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SYSTEMS TRANSFORMATION AND THE MILITARY COUP:

THE CASE OF CHILE

BY

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ABSTRACT

This thesis explores the various factors which led to the September 11, 1973 military coup in Chile, which overthrew the democratically elected Unidad Popular government headed by Salvador Allende. It specifically attempts to answer why the Chilean military was able to prevent the government from carrying through that particular experiment in systems transformation--or what has been referred to as the "Chilean road to socialism."

Since this thesis is an analysis of social change, it is necessary to approach the study both historically and theoretically. The first part of the study attempts to present the historical context of the military coup and describe the domestic and foreign factors involved in the struggle for power. Of particular importance in this discussion is the role of the Chilean military. The second part of the thesis attempts to analyze in theoretical terms why the Chilean road led not to socialism but to the military coup.

RESUME

Cette thèse étudie les divers facteurs qui ont conduit au coup d'état militaire au Chili le 11 septembre 1973, qui a renversé le gouvernement démocratiquement élu de l'Unidad Popular de Salvador Allende. De façon plus précise, elle tente d'expliquer pourquoi les militaires chiliens ont réussi à mettre un terme à cette expérience de transformation systémique, - à ce qu'on appellait la "voie Chilienne vers le socialisme."

Etant donné que cette thèse est une analyse du changement social, il est nécessaire de prendre une approche qui est à la fois historique et théorique. La première partie de ce travail tente de présenter le contexte historique du coup militaire, et de décrire les facteurs internes et externes, (i.e. domestiques et étrangers) qui ont joué un rôle dans la lutte pour le pouvoir. Dans cette discussion, le rôle des militaires chiliens est d'une importance toute particulière. La seconde partie de la thèse s'efforce d'analyser de façon théorique les raisons pour lesquelles la voie chilienne a conduit, non pas au socialisme, mais à un coup militaire.

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INTRODUCTION

Importance of the general area under study

There are numerous lessons to be drawn from the three and one-half year experience of the Unidad Popular government headed by Salvador Allende. The most important of these bear valuable insight into the problems of understanding the concrete dynamics of social change. In 1970, there were many people in Chile as well as throughout the world who viewed the election of Allende as an historical breakthrough in attempts to pave the way towards the establishment of socialism in a Third World country. It was felt that due to her parliamentarian tradition and supposed "a-political" military establishment, so unique within the Latin American context, Chile was in a position to embark on a new path of social change; one which would be relatively free of the violent and turbulent upheavals which historically have characterized the birth of new social systems. It is now the responsibility of those social scientists concerned with the study of systems transformation to refine and in some cases replace the general guidelines of social change upon which the Chilean experiment was based. It is within this

general framework that one could place the objectives which I seek in writing this thesis.

Systems transformation analysis in the case of Chile is of considerable theoretical importance due to the particular characteristics of its political institutional development.[1] Until September 1973 Chile was considered the "democratic exception" to the prevailing Latin American authoritarian model. As Maurice Zeitlin stated, "She is a 'deviant case' in Latin America not only in the significant sense that her parliamentary democracy is unique in Latin America, but for another reason as well: Chile would seem to deviate from much prevelant (if not dominant) theory concerning the social requisites of state political democracy."[2] Regarding this latter aspect, Zeitlin is referring to the significant electoral role historically played by radical, left-wing political parties in Chile.

Moreover, in light of the recent significant electoral gains made by leftist parties in countries with even longer records of a parliamentary tradition, such as France and Italy, it would appear that perhaps the applicability of the Chilean experience and the importance of its lessons are not merely restricted to the developing countries of the Third World.

Specific Topic to be analyzed

It is evident that some of the social requisites referred to by Zeitlin broke down with the September of 1973 military coup which overthrew the democratically elected Unidad Popular government and instituted in its place a ruling military junta. This thesis will specifically attempt to analyze the critical factors which allowed for the Chilean military to successfully block the particular experiment in systems transformation attempted under the UP government--or what has been often referred to as "the Chilean road to socialism."

Methodology

I will rely on both a socio-economic as well as institutional analysis in approaching this study. Statistics and reports made available by various organs of the Chilean government and political parties, including the National Planning Office of Chile, the Central Bank of Chile, and the National Development Corporation of Chile, CORFO, will be utilized. However, I will basically rely on multiple analysis of secondary data. Information made available during hearings on United States-Chile relations in the U. S. Senate

Committee on Foreign Relations will be reviewed. Another major source referred to will be research conducted by various scholars and news correspondents working in Chile just before, during and after the UP government was in power, as well as those well-versed in the Chilean situation although not physically present in the country at that time.

