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Paper:
The Lost Decade of 1980 as a traumatic event for the construction of Latin America identities

Authors:
Erica Simone Almeida Resende
Rio de Janeiro Rural Federal University, Brazil
esa@infolink.com.br

and

Marcelo Pereira Fernandes
Rio de Janeiro Rural Federal University, Brazil
mapefe@gmail.com

Abstract:
Although the topic of inflation has been a constant one in Latin American political debate in the last 50 years, we owe it to the 1980's the experience of having this word irrecoverably into our lives. The raise of interest rates in 1979 and a set of economic problems resulting thereof produced the phenomenon of hyperinflation which has characterized the so called "Lost Decade" in Latin America in the 1980's. From Mexico to Argentina, from Brazil to Bolivia, exploding inflation rates, high unemployment rates, economic retraction and debt default have deeply touched and transformed collective imaginaries in Latin America and the historic memory of those times of crisis continue to linger and haunt today's political discourses. What is the meaning of the "Lost Decade" for Latin Americans? How do the memories of the economic hardship during the 80's influence today's Latin America policies? By characterizing the Lost Decade as a traumatic event, this paper attempt to highlight how the historical memory of defaulting foreign debts, growing fiscal deficits, volatile currency rates, economic stagnation and retraction, increasing burden on middle classes, exploding inflation rates, and failing messianic economic plans – made worst by memories of an expansionist cycle during the 60's and the 70's – helped to construct collective identities and interests for Latin Americans. The effects of the Last Decade still resonates strongly today, feeding anxieties, fears, and memories of those times of crisis, thus articulating a political discourse based on practices of memorialization of economic hardship which are employed to legitimate orthodox macroeconomic policies in Latin America.

THE LOST DECADE OF THE 1980s AS A TRAUMATIC EVENT FOR THE CONSTRUCTION OF LATIN AMERICAN IDENTITIES

> *Every Brazilian has quite a few stories that will freak you out. One has difficulty to understand the amounts paid during the years between 1985 and 1994. There is one certainty, though: hyperinflation, never again!*
>
> Miriam Leitão, business columnist from *O Globo*, 2011.

Introduction

In his column at the *Huffington Post*, Dr. Robert Stolorow (2009), a psychoanalyst and professor at the Institute of Contemporary Psychoanalysis, Los Angeles, and well know in his field for his contribution on intersubjectivity and trauma theory, wrote about the current American economic crisis and described it as a collective trauma. Starting by characterizing emotional trauma as the “shattering” of what he calls the “absolutisms of everyday life” – the illusory beliefs that allow us to experience the world as a stable, predictable and safe place to live in – Stolorow points out to how the economic crisis that hit first hit Wall Street following the collapse of Lehman Brothers in 2008 had “obliterated the basic framework with which we as member of our particular society have made sense out of our existence”.

For some, he contends, the grids of intelligibility of American sense of belonging, of making sense of the world, had been distinctively shattered at 9/11. For him, who had grown up in “Pontiac, Michigan, 25 miles north of Detroit and 35 miles south of Flint”, his “relational home” for understanding crashed down with the decline of General Motors. “For me, my family and friends, GM was an unassailable absolutism, a symbol of the invulnerability and permanence of the American way of life. And now this Olympian symbol, along with other ones, has dissolved, leaving us as a nation collectively traumatized”.

Although addressing the American economic crisis and the way it has been felt nationwide, Stolorow argument about the experience of economic hardship as a type of collective trauma reads as not surprising to Latin Americans in general, particularly to those aged over 40. In fact, the notion of “shattered illusions” and “massive loss of innocence” regarding our human condition – contingent, fragile, mortal, unstable and chaotic – has been largely introduced to Latin American societies not as much as through war, conflict or genocide, but more as a result of economic crisis. While the rest of the world have undergone two Great Wars against nazi-facist regimes and a Cold War against communism, in Latin America, inflation was – and continue to be – the enemy. Throughout the 20th Century, for peoples in Brazil, Argentina, Bolivia, and Mexico, it was not guns, grenades and bombs that have been introduced as weapons of mass destruction. It was a little gadget: the labeling machine[1] that daily – sometimes twice a day – changed prices at the local supermarkets and stores. In sum, the underlying issues regarding collective identity in Latin America in the 20th Century – "Who we are? What world is this? Where we are going?" – have been largely determined by the haunting spectrum of economic hardship, specially hiperinflation.

