.3 billion, or one-third of the \$35.5-billion total, is Spain’s Banco Bilbao Vizcaya Argentaria (BBVA), which *EIR* has exposed for its historic links to drug-money-laundering. Spain’s Banco Santander, Citibank, and Canada’s Sun Life are among the other leading owners.