This thesis is not merely descriptive in approach, but also interpretive in the sense that above and beyond an exploration of the relationships under study, I will attempt to gain an understanding of the nature of the socio-economic and institutional factors involved within the overall context of the Chilean political situation.

Questions to be posed

One of the underlying assumptions of this study is that to approach adequately systems transformation one must analyze the dialectical relationship of the pattern of Chile's socio-economic development and the evolution of its key institutional structures. Certain questions in this area must be posed and dealt with in order to fully understand the process of social change as it unfolded during Allende's term of office. For instance, what particular

aspects of Chile's economic and political development allowed for the election of a self-proclaimed socialist to the presidency in the first place? What was the nature of the UP program--both in theory as well as in practical application? What was the historical context of the military coup? To what extent was the United States involved in the anti-Allende campaign? How did various classes in Chile react to the UP program and how did they effect the attitude of the military toward the government? How did it come about that the military was placed in the role of arbiter of the social conflict? How did the various internal struggles within the military evolve and what factors resulted in the consolidation of an interventionist line within the armed forces? How did the government react to the growing social polarization and what internal problems were encountered in attempting to confront that challenge? What alternative avenues were open to the UP government which could have averted the military coup or minimizedits consequences?

Hypotheses to be explored

It is evident that the September coup was the product of a long period of planning and collaboration among key rightist

officers. In order to understand why the coup was not opposed by the majority of the military personnel one must view the armed forces not as an isolated entity, but rather, as part of society as a whole. Moreover, the military should not be considered an ideologically monolythic block, void of any internal struggle. Of considerable importance is the relationship of the military as a whole as well as the leadership in particular to various socio-economic forces. In this light, one hypothesis to be examined is that presented by José Nun in 1967.[3] Nun's hypothesis is that the middle classes in Latin America basically represent a destabilizing and anti-democratic force that will support military intervention in civilian affairs when they fear their vested interests are threatened by a militant and organized party or multi-party coalition of the working class and peasantry which records significant gains in the struggle for political power with the established elite.

Since the overthrow of the government came in the form of a military coup, it is understandable that the central institutional variable to be studied is that of the Chilean armed forces. Thus, before going into an examination of the various factors, involved in the September coup, it is

essential to deal first with a once widely-held myth that the Chilean military has historically been "a-political" in nature. Regarding this question, one major hypothesis to be tested is that posed by Jorge Nef in an article appearing in Latin American Perspectives.[4] Nef basically claims that military professionalism in Chile has not lead to the withdrawal from politics by the armed forces.

A hypothesis which I am putting forward as a contribution toward explaining the reasons for the September coup is as follows: The primary subjective factor allowing for the successful September coup was the conciliatory policies implemented by the UP government towards the U.S., the Chilean Right, and the armed forces. This, coupled with the Popular Unity's increasing reluctance to rely primarily on the strength of the militant and historically revolutionary-conscious work force, allowed the right-wing Chilean monopoly elite, with support from the Nixon administration, ample opportunity to carry out subversive acts against the government--both in the economic and political spheres. Thus, the Right was able to win over key middle class elements both within the military as well as within society as a whole. In effect, it was the military that was placed in the role

of arbiter of the class struggle. Such policies were but reflections of an overall reformist political line consolidated within the UP.[5] Thus, the thrust of Allende's approach in dealing with the class struggle was that of attempting to avoid rather than prepare for the inevitable violent attack by the Right.

Structure

Since this thesis is an attempt to understand a particular process of social change it is essential to approach the central theoretical questions within an adequate historical and empirical context. Therefore, the structure of this thesis is divided into two parts: the historical analysis and the theoretical interpretation.

Part I is comprised of four chapters, each of which are integral parts of a general presentation of historical background and the series of events leading up to the military coup. It basically provides two functions: that of "setting the scene" at the time of Allende's election and describing the struggle for power as it unfolded during the period of the UP government.

Chapter One presents general background information

regarding Chile and attempts to place the historical context within which one should view the military coup. The first section of the chapter discusses the rather unique (within the context of Latin America) political institutional development in Chile which allowed for significant participation on the part of leftist political parties. It also deals with the not so unique nature of Chile's economic development, which could be generally characterized as dependent, stagnant, and socially regressive.[6] Sections two and three deal in historical terms with two aspects of Chile's development, which became critical factors in the overthrow of the government: relations with the United States and the Chilean military, the latter of which is the central institutional variable under study. The last section of Chapter One, outlines the various political forces and their respective class elements at the time of Allende's election.

Without this brief but necessary background material it would be quite difficult, if not impossible, to understand adequately the significance of the program advocated by the Unidad Popular coalition and more importantly, the initial reforms carried out during the government's first year in office. Both of these topics are dealt with in

Chapter Two.