The purpose of this paper is to point out the role of the so called Lost Decade in Latin America – roughly encompassing the period between mid-1980's to mid-1990's – in shaping collective identities due to its traumatic effect. As Brazilian business journalist and columnist Miriam Leitão sums up, "[i]nflation has been our Bastille" (Leitão, 2011: 19). What does that mean?

This is the underlying question of this research, which is part of a broader project on memory, trauma and collective identity formation. It is our understanding that the experiences of the Lost Decade, which designates the period of financial crisis experienced in Latin America throughout the 1980s, especially as of Mexico's moratorium on its foreign debt in 1982, causing the peso to devalue by more than 500%, operated like a discourse that shaped collective interests and identities.

The memories of the hardship suffered during this period, with its mounting foreign debts, huge fiscal deficits, wildly oscillating exchange rates and financial markets, economic stagnation, shrinking GDP, middle class squeeze, unprecedented hyperinflation, and putatively salvational economic plans, meant, above all, the recognition that the cycle of expansion leveraged by the "economic miracle" of the 1970s had come to an end.

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[1] The English term for "remarcador de preços" in Portuguese and "etiquetadora de precios" in Spanish fails to convey the ideas of "price changer", which points out to a possible problem of incommensurability of trauma. Due to constraints of time and length, this paper will not engage this particular debate, which raises enough questions for a paper of its own.

For these reasons, we believe it is possible to characterize the Lost Decade as a traumatic event that was fundamental to the construction of Latin American identities, which are to this day haunted by anxiety, fear, reminders and dread of that experience. Just as it has been said that "never again" must other episodes of violence be allowed to happen (e.g. the Holocaust, Hiroshima, Nagasaki, Rwanda, Bosnia, etc.), we believe that the trauma of the Lost Decade contributed to the articulation and dissemination of international political standards and practices that have prevented new lost decades from assailing the region.

We will argue that despite being an ever-present news item in the Latin American economy for most part of the 20th Century, it was in the 1980s that inflation became the bane of people's daily lives. The combination of high interest rates as of 1979 and the problems associated with the country's foreign debt caused the phenomenon of hyperinflation, indelibly marking Latin America's Lost Decade. From Mexico to Argentina, from Brazil to Bolivia, soaring inflation – sometimes exceeding four digits a year – allied with high unemployment, economic slowdown and defaults on foreign debts made profound marks on the collective imaginary of a whole generation of Latin Americans.

This paper is divided in two sections. The first is dedicated to an overview of the Lost Decade in Latin America. How did the economic hardship come about? What were their political and economic origins and causes? What do we mean by hyperinflation and economic hardship in Latin America? The second section of the paper will look into the traumatic effect of that period. How was it to live in times when national currencies devaluated anywhere from 40 to 120% per month, where rumors about debt default abounded, more and more money paid for less and less goods, when fear, doubts and the ever constant noise of labeling machines at work were the soundtrack of the 1980's.

An overview of the Lost Decade in Latin America

In the last half century, the collapse of the Bretton Woods system (1971-1973) constituted the single most important historical landmark in shaping the international monetary and financial system. Until then, increases in transactions on the money markets had been aligned with rises in trade flows. With the disappearance of the rules by which this system was run, the foreign exchange markets started to increasingly disengage from these flows, drawing ever closer to a strictly financial asset market, largely because of the growing volume of purely speculative trades that the foreign exchange market started to witness (Aglietta 1988; Guttmann 1998).

In this period, a vigorous international private credit market grew up, which served Latin America’s economies. The new opportunities the international money markets offered prompted great optimism because of the high degree of efficiency they were believed to boast. Private banks – with their greater freedom of action – were quicker to grant loans and were also less demanding than government banks when it came to monitoring the progress of certain projects.

Indeed, there was no shortage of analysts who considered the process a great boon to development. The “market discipline” of unregulated markets was allegedly far stricter than the discipline associated with loans from official credit entities. It was believed that if a creditor was private, the equity would be invested more efficiently (Devlin *et al* 1997: 262).

However, in August 1982, Mexico declared a moratorium on its foreign debt after a capital flight, putting paid to this tide of optimism in one fell swoop. As Mexico was an oil exporter and considered to be a low-risk debtor, panic quickly swept across the international markets. Private banks, fearful of a domino effect, immediately stopped granting new loans. The crisis impacted all Latin America’s debt-ridden economies, leading to a combination of economic stagnation and high inflation throughout the 1980s. From then onwards, new credit was only granted from private sources to prevent further moratoriums from being declared; in this case, as part of the foreign debt renegotiation process with the International Monetary Fund.

