

resulted from falling profit-tax receipts. Moscow's VAT receipts, by contrast, were relatively stable, reflecting the fact that the VAT is much harder for firms to evade.

To get more rubles flowing into federal coffers, Treisman suggests assigning *all* of the easier-to-collect VAT revenues to the federal government, and leaving all of the profit-tax money

to the regional governments.

Similar proposals, he notes, have been thwarted because they would have left most regions with less revenue. His solution: give the regional governments enough taxes to make up for their expected losses. In that way, he says, Moscow "could make the political arithmetic add up."

Chile's Two Tales

"The Dictator" by Jon Lee Anderson, in *The New Yorker* (Oct. 19, 1998), 20 W. 43rd St., New York, N.Y. 10036.

Chile, that long, narrow sliver of a country between the Andes and the Pacific, should be the envy of Latin America today, to all outward appearances. "Prosperous [and] forward-looking," with a democratic government and a robust economy, notes Anderson, author of *Che Guevara: A Revolutionary Life* (1997), it boasts "the largest middle class in Latin America, estimated at 60 percent of its population." But how did Chile arrive at its good fortune? On that sensitive question, there is no national consensus, but "two competing versions" of Chile's recent history.

The story begins with the military coup 25 years ago against the government of President Salvador Allende. Elected president with only a third of the vote, Allende tried for three years to take Chile on the "road to socialism," nationalizing the copper mines and other industries, pushing through large-scale land reform, and increasing government spending on social welfare programs. He alienated not only the armed forces and other bastions of traditionalism but a large part of the populace. In September 1973, a junta headed by General Augusto Pinochet seized power, and soon reported that Allende had killed himself.

Chileans who call themselves Pinochetistas claim the coup saved Chile from becoming "another Cuba" and averted civil war. ("The active American role in aiding and abetting Allende's downfall has been airbrushed out of their version of history," notes Anderson.)

Pinochet gave free rein to Chilean disciples of American economist Milton Friedman, and they brought about the coun-

try's "vaunted economic miracle," Anderson says. Their efforts to encourage foreign investment and privatize businesses that Allende had nationalized produced "an average annual economic growth rate of seven percent for the past 14 years, a rate three times the overall Latin American average."

But what Pinochet's admirers only reluctantly acknowledge as certain "excesses" during his 17 years in power, Allende's daughter Isabel and other critics decry as mass murder. "There

was *slaughter*, there was state terrorism!" says Isabel Allende. "Many people were murdered in cold blood, their throats slit, burned to death." This and the loss of democracy, she and other Chileans believe, was far too high a price for the claimed economic progress.

More than 3,000 people were killed or "disappeared" while Pinochet was in office, Anderson notes, "and tens of thousands more were imprisoned or fled into exile." The killing continued well into the late 1980s. The dictator only agreed to give up power in 1990 (having lost a referendum on his rule two years earlier) in return for amnesty.

Pinochet's detention in England last fall (after Anderson's article appeared) at the request of a Spanish magistrate pursuing the 82-year-old retired dictator for crimes against humanity caused a fresh uproar—and even more division—in Chile. Some of his enemies rejoiced, but others of them wanted him freed and brought to justice in his own country. Pinochet's admirers, of course, wanted him simply freed. For Chileans, it seems, the past is not quite past.