After acquiring a sense of the unequal basis of U.S.-Chilean relations in the past and how the UP program challenged those unequal relations, we can begin to understand why the U.S. was forced to react to the Chilean experiment in the manner described in detail in Chapter Three.

The last chapter in Part I basically presents an account of the struggle for power as it unfolded in Chile. Chapter Four discusses how, as time went on, the rightist forces were able to achieve greater unity and consensus on a strategy to overthrow the government, isolate the UP from the middle classes, collaborate with key military officers, and rather quickly consolidate their power. An important aspect of this struggle then analyzed in Chapter Four is the relationship between the increasing factionalism which developed within the UP coalition over critical issues of principle and strategy and the ability of the rightist military officers to consolidate an interventionist line within the armed forces. Attention is then focused on a careful investigation of political trends within the armed forces and how they ultimately lead to the military coup in September of 1973.

In Part II, I basically attempt to understand in theoretical terms what aspects of the UP's strategy allowed for a successful military coup to occur. In Chapter Five, the critical question confronting all political forces--that of defining who are its "friends" and who are its "enemies"--is dealt with from the perspective of the UP. In this chapter I deal with the hypotheses presented by Nef and Nun, referred to earlier. This analysis basically lays the foundation for the hypothesis I earlier presented--namely, that the strategy of the UP precipitated the coup by rigidly aligning with the military leadership rather than relying primarily on its principal base of support and power, the workers and peasants.

In the last chapter, I devote attention to those political and philosophical aspects of the UP's strategy which allowed for such a moderate program to be implemented and thus opened the way for the development of those social conditions most conducive to a military takeover.

NOTES

[1]James Petras, Politics and Social Forces in Chilean Development, (Los Angeles, University of California Press, 1969).

[2]Maurice Zeitlin, "The Social Determinants of Political Democracy in Chile," Latin America: Reform or Revolution, ed. by Petras and Zeitlin (New York, Fawcett Publications, 1968), pp. 221-222.

[3]José Nun, "A Latin American Phenomenon: The Middle Class Military Coup," ed. by Petras and Zeitlin, pp. 145-185.

[4]Jorge Nef, "The Politics of Repression: The Social Pathology of the Chilean Military," Latin American Perspectives, Vol. 1, No. 2 (summer, 1974), pp. 58-77.

[5]For a description of various aspects of reformism within the context of Chile, see Petras, "Reflections on the Chilean Experience: The Petite Bourgeoisie and the Working Class," Socialist Revolution, Vol. 4, No. 1 (January-March, 1974), p. 52.

[6]'Dependent' is used in the sense of being owned and/or controlled by foreign capital (first Spain, then England, and then the United States) and very much tied to the market outlets and the foreign "aid" of these foreign powers; 'stagnant' is used in the sense of not reflecting a steady and balanced rate of growth, but rather, being prone to long periods of unproductivity in agriculture as well as industry; 'socially regressive' refers to the very high concentration of wealth in the country. See Petras, Politics, pp. 1-36 and Jay Kinsbruner, Chile: A Historical Interpretation, (New York, Harper & Row, 1973).

PART I:

POLITICS IN ACTION;

EVENTS LEADING TO THE COUP

CHAPTER I:

THE CONTEXT OF MILITARY INTERVENTION

Historical Sketch

Two important aspects of Chile's history until 1973 have been a flexible institutional development gradually incorporating more people into the "formal" political process and a consistently high concentration of domestic private ownership tied to changing forms of foreign economic control.[1] The latter is quite reflective of the Latin American experience as a whole, while the former is rather unique.

Through astute bargaining and gradual reform when required, Chile's bureaucracy has played a key role in absorbing the aspirations of new interest groups and emerging middle class forces into the old, yet sometimes modified, political order; always attempting to maintain stability without the necessity of resorting to overt "extra-constitutional" intervention on the part of the military. Chile's institutional order has traditionally performed two political functions: one has been to provide a system for dividing the economic surplus among the ruling class without having to

resort to extra-legal means; the other has been to serve as a forum to achieve ruling class consensus on issues such as development priorities, relations with imperialist powers, and suppression of working class discontent.[2]

As for Chile's democratic tradition, Frederick Pike asserts:

> What we have praised as democracy in Chile since 1920 has amounted to little more than a system in which a small, privileged class has been gentlemanly in determining through very limited electorial processes, which of its members would rule the country.[3]

Arturo Valenzuela described the Chilean political system in the following way:

> The adoption of liberal rules dependent on suffrage did not mean, however, that most citizens were involved in the political process. On the contrary, a low level of political participation was an integral part of the system . . . only gradually were new groups allowed into the system, and it meant they had to accept the rules of the game.[4]