Generally speaking, the strategy Latin America’s governments took to tackle the 1982 crisis was to simultaneously curb imports and boost exports to the utmost, thereby building up large trade surpluses, whatever the impact this might have on other policies designed to help the country continue servicing its foreign debt. Stringent fiscal policies were introduced, with investments and current expenditures being slashed, especially spending in social areas and subsidies, along with a monetary policy that squeezed domestic credit and raised interest rates (Cano 2000: 32-34).

When the crisis came to a head towards the end of 1982, it was generally interpreted as just a temporary liquidity problem that might be resolved if the indebted countries adopted fiscal austerity measures to reduce their need to borrow from abroad and above all to help them keep apace with their commitments.[2] This understanding was compounded by a widely held view amongst developed nations that developing countries were the main culprits for the crisis. They had been irresponsible with their expansionary macroeconomic policies and had amassed fiscal deficits and debts that would have to be paid off sooner or later (Devlin 1989: 2).

The initial strategy chosen was therefore based on the assumption that bad macroeconomic policies had been followed, and that the crisis would be short-lived. As such, the countries suffering from the crisis should adopt policies to adjust their balance of payments and avoid any form of default. If they did so, they would quickly be admitted back into the international money markets.[3]

However, unlike the much heralded efficiency of the market during the accumulation of debt in the 1970s, at this point relations between creditor banks and debtor countries started to be regulated by a coordinated strategy that particularly involved the US government, which from the outset directed the negotiations with the debtor nations – especially those from Latin America – to administrate the crisis.

Basically, the lynchpin of the scheme drawn up to administrate the crisis was the Federal Reserve. It was largely thanks to the work of its chairman, Paul Volcker, that an advisory committee was set up to handle the foreign debt crisis. Through this mechanism, while creditor banks could negotiate jointly as a cartel, any effort on the part of debtor nations to join forces was frowned upon and quashed. In reality, since the beginning of the crisis, the strategies put into play did not solve the problems of any indebted nation. In fact, according to Batista Júnior (1988: 27), the reason they failed to

[2] The reality, however, proved quite different. Capital remained in short supply throughout the 1980s. Only as of 1991 did foreign capital start to invest voluntarily in Latin America again, as a consequence of the cut in interest rates led by the Federal Reserve, which sparked a widespread search for alternative investments yielding more attractive returns.

[3] "According to this criterion, the banks' debt recycling implied in the governments' committing to modify and correct their policies in order to obtain a rapid and effective recovery. This recovery, still according to this strategy, would in turn enable governments to again have access to bank credit on the international markets." (Biggs 1987: 26).

solve them was quite simply because "(...) they had not been conceived to solve their problems, but rather to assure a given flow of resources to creditors."

Alongside the economic recession, the most marked consequence of this period, and one that is a theme of this work, was the profound inflationary process that hit Latin America. Throughout the region, governments struggled to keep a lid on prices, so much so that some reached the point of hyperinflation. So deep-rooted was this problem that it jeopardized the countries' very economic integrity and the legitimacy of the region's governments throughout the 1980s (Cardoso 1989). It is no surprise that the social consequences were disastrous: in 1980, 35% of households were below the poverty line; by 1990, this figure had risen to 41%. In the same period, the number of homeless rose from 62 million to 92 million (ECLAC 2000: 23, Cano 2000: 36).

Even so, this was not an unprecedented phenomenon. It is important to recall that in the 20th century alone, Hungary had gone through two periods of hyperinflation,[4] the first between 1914 and 1924 and the second between July 1945 and August 1946. During this latter period, prices rose by a factor of 3×10^{25} (Bomberger & Makinen 1986, Hegedus 1986). Hungary's second period of hyperinflation was the highest ever recorded in the world, but not the most infamous[5]. This questionable merit goes to Germany in 1923, when the government reached the point of issuing an unprecedented banknote worth 100 trillion marks (Frieden 2008: 151). The hyperinflation of the German mark was largely down to the reparations the country had been forced to pay to the countries that had won the First World War, but its consequences overflowed far beyond the sphere of the economy[6] (Batista Junior 1999). Indeed, as Ferguson (2009: 101) notes, "(...) hyperinflation is always and everywhere a

[4] Hyperinflation is normally defined as an inflationary process that results in increases in the consumer price index of over 50% a month (Sachs 1986). In this case, the currency is no longer able to fulfill its three functions: a unit of account, a medium of exchange and a store of value.

