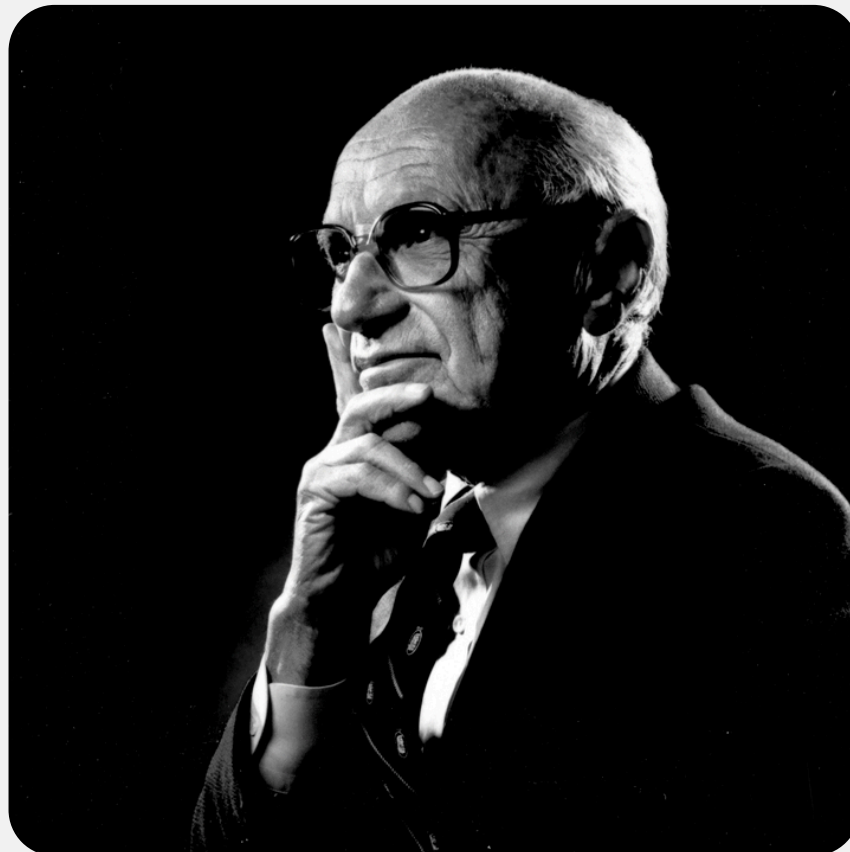


# What is Friedman legacy in Latin America?





# Summary



## 01. Introduction - Milton Friedman

- 1.1. - Who is Milton Friedman?
- 1.2. - What are his main theories?

## 02. Application of Friedman's ideas in Latin America - The case of Chile

- 2.1. - Chile: The World's Neoliberal Laboratory
- 2.2. - Neoliberal Reforms and Consequences

## 03. Expansion to other countries

- 3.1. - In Latin America

## 04. Conclusion & Outlook

## 1.1. - Who is Milton Friedman?

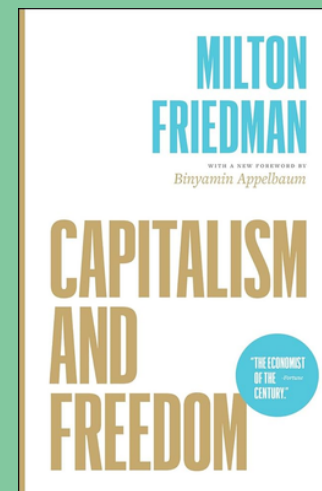
- American **neoliberal** economist
- One of the founders of the **Chicago School**
- His work → in the continuity of **Friedrich Hayek**
- Nobel price in economics in 1976
- Advisor to Presiden Nixon in the late 1960

2 key economic principles:

- **Free-market capitalism**
- **Monetarism**

His major works:

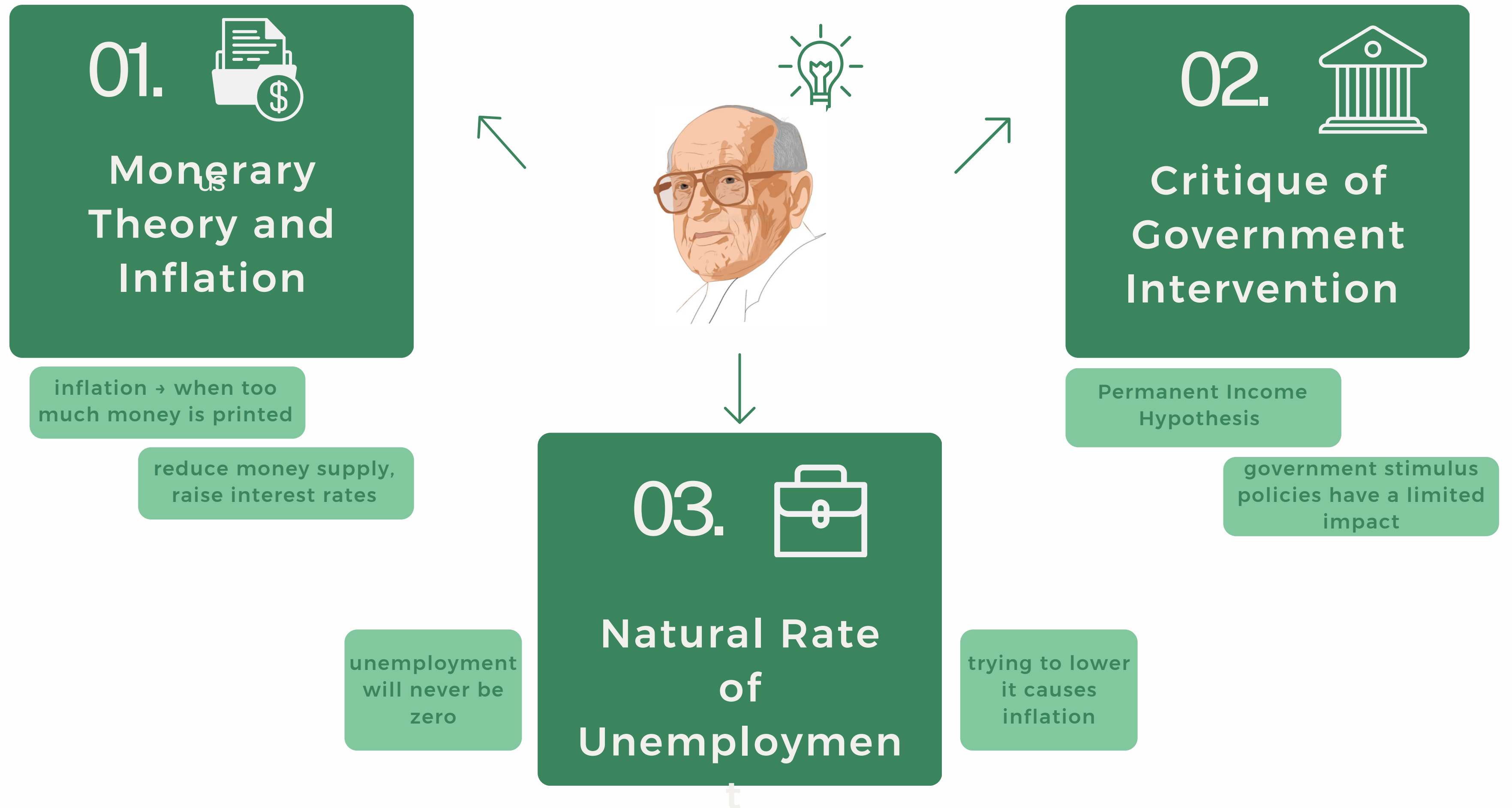
“Capitalism and Freedom” (1962)



“Free to choose” (1980)



## 1.2. - His main theories



## 2.1. - Chile: The World's Neoliberal Laboratory



1955

U.S. government concerned about the rise of Marxist ideas in Latin America

→ Exchange program  
Chicago School of Economics / Pontifical Catholic University of Chile