After finally breaking from Spanish colonial rule in 1818, a newly independent landed aristocracy took sole control of the political system, which, of course, catered to the needs of the Latifundia. As a new mining and financial elite emerged later in the century the system was flexible enough

to allow for integration through matrimonial alliances and joint business ventures.[5] Thus, even from the beginning, although contradictions were present between the rural and urban elites, they were handled in such a way that they became essentially non-antagonistic in nature. This merging tendency reflected clear foresight on the part of both the old and new sectors or the ruling elite in that their unity resulted in a consolidation of upper class power in both the countryside and the cities.[6]

By the 1930's a growing, progressive middle class supported by the work force (peasant and industrial laborer) was able to achieve considerable power within the government, but went on to become entrenched within the institutional framework, consolidating its own strength through alliances with the upper class.[7] In 1938, distinct participation of the working class in electoral politics began with the victory of the middle class, populist-oriented, Popular Front government. However, this participation was soon channeled into a limited "representative voice" in government without actual political and economic power being transferred into the hands of the workers and peasants themselves.[8] Thus, the middle class increased its socio-economic status, but at no time

seriously challenged the economic power of the ruling class in relationship to the work force.[9]

However, the emergence of the middle class role in the political system did bring about a certain degree of flexibility in government policy which created conditions more conducive for working class organizations. Moreover, new, unkept campaign promises also resulted in a lack of aspirational fulfillment, thus heightening the political sensitivity of the working people.[10]

In summary, although Chile has been known for its relatively progressive reform legislation and a highly politicized working class, until the election of Allende in September of 1970, the capitalist mode of production had never before been directly threatened by an organized political force.[11]

While Chile's political institutional development did not closely parallel the typical Latin American authoritarian model, its economic development has been quite reflective of patterns found in most of Latin America. Economic growth has been unbalanced, yet often stagnant for long periods of time, while wealth distribution has been consistently inequitable.[12]

It was not long after Chile achieved independence from

Spain that England began to economically intervene. Numerous British industries were established in Chile during the decade of the 1820's and by 1875 Britain controlled 58% of Chile's exports and approximately 40% of her imports. The saltpeter, nitrate and copper industries were monopolized by English firms, which financed its investments through loans received from Chilean banks, never even having to resort to British reserves. At its highest point London controlled 70% of all production and exporting of Chilean nitrate.[13]

After the economic depression of 1930, as Chile began to gradually industrialize, agriculture played an ever decreasing role in overall economic development, with the mining sector's contribution remaining about the same. From the third decade of this century until the early 1950's when the United States rapidly expanded and diversified its overseas financial and economic markets, a majority of Chilean industry was domestically financed and owned. From that time until Allende's election in 1970, the trend in Chilean industry changed towards a heavy reliance on foreign finance, with a reflective upsurge in new U.S. direct private investments. Thus, in the long run, industrialization merely changed the form and not the degree of foreign dependence.[14]

From the earliest stages of the Latifundia system to 1970, the Chilean economy has been characterized by a highly concentrated ownership of private property. Although there had been a considerable amount of state intervention in the financing of industry through the Chilean Development Corporation, CORFO, it came in the form of initial risk aid with capital being totally turned over to the private sector once "respectable" profit margins were established. As James Petras states, "In other words, state intervention has resulted in the creation of protection of a national industrial bourgeoisie--'socialism for the rich'."[15] To be more specific, in 1969 the State was responsible for 74.8% of net investments in fixed capital but only owned 19.4% of production (10% in public industries and 9.4% in the central government).[16]

Other inter-related characteristics of the Chilean economy since the mid-1950's have been high inflation and unemployment, low growth rates, poor distribution of income, low agricultural output, under utilization of industrial capacity, and a balance of trade deficit.[17] As expected, the peasants and industrial workers have absorbed the brunt of the poor economic conditions.[18]

The limited upward mobility and overall stagnation of the economy has resulted in severe social consequences. When Allende took office, 40% of the population suffered from malnutrition and about 70% of the work force received below subsistence wages.[19] These indices, as well as such facts as an extremely high infant mortality rate, totally inadequate housing, sanitary, and health facilities, a large gap between the rural and urban standards of living, and a higher educational system available primarily to the privileged elite reflect some of the more glaring inadequacies and inequalities in Chile's social development.[20]

There is no question that the objective conditions of Chilean society made it possible in 1970 for a socialist alternative to be considered. However, the actual election of Salvador Allende to the Presidency is primarily due to two factors, subjective to the Chilean experience: the rapidly increasing political mobilization of the Chilean working class (peasants and industrial workers) and Chile's particular tradition of institutional politics, of which Salvador Allende was unquestionably a product.