[5] "When stability was achieved on August 1st, the old currency was exchanged for the new at a rate of 400 octillions to one. This contrasts with Germany's famous hyperinflation of one trillion to one". (Bomberger & Makinen 1986: 206).

[6] According to Batista Junior (1999: 344-345), "Even if for different reasons and in a historically different context, Germany was at that time in a similar situation to the one that some of the main Latin American economies would have to face sixty years later: confronted with a crisis of hyperinflation triggered partly by a foreign credit stalemate, and forced to attempt to stabilize the economy with scant support in the form of foreign credit, and thereby faced with the drama of reconciling demands for stabilization with substantial cash transfers to foreign creditors".

political phenomenon, in the sense that it cannot occur without a fundamental malfunction of a country's political economy."

The unprecedented economic crisis that Latin America faced in the early 1980s heralded an era of hyperinflation across the region. Government authorities were repeatedly foiled in their attempts to build up an economic environment capable of restoring confidence in the local currencies, which in turn made State administration a hopeless task. This then triggered a series of political and social disturbances which marked the whole of the Lost Decade.

In Latin America, the most extreme case was Bolivia. In a short period of time – between May and August 1985 – its inflation climbed to an unprecedented annualized rate of 60,000% (Sachs 1986). Morales and Sachs (1990) note that this was very unusual because in this case, hyperinflation was not triggered by a world war, a political revolution or a civil war, as had been the case in Germany, Hungary and Russia, for instance. However, closer scrutiny belies this interpretation somewhat, since Bolivia had indeed gone through periods of major political upheaval, with successive military coups in a short space of time.

The return to democracy seen in the 1980s was interrupted by a military coup led by General Luis Garcia Meza (Vizentini 2004: 347). The Meza government only lasted until the following year, when, in October 1982, Siles Suazo took over power, with the country in a state of extreme political and economic turmoil (Vizentini 2004: 347). It is worth noting that the cut in foreign lending to Bolivia came in late 1980, and therefore predated Mexico's moratorium[7].

In response to its rampant inflation, the Bolivian government rolled out successive stabilization plans that failed one after the other, which only went to make the political environment even more turbulent. After the victory in the polls of Victor Paz Estenssoro in 1985, the new government announced, in late August, a stabilization plan in conjunction with a set of neoliberal reforms called the *Nueva Política Económica* (Cunha & Sachs 1986, Morales & Sachs 1990). The reforms rapidly altered

[7] Especially because of Garcia Meza's military government's explicit involvement in drug trafficking (Rodrigues 2004).

the expectations of the economic agents, resulting in an almost miraculous drop in inflation, to quote Sachs (1986).

As such, Bolivia was the first country in Latin America to adopt neoliberal policies under formally democratic conditions (Hofmeister 2004: 277). What makes this situation so striking for a country with so many years of nationalist political leanings and strong State intervention[8] is the fact that hardly any opposition was voiced to the neoliberal measures. In Argentina, runaway inflation had even more dramatic effects. As early as 1981, it plunged into a financial crisis because of an unprecedented capital flight (Fannelli & Machinea 1997: 140). After seven years of military rule, a new president, Raúl Alfonsín, was elected in October 1983, but the new administration inherited an economy mired in recession, with high unemployment and inflation[9] (Ferrer 2006: 214).

The first year of the government was marked by a heightening of macroeconomic imbalances, the most obvious face of which was the high inflation. In June 1985 the *Plan Austral* was announced to fight inflation, which made use of a number of unorthodox measures, key of which was a price and wage freeze. In the first months of the plan, monthly inflation dropped markedly and the economy expanded rapidly. However, in 1986 the balance of payments started to decline rapidly, especially with the freezing of the exchange rate and deterioration of the terms of trade between 1985-1987 (Damill, Fanelli & Frenkel 1994). In 1987, the progress seen at the start of the plan started to unravel. The trade imbalance was exacerbated and inflation gathered pace (Fanelli & Frenkel 1999). In April 1988, with its foreign reserves almost depleted, the government announced the suspension of payments on its foreign debts with private banks (Damill, Fanelli & Frenkel 1994).