1970

Salvador Allende is elected

Chilean military plans to overthrow him

Creation of “El Ladrillo” economic plan by the Chicago Boys



1973

Military coup overthrows Allende

Augusto Pinochet takes the power

Chicago Boys are appointed to lead the economic policy

50's

70's



## 2.4. - Neoliberal Reforms and Consequences

1973: Oil crisis weakens Pinochet's regime, inflation is out of control

The Chicago Boys propose drastic economic measures:

- Creating a recession to curb inflation
- Cutting government spending significantly
- Raising interest rates to stabilize the economy
- Privitizing 400 state-owned companies and dismantling public services in healthcare and education

### Results

GDP growth reaches  
8%  
→ "Chilean miracle"



Unemployment rates  
booms from 4.8%  
(1973) to 31% (1983)

Wages drop sharply  
and public debt  
explodes

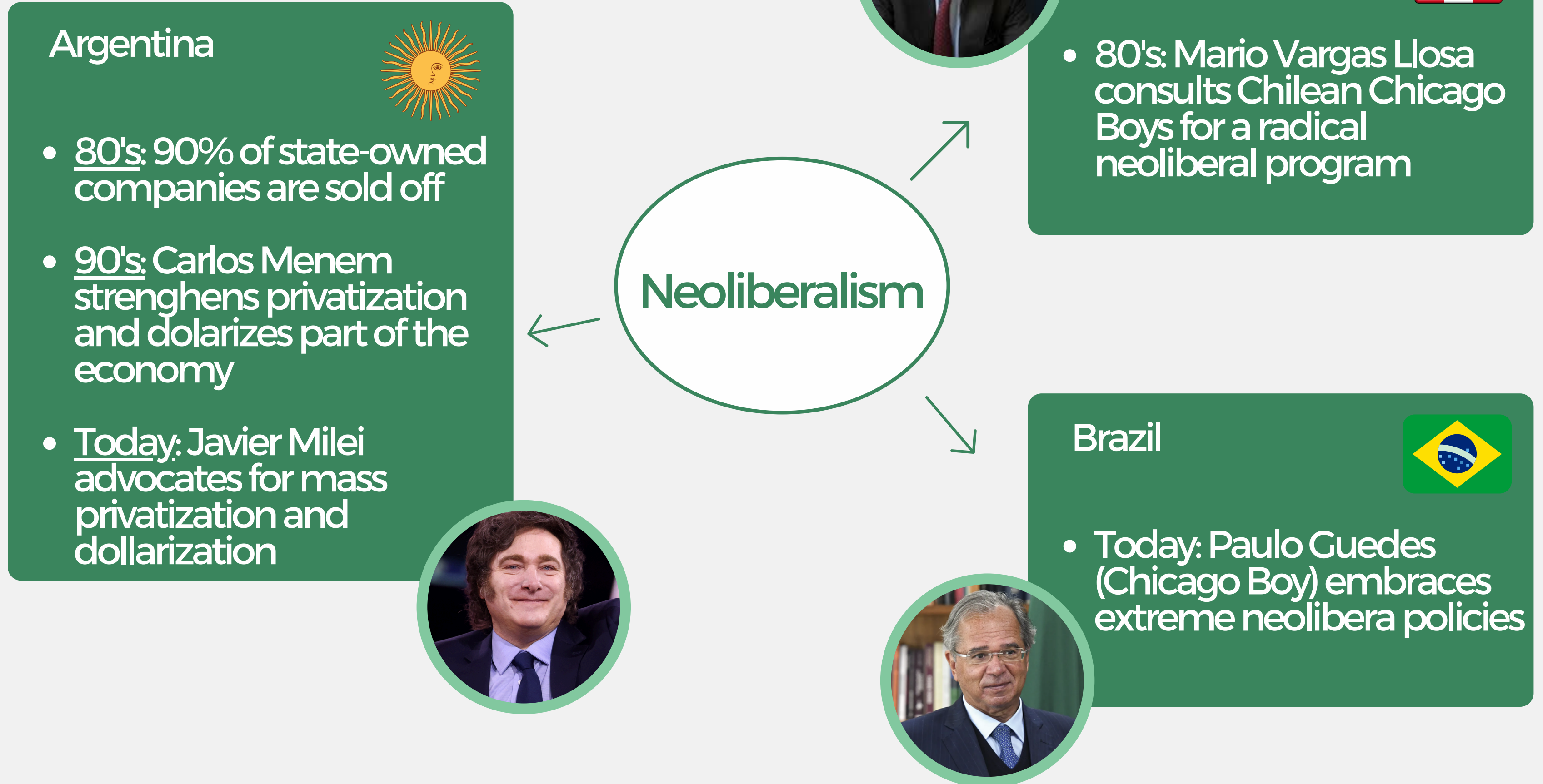


Inflation hits 375% in  
1974 (highest rate in  
the world)