Another significant aspect of Chile's contemporary history, which is of critical importance towards gaining an

understanding as to why and how Allende was eventually overthrown, is that of relations with the United States.

The United States and Chile

Due to the contemporary role played by the United States in the affairs of Latin American countries, it is essential for purposes of this study to briefly examine the nature of the economic relationship between the U.S. and Chile up until Allende's electoral victory. Such an examination will help us understand why certain U.S. multinational corporations in co-ordination with agencies of the U.S. Government carried out both clandestine and overt policies specifically geared towards assuring the electoral defeat and later the military overthrow of Allende.

Prior to the 1960's, the U.S., like England before, had looked to the Chilean economic elite to fulfill the role of international "broker". However, with the coming of the "Alliance for Progress" era, U.S. strategy shifted towards circumventing that economic elite in favor of the middle class technocrats, who were able to achieve considerable political power, culminating under the government of Eduardo Frei (1964-70). During that same decade after the Cuban

revolution, the U.S. also made a concerted effort to develope closer links with the Chilean military establishment. However, Washington still viewed the newly consolidated political elite, which opened Chile's doors to a new flood of foreign aid, as its principal international mediator. It was not until the election of Allende in 1970, that the U.S. was forced to seek a more disciplined and reliable "insurance company"--the Chilean military--to maintain the metropolis-satellite relationship then threatened.[21]

The fact that twenty-four of the top thirty U.S. multinationals had branch operations in Chile, as listed in Table 1, relates the broad scope of U.S. corporations which invested in the Chilean economy.[22]

A 1968 report indicates that the before-tax revenue of U.S. multinational corporate subsidiaries operating in Chile amounted to $700 million, which accounted for 77 percent of total Chilean exports and 12 percent of Chile's 1968 gross domestic product. Two-fifths of all Chilean firms were foreign-owned (by varying degrees). The same report also refers to a 1970 CORFO study which states that foreign capital was invested in 61 of the top 100 largest corporations in Chile, 41 of which were more than 30 percent foreign

TABLE 1

TOP 30 U.S.-CONTROLLED MULTINATIONAL CORPORATIONS
(based on estimated foreign sales)

	1970 Rank Multinational	1970 Rank U.S. Industrial	1970 Net Income (millions $)	1970 % Income Foreign	1971 Rank U.S. Defense Contractor
1.	+Standard Oil N.J.	2	1,310	52	27
2.	+Ford Motor	3	516	24	24
3.	+General Motors	1	609	19	17
4.	+Mobil Oil	6	483	51	55
5.	+IBM	5	1,018	50	19
6.	+ITT	8	353	47	23
7.	+Texaco	9	822	NA	44
8.	+Gulf Oil	11	550	21	--
9.	Standard Oil Cal.	14	455	46	38
10.	+Chrysler	7	d 7.6	NA	33
11.	+General Electric	4	329	20	5
12.	+Caterpillar Tractor	42	144	NA	84
13.	F.W. Woolworth	NA	77	61	--
14.	+Eastman Kodak	27	404	19	69
15.	Union Carbide	24	157	NA	--
16.	+Proctor & Gamble	25	238	25	--
17.	+Singer	43	75	NA	41
18.	+Dow Chemical	51	103	45	--
19.	+CPC International	74	61	51	--
20.	+International Harvestor	32	.52	NA	90
21.	+Firestone Tire and Rubber	38	93	39	--
22.	Colgate-Palmolive	81	40	NA	--
23.	Honeywell	49	58	NA	22
24.	+National Cash Register	89	30	51	--
25.	+E.I. duPont	18	329	NA	46
26.	+W.R. Grace	50	30	39	--
27.	Minnesota Mining and Manufacturing	65	188	NA	--
28.	+First National City	NA	139	40	--
29.	+Sperry Rand	59	72	NA	16
30.	+Xerox	60	188	38	--

+ - Multinational in Chile NA - Not Available d - deficit

Sources: Fortune, 500 Largest Industrial Corporations, 1970; Forbes, November 15, 1971; Economic Priorities Report, January-February, 1972; found in James Cockcroft, Henry Frundt, and Dale Johnson, "The Multinationals", The Chilean Road to Socialism, ed. by Johnson (New York, Anchor/Doubleday, 1973), p. 14.

controlled. In total, foreign investments accounted for 17 percent of all Chilean industrial assets.[23]