In April 1989, the World Bank – the only international entity to support the Argentine government – announced that it was not going to pay out a loan worth US$ 350 million that had already been approved. This put paid to the *Plan Primavera*, the Alfonsín government's second stability plan, prompted the mass resignation of the economic team, and triggered a period of hyperinflation. One ironic episode epitomizes the degree of upheaval the country was going through: on February 28th, the

[8] According to Cunha (2004: 479), an extreme case of State capitalism.
[9] Argentina was paying the cost of losing the Falklands War.

government literally ran out of money when its paper supplies ran out and the print workers at the mint went on strike (Ferguson 2009: 108).

Between April and June, prices were broadly dollarized and signs of serious social unrest started to be felt. In several towns and cities, supermarkets were raided and sacked, reflecting the high levels of unemployment and impoverishment of much of Argentine society. In Rosario, the second biggest boulevard in Buenos Aires, 14 were killed in street protests (Ferguson 2009: 109). Throughout the Alfonsín administration, different attempts were made to control rising prices. However, each stabilization plan left in its wake ever wider imbalances in the Argentine economy. With no foreign funding, monetary stability was short-lived, which only went to worsen expectations, triggering further inflation. By the end of the 1980s, all confidence in the domestic currency had waned as the monetary and financial system faced total collapse. The country was going through a period of inflation of such duration and intensity that was virtually unprecedented in the economic history of the world.

In the face of a declining domestic situation, Alfonsín handed in his resignation in advance, bringing forward to July the swearing in of the winning candidate in the elections, Carlos Menen (Batista Junior 2000, Cano 2000: 118). In 1989, inflation exceeded 3,000%. And just as in Bolivia, the trauma of inflation paved the way for a radical program of neoliberal reforms that cumulated in a stabilization plan that pegged the Peso to the US Dollar. This *Plan de Conversibilidad* announced in March 1991 served to stabilize prices, but at the cost of stark macroeconomic imbalances, high unemployment and the dollarization of the economy.

In Brazil, the problem of inflation with all its associated ills unfolded in much the same way as in Argentina. The sudden staunching of flows of foreign credit after the Mexican moratorium made obtaining a trade balance surplus the number one priority of its economic policy, in order to be able to service its foreign debt (Batista Junior 1988). The attempt to follow through with this policy showed just how hard it was to marry price stability with an adjusted balance of payments when foreign credit was thin on the ground. Successive devaluations of the currency helped to boost exports, but they implied in more stringent fiscal efforts to fulfill foreign obligations and also put an upward pressure on prices.

The transition from military to civil rule in 1985, after twenty years of dictatorship, was not just peaceful, but also came in response to popular demand. Although the demonstrations on the streets called primarily for a return to democratic rule, they also stressed other hot topics of the day, including inflation, low wages and the foreign debt. These problems were part of the inheritance left by the military junta, and would, according to the expectations of civil society, have to be tackled by the new government. Once a new civilian government was in power, the first attempt at stabilizing prices was made in 1986 with the *Plano Cruzado*. Much like Argentina's *Plano Austral*, it was centered around freezing the prices of goods and wages, a strategy which was supposed to last three months. Initially, it succeeded in curbing inflation, but the spike in demand as people avidly shopped to take advantage of the prices led to widespread shortages. This in turn put pressure on prices, which could only be held stable as long as civil society was fully committed to the plan, which would evidently give way sooner or later.

The plan lasted just eight months, and the people's response can be clearly demonstrated by a few indicative incidents. As if it were their civic duty, some housewives would sing the national anthem in front of supermarkets that had been fined for breaking the price freeze. In some places, anger at businesspeople who broke the price freeze overflowed into violence. Indeed, the temporary success of the plan was fundamental for the government's victory at the elections for state governors in November 1986 (Cano 2000: 210). However, its subsequent failure ultimately had a devastating political effect, and the government's popularity waned until the end.

As such, the remaining period of the 1980s and the beginning of the 1990s was marked by deepening social and economic instability. Two other stabilization programs were attempted in the 1980s: *Plano Bresser* (1987) and *Plano Verão* (1988). After each successive failure, inflation would come back with greater force, become even more volatile and further erode confidence in the government's economic policy. In 1989, the last year of the Sarney administration, inflation reached 1,358.7%.

The deepening economic hardships at the end of the 1980s, especially the fiscal and financial crisis in the public sector, was propitious for a discourse that favored neoliberal reform and rejected the conception of development based on strong State involvement. As we have seen so far, Brazil was no exception in the region. The only thing that makes it different is that while in practically every other Latin American country inflation had been controlled, it was only in June 1994, with *Plano Real*, under the leadership of Fernando Henrique Cardoso, who won the next presidential elections, that the problem of inflation was finally a thing of the past.