\$14 billion debt to the  
IMF World Bank

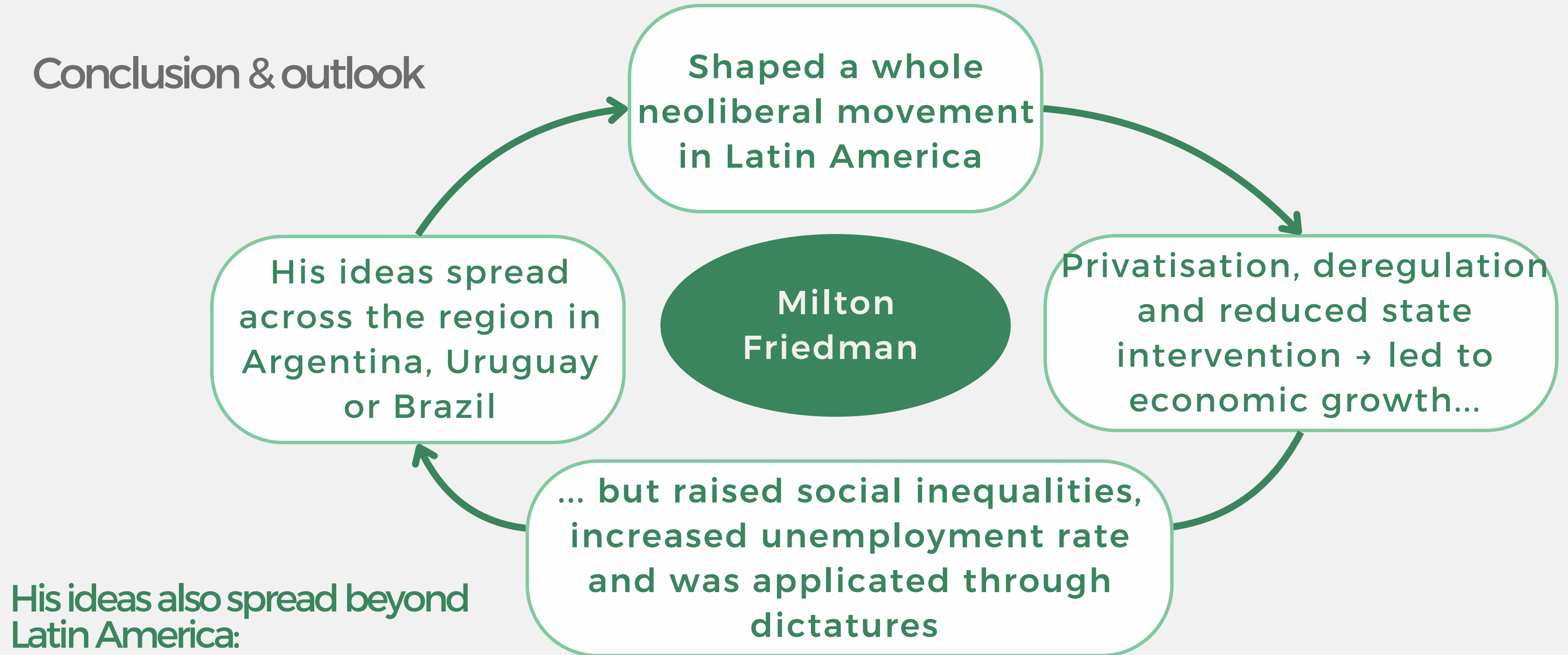


## 3.1. - Expansion in Latin America ...





## Conclusion & outlook





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Thank you  
very much!