As striking as these figures of foreign ownership may appear, they are still somewhat deceptive in that they do not fully expose the extent of foreign control of the Chilean economy. For instance, although U.S. investment may account for a minority percentage of the ownership in a given Chilean company, it may still represent the largest single stockholder and thus effectively control policy formulation, especially if the managers are Americans. The former Minister of Economic Affairs under Allende, Pedro Vuskovic, reported in 1971 that based on a previous study of the largest 100 firms in Chile, 40 were under foreign control and another 20 had foreign participation.[24] Of course, Chilean corporations also greatly depend upon U.S. technology. About 34 percent of all medium and large Chilean companies produced goods under rights allowed by foreign patents. In 1969, 94.5 percent of all patents used in Chile were foreign, with 47 foreign firms, almost all of them being American, controlling over one-half of all patents registered in Chile.[25]

Of course, it is also necessary to analyze those industries under foreign ownership in terms of their relative

importance to the Chilean economy as a whole. Table 2 shows that some of Chile's most essential industries were not only foreign-owned, but also highly concentrated in terms of a small number of firms controlling a high percentage of the respective industry's market.

TABLE 2

Chile: Industrial Concentration and Foreign Ownership (1970)

Industrial Activity	*Name of Companies*	*Nationality of Owner*	*Ranking in Industry*	*Control of Total Market (in %)*
Coal mining	Carbonifera Lota-Schwager	Chilean	largest	85%
Natural sodium nitrates, iodine	Sociedad Quimica y Minera de Chile (Anglo-Lautaro holds 62.5%)	U.S.-Chilean	largest	80%
Copper mining	Anaconda and Kennecott	U.S.	two largest producers	79% in 1969
Iron mining	Bethlehem-Chile Iron Mines	U.S.	second largest	27% of total iron export in 1969
Advertising	seven companies	5 of 7 are are foreign	–	90%
Movie industry	eight companies	U.S.	–	65% of total playing time
Rubber tires	General Tire & Firestone	U.S.	two largest	substantially all
Textiles	–	U.S.	–	25%
Electrical machinery	–	U.S.	–	50%
Chemicals	–	U.S.	–	33%
Explosives	two Dupont plants	U.S.	largest	substantially all
Salt mining	Cia. Minera Santa Adriana (Marcona and Diamond Crystal Salt each hold 52.5%)	U.S.	largest	(not available)
Petroleum distribution	ESSO and Shell	U.S., Dutch-U.K.	largest	52%
Paint production	12 companies	mostly U.S.	–	90%
Automobile assembly	8 companies	U.S., U.K., Japan and French	–	100%
Pulp and paper	3 companies	Chilean, U.S. Canadian	largest producers	above 75%

Source: New Chile, (New York, North American Congress on Latin America, 1972), p. 92.

It is also significant to note the percentages of U.S. ownership in the following Chilean industries:

--iron, steel and metal products: 60 percent (including Bethlehem and ARMCO Steel, Koppers, Singers, Kaisers, Hoover)

--radio and television: nearly 100 percent (RCA, ITT, Philips, General Telephone and Electronics)

--pharmaceuticals: nearly 100 percent (American Cyanimid, Pfazer, Parke-Davis)

--copper fabricating: 100 percent (Phelps Dodge, Northern Indiana Brass Co., General Cable)

--tobacco: 100 percent (British-American Tobacco Co.)[26]

Due to very high dividends and profits, foreign investments in Chile had not resulted in a positive capital inflow. "Between 1950 and 1967 the net investment which flowed into Chile was $257 million; the outflow of profits and dividends was $1 billion, about four times the net investment."[27]

Chile's primary exporting industry, copper mining, has been controlled by two large U.S. firms, Anaconda and

Kennecott, which have received a highly exploitative rate of return on their Chilean investments. The following two tables compare the percentage of overall copper production and profits coming from Anaconda and Kennecott's investments in Chile with the respective percentages and rates worldwide:

TABLE 3

Anaconda and Kennecott
Profitability and Investments, 1969

	investments worldwide	*investments in Chile*	*% invest. in Chile*
Anaconda	$1,116,170,000	$199,030,000	16.64%
Kennecott	1,108,155,000	145,877,000	13.16

	profits worldwide	*profits in Chile*	*% prof. in Chile*
Anaconda	$ 99,313,000	$78,692,000	79.24%
Kennecott	165,395,000	35,338,000	21.37

	Rate of return worldwide	*Rate of return in Chile*
Anaconda	8.5%	39.5%
Kennecott	15.0%	24.1%

Source: Chilean government advertisement in The New York Times, January 25, 1971, as found in New Chile, p. 99.