Accounts of collective trauma in Latin America during the Lost Decade

The previous section provided the background for a factual description and analysis of economic hardship in Latin American societies during the 1980's and the 1990's. However, figures, numbers, rates and graphics are not able to convey how the Lost Decade has been experienced at a micro, daily level so that one may characterize the traumatic dimension of the unbearable effect produced during that period in Latin American societies at large. For that, it is of utter importance to bring forward personal accounts and stories about the ways in which the "absolutisms of everyday life", as described by Stolorow (2007), have been inequivocally displaced.

Absolutisms, for Stolorow and Atwood (1992) are statements that function like delusions for their validity is not open for discussion. They are the basis for a kind of naïve realism and optimism that allow us to function in the world, to experience our lives as stable and predictable. And for Latin Americans living in the 1980's and 1990's, a wide range of absolutisms of everyday life have been shattered to the core: the value of national currencies, the reliability of banks and financial institutions, the sacrality of saving accounts, and the trustworthiness of governments. When said absolutisms collapsed, with them went people's own sense of being-in-the-world. An overwhelming sense of fear, doubt, uncertainty and – to a certain extent – a loss of innocence exposed Latin American peoples to the inescapable contingency of human existence on world that is unpredictable, umbiguous, unsafe and uncontrollable. For Latin Americans, be them from Brazil, Mexico, Argentina or Bolivia, safety or continuity of being could no longer be assured. It is in this particular sense that a distinctive sense of twinship (Hohut 1984) emerged and helped shaping Latin American collective identities vis-à-vis not never, ever again experience economic hardship such as the one that took the region by assault during the Last Decade.

During the late 1980's and early 1990's stories and accounts about hyperinflation, policies of price controls, rationings due to scarcity of goods, consecutive currency changes, and confiscation of saving accounts could be heard anywhere in Latin America. People's names and situations might be different, but the underlying fear and instability sounded the same. Leitão (2011:146) collected and saved some of those stories while working as a journalist for the Economy & Business section of a key Brazilian newspaper:

> *The times were of affliction and unsettling waiting. The signs of hyperinflation were on every shelf at the supermarket, every sale concluded, every attempt to protect oneself from the evil effects of the destruction of our purchase power. The more individuals, groups, unions or companies tried to protect themselves from devastation, the more it (hyperinflation) became stronger. A monster that grew bigger day after day, month after month, prying on us, with promises of a greater attack to come.*
> *Inside corporations, most of the time at meetings was dedicated to try to imagine what was to come and ways to get protection. No one would make plans or talk about investing. People were stocking what had vanished from stores. Cooking oil, for example. The more they bought, the more products vanished from shelves and prices climbed. If one kept cash at home, inflation would melt it away; if it was put on the back, it could be the target of some policy change.*

For countries such as Brazil and Argentina, which were taking their first, painful steps towards redemocratization back then, the worst was not even inflation per se as much as virtual loss of any form of control by newly elected governments. Fears and rumors of imminent coups in order to put military juntas back in power were not to be easily dismissed. Anxiety, disorientation and doubt were familiar feelings back then.

At the micro level, consumers had no idea how to do the simplest of task as to plan a home budget, buy a car or organize a Sweet Sixteen birthday party.

Lucia Pacifico, a housewife from Belo Horizonte, Brazil, perceived the events of the Lost Decade as a tidal wave washing away dreams and life projects. "In 1988, inflation was around 980% per year. What kind of home budget could sustain that? Everything went up: electricity, transport, water, telephone. The government itself raised prices. It was not even able to set the example it called for!" (apud Leitão 2011: 147). Indeed, the general feeling was that of hopelessness and helplessness. "Labeling machine that changed prices became tools of collective torture. The noise of labeling went on night and day! They were driving people crazy. It was common to see customers at supermarkets behaving nervously, anxiously" (apud Leitão 2011: 147).