TABLE 4

Geographical Distribution of Anaconda and Kennecott Copper Mine Production (in percent)

	Anaconda		*Kennecott*	
	1964	*1969*	*1964*	*1969*
United States	23.8%	26.0%	66.5%	71.0%
Chile	69.5	66.7	33.5	29.0
Mexico	5.5	6.1	–	–
Canada	1.2	1.1	–	–
TOTAL	100.	100.	100.	100.

Source: Annual Reports, various years, as found in New Chile, p. 99.

According to one source, of the total net profits plus depreciation allowances realized by Anaconda and Kennecott in Chile from 1915 to 1968, less than 19 percent was re-invested in the Chilean industry. Of the total profits of $1,036 million earned in Chile from 1953 to 1968 by the combined U.S. mining and smelting firms (of which 90% are copper), only $71 million, or less than 7 percent, was re-invested in those industries in Chile.[28]

In a speech delivered at the United Nations in December of 1972, Allende stated that, "Those same enterprises (Anaconda and Kennecott) exploited Chile's copper for many years, in the last 42 years alone taking out more than $4,000 million in profits although their initial investment was no more than $30 million."[29]

However, as important as Chilean copper is to those corporations, in recent years American corporate investment in Chile, as well as in all peripheral nations, has followed a strategical shift away from mining and other primary production industries toward a greater concentration in the more profitable manufacturing and heavy industrial sectors of the economy.[30] Although the magnitude of U.S. investment in such Chilean industries was not necessarily as large as that in

Argentina, Brazil, Mexico or Puerto Rico, the immediate significance of Chile to U.S. corporate interests centered on the political ramifications of Allende's election within the context of Latin America as a whole. This point will be later discussed in greater detail.

Aside from direct private investments, the U.S. has also benefitted from a favorable balance of trade with Chile. Table 5 breaks down the yearly trade balances from 1959 to 1968.

TABLE 5

Chilean Trade With the United States
(in millions of dollars)

Year	Exports to U.S. (f.o.b.)	Imports from U.S. (c.i.f.)	Balance of trade
1959	938.6	1062.6	-124.0
1960	882.9	1160.0	-277.1
1961	901.9	1153.9	-252.
1962	941.5	946.5	- 5.
1963	897.9	1086.8	-188.9
1964	1047.3	1061.2	- 13.9
1965	1034.5	1150.7	-116.2
1966	1066.5	1446.1	-379.6
1967	817.7	1252.2	-434.5
1968	1024.0	1385.4	-361.4

Sources: United Nations, Yearbook of International Trade Statistics (New York: 1970) p. 172; 1969, p. 175; 1967, p. 169; 1962, p. 133, as found in New Chile, p. 89.

One should also note the composition of Chile's exports goods. Variety in exports products usually brings added

security for the economies of Third World countries, but like most peripheral nations, there has been little attempt made by Chile to diversify its exports, with copper alone accounting for 78.5 percent of the total commodities exported in 1970. The following table presents a further breakdown.

TABLE 6

Chilean Exports
(as percent of total value of commodity exports)

	1957	1959	1965	1970
Copper	65.5	64.9	68.4	78.5
large mines				61.5
other mines				16.3
semi-processed				.6
Iron	5.8	4.3	11.4	6.1
Nitrates and iodine	10.2	8.3	4.9	2.3
Other minerals	5.1	3.3	5.5	2.0
TOTAL minerals	85.5	83.0	90.2	88.9
Cattle and agricultural products	8.0	7.0	5.5	2.4
Industrial products	7.0	10.0	4.3	8.7
fishmeal	0	.3	1.2	1.3
paper, pulp and cellolose	0	0	1.4	2.5
TOTAL (in $ millions)	478.0	410.0	688.0	1144.0

Source: New Chile, p. 90.

As for foreign aid, before 1970, the U.S. Government had negotiated a very large amount of foreign loans to Chile. In fact, at the time of Allende's election Chile had almost the highest per capita foreign debt ratio in the world:

with a polulation of only 9 million people, Chile's foreign public debt amounted to almost $2.5 billion.[31] This dependency had been brought about through bilateral aid agreements with the United States as well as indirectly through international "development" agencies, strictly guided by American policy. Table 7 lists a yearly account of U.S. aid to Chile from 1946 until 1970 as well as the total amount of premium and interest payments made by Chile during that time.