Trauma emerges from the emotional experiences resulted from the lack of modes for attunement one needs to cope with living: tolerance, containment, modulation, integration, inclusion, sympathy. Any injurious and painful event – it could be as punctual as 9/11 or even as long as a long, process able to produce a cumulative traumatic experience (Khan 1963), forces individuals to face their unbearable truth of their own existence. Trauma hence exposes "the unbearable embeddedness of being" (Stolorow & Atwood 1992: 22). As a result, the traumatized person cannot help but perceive aspects of existence that lie well outside the absolutized horizons of normal everydayness. It is in this sense that the worlds of traumatized persons are fundamentally incommensurable with those of others, the deep chasm in which an anguished sense of estrangement and solitude takes form.

Jenny Edkins (2002) holds that trauma makes people feel betrayed in their expectations about the order of things. “It brings to the surface existential questions which at least in the modern world we prefer to keep submerged,” she observes (Edkins 2002:245). This is why trauma always implies in recognizing realities and limits “that most of us have not begun to face” (Edkins 2002:245). The human mind is incapable of processing trauma in the same way it processes any normal event. Standing “outside the ordinary experience”, trauma does not slot into the framework of normal social reality, which is why there is no language for it or any other tools which one would normally rely on to make sense of the world.

And this is where the paradox lies: trauma is felt but not understood; it is memorized and recalled, but not necessarily experienced; it defies language but insists on being communicated; it refuses to be incorporated into normality but goes on perpetuating itself in memory; it is triggered at a specific moment in time, but alters its linearity; it must be forgotten, but is always being recalled and relived. Trauma is a slayer of certainties, a shaker of truths: it irrevocably changes our spatial and temporal concept of the world and ourselves.

According to Cathy Caruth (1996:4), it is precisely the “un-assimilation” nature of a traumatic event – its refusal to be an object of human knowledge – that lets trauma slip back and haunt the individuals that experienced it. This is why Edkins (2001) shows no surprise at the incapacity of people who have experienced traumatic events to describe what happened, only reliving it as if locked into a ceaseless flow of flashbacks.

Many years back, Laplanche (1976:406) maintained that it was "memory of the event, not the event itself, which is traumatic". As Edkins (2001) rightfully argues:

> *The traumatic event is one that shatters our expectations and our preconceptions of what the world is like. Our maps of the world no longer work. Trauma is an event before which old frameworks and old languages stand helpless. In extreme cases, it literally "unmakes" our world [...] The categories we had carefully built up for dealing with experience are destroyed by something that goes far beyond them. For that reason, we don't experience trauma at the time: we see it, but we don't make sense of it. The traumatic moments then return, endlessly, in nightmares. [...] It's not so much that we re-live the violence, but that we relive the moment of survival. It is our surprise at our own continuing life that we need to come to terms with.*

Edkins (2002:246) describes this cognitive shift further:

> *It had become clear that the metaphysical certainties that were normally taken for granted could be destroyed. Security was an illusion; we were all exceedingly vulnerable. All of a sudden people are disorientated and shaken, the 'black and white narratives, clearly defined emotions, easy endings' on which western culture thrives replaced by an exhausting complexity in which they 'feel unmoored, some rock of permanence and safety having given way to shifting sands, the familiar now eerily unfamiliar. Sirens sound different, scary and consoling at the same time. Work feels irrelevant. Normalcy as yet undefined'.*

Trauma, then, becomes part of the experience of recognizing our mortality. Life can only be bearable if we buy into a kind of unwritten compact, especially in western culture, of willfully forgetting how tenuous our condition is. Trauma gives us a sudden, painful reminder of how useless and impossible such a compact actually is. We are mortal and we are vulnerable, and the idea of total security is no more than a device used to trick ourselves into believing we can escape death, relieving ourselves of the anxiety brought on by the recognition of our mortality.

Indeed, the relationship between trauma and existential angst is nothing new. Sigmund Freud devoted himself exhaustively to the topic in a bid to understand the causes and symptoms that accompanied the state of anxiety. In his theory of seduction[10],

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[10] Freud's seduction theory discusses the repercussions of effective reality after trauma, i.e. when a traumatic fact from the past is interpreted in the light of a new fact from the present that is capable of taking one back to the original angst. In a way, it has to do with a past that penetrates the present. Freud developed his argument around the notion of seduction, by which an early sexual experience puts a child in a passive situation towards an adult's sexual advances. Due to the child's immaturity, lack of preparation and lack of psychological and physical maturity, they cannot interpret or process the experience, which leads to trauma. What stands out in Freud's theory, after being reworked by Laplanche, is the *dual temporality* of trauma. There is a first time – of the original experience – when the memory is neither pathological nor traumatizing. Then there is a second time, when a new experience in the present is associated with the original experience. In this sense, it is the recollection or memory of the first experience that is traumatic. See Laplanche (1976) and Laplanche & Pontalis (1973).

Freud (1963:63) argues that “angst originally emerged as a reaction to a state of threat”, and is re-experienced “whenever a similar situation occurs”. This is why trauma resides in memory, the repeated recollection of the original experience, rather than in the event per se (Laplanche & Pontalis 1973:406).

This gives us a key to distinguishing between angst and fear. In Freud’s view, angst is the anxiety experienced when one is anticipating something uncertain, something one is unable to define. This emotional state is awakened by the memory of a traumatic event. It is therefore somewhat ill-defined in relationship to its purpose and object: it exists as long as the memory of the trauma lasts, independent of reality. Meanwhile, fear (*Furcht*) is when an individual encounters a real object upon which he or she can project his or her angst.

Traditional studies of post-traumatic stress have identified fear as being the main reaction to the trauma (Herman 1992). In line with the so-called “paradigm of fear”, individuals with biological or psychological vulnerabilities that experience extreme situations start to organize their lives on the basis of the belief that nothing can be counted on in life except death. The fact that they have faced a situation in which their very lives were on the line makes them recognize the absurdity of an existence where everything but death is unpredictable and uncertain. The angst is caused by recognition of one’s own mortality and fear of the future[11].

In a proposal that is touches on many of the questions being framed in this research, psychoanalyst Janoff-Bulman (1992) proposes a paradigm of “world assumptions”, by which trauma shakes the three fundamental assumptions people hold dear: that the world is benevolent, that the world is meaningful, and that the ‘other’ is worthy. By shifting the focus of fear to an evaluation of reality and of others after a trauma, the author explores how cognitive schema and factors impinge on how people react after traumas. What she found was that individuals resist any change that affects their world assumptions, which is why any sudden change would be so traumatic. Individuals are incapable of conciliating the old and the new, which is why they react

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[11] In one sense, there are echoes of the tradition of existential philosophy in the “fear paradigm”. Comparing the notion of angst to the Christian concept of sin, Kierkegaard (2001) understood that every individual is born in angst, as their “self” is a false “self”. It is only after dying, upon being reunited with God, that one can meet one’s true “self”. There are some concepts in his work that are picked up in later years by Freud.

through trauma. In this context, anxiety is the outcome of people's difficulty or incapacity to accept and adapt to change.

A third possible reaction to traumatic events may be explained within the "paradigm of betrayal". While admitting that it could be useful for society not to recognize betrayal, Freyd (1996, 1999) suggests that victims of trauma triggered by their own provider may remain ignorant of the betrayal they have experienced, albeit unconsciously. For instance, when a child is abused by a parent, they cannot distance themselves because this would put their own survival in jeopardy. Their angst results from a sense of betrayal.

The three paradigms set out above suggest there is a relationship between trauma, the political community and power. In the contemporary world, we assume that the State exists to instill order, stability and security: to protect the population from other traumas, as if there had actually been an original trauma. Yet this assumption is far from peaceful. It is enough to recall the prerogative of states to recruit citizens to go to war on their behalf, exposing them to risk. Certain policies can also threaten a population's security, such as an aggressive foreign policy. Inside its own borders, a state may use force to penalize any deviant acts, as in the use of prisons.

We should therefore recognize how closely related are trauma, the political community and the specific type of power at play: biopower. As in Foucault's concept, the power of the state in the modern world operates in such a way that distinctions are drawn that include or exclude individuals from the political process to the point of entirely disregarding the value of human life. Individuals are reduced to the masses, which are put under surveillance, controlled, disciplined and punished. Using arbitrary norms, biopolitics encompasses life, excluding and including individuals and groups, adjusting and reining in their bodies to the processes envisaged by the state. Thus, in the name of those who should live, it is decided who should die. In the words of Foucault (2002:305), "the death of the other, the death of the bad race, is something that will make life in general healthier."

In this sense, Agamben (2002:130-131) shows us how biopolitics has given rise to a new category of human life: "bare life", or the "killable bodies of subjects that form the new political body of the West". The basis of modern democracy, he argues, has ceased to be the free man, with his prerogatives and his statutes; now, it is bare life, the *homo sacer* that "may be killed but not sacrificed", life that can be left to die because it has been excluded from human jurisdiction. The trauma that is experienced could then be framed as a collective reaction to the recognition of our condition of bare life that is forced upon us.

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