U.S. Aid to Chile

TABLE 7

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS - NET OBLIGATIONS AND LOAN AUTHORIZATIONS													REPAYMENTS AND INTEREST 1946-1970	TOTAL LESS REPAYMENTS AND INTEREST
	POST-WAR RELIEF PERIOD	MARSHALL PLAN PERIOD	MUTUAL SECURITY ACT PERIOD	FOREIGN ASSISTANCE ACT PERIOD									TOTAL 1946-1970		
	1946-1948	1949-1952	1953-1961	1962	1963	1964	1965	1966	1967	1968	1969	1970			
A. OFFICIAL DEVELOPMENT ASSISTANCE															
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	-	1.1	75.1	142.4	40.4	78.5	99.0	85.6	12.0	53.9	34.6	17.2	639.8	36.5	603.3
Loans	-	-	29.8	140.0[a]	35.0	75.6	96.6	82.8	9.2	51.0	31.9	14.3	566.2	36.5	529.7
Grants	-	1.1	45.3	2.4	5.4	2.9	2.5	2.8	2.8	2.9	2.7	2.9	73.6	-	73.6
FOOD FOR PEACE - TOTAL	-	-	94.2	6.6	22.0	26.9	14.2	14.4	8.0	33.1	34.8	7.6	261.9	32.0	229.9
Title I - Total	-	-	51.8	-	16.5	17.3	-	9.5	-	25.9	29.6	-	150.6	32.0	118.6
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	16.5	17.3	-	-	-	25.9	29.6	-	89.3	13.4	75.9
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	51.8	-	-	-	-	9.5	-	-	-	-	61.3	18.6	42.7
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(68.0)	(-)	(-)	(-)	(-)	(17.2)	(-)	(-)	(-)	(-)	(85.2)	(-)	(85.2)
Planned for Country Use	-	-	51.8	-	-	-	-	9.5	-	-	-	-	61.3	18.6	42.7
Economic Development Loans	-	-	51.1	-	-	-	-	8.6	-	-	-	-	59.8	18.1	41.7
Economic Development Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common Defense Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Country Loans	-	-	0.7	-	-	-	-	0.9	-	-	-	-	1.6	0.5	1.1
Other Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Title II - Total	-	-	42.4	6.6	5.5	9.6	14.2	4.9	8.0	7.2	5.2	7.6	111.3	-	111.3
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	-	-	-	-	-	3.8	0.2	4.2	-	1.5	4.8	14.5	-	14.5
VOLUNTARY RELIEF AGENCIES	-	-	42.4	6.6	5.5	9.6	10.4	4.7	3.8	7.2	3.7	2.8	96.8	-	96.8
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	4.0	1.1	0.1	19.7	5.8	6.0	8.5	4.2	2.4	2.0	0.9	1.1	55.9	7.5	48.4
PEACE CORPS	-	-	0.1	1.0	0.9	1.5	2.7	2.7	2.4	2.0	1.2	1.1	15.6	-	15.6
SOCIAL PROGRESS TRUST FUND	-	-	-	18.7	4.9	4.5	5.8	1.5	-	-	-0.3	-*	35.1	7.5	27.6
OTHER	4.0	1.1	-	-	-	-	-	-	-	-	-	-	5.2	-	5.2
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	4.0	2.2	169.6	168.7	68.2	111.4	121.7	104.2	22.4	89.0	70.3	25.9	957.6	76.0	881.6
Loans	-	-	81.6	158.7	56.4	97.4	102.4	93.8	9.2	76.9	61.2	14.3	752.1	76.0	676.1
Grants	4.0	2.2	87.8	10.0	11.8	14.0	19.4	10.4	13.2	12.1	9.1	11.6	205.6	-	205.6
B. OTHER OFFICIAL															
EXPORT-IMPORT BANK LONG-TERM ECONOMIC LOANS	41.9	62.2	169.0	0.8	16.2	15.3	8.2[b]	0.1	240.9	16.2	30.1	3.3	602.1[b]	351.7	250.4
TOTAL ECONOMIC	45.9	64.4	338.4	169.5	84.4	126.7	129.9	104.3	263.3	103.2	100.4	29.2	1,559.7	427.7	1,132.0
Loans	41.9	62.2	250.6	159.5	72.6	112.7	110.6	93.9	250.1	91.1	91.3	17.6	1,354.2	427.7	926.5
Grants	4.0	2.2	87.8	10.0	11.8	14.0	19.4	10.4	13.2	12.1	9.1	11.6	205.6	-	205.6
MILITARY ASSISTANCE - (Chg. to FAA Approp.)[c]	-	-	36.1	7.9	8.0	8.0	7.1	8.4	5.5	7.6	4.6	12.8	114.0	3.9	110.1
Credit Assistance	-	-	-	-	-	0.1	0.8	0.1	0.7	0.1	1.9	10.8	20.1	3.9	16.2
Grants	-	-	36.1	7.9	8.0	7.9	6.3	8.4	4.8	7.5	2.7	2.0	93.9	-	93.9
(Additional Grants from Excess Stocks)	(-)	(-)	(5.6)	(0.5)	(0.4)	(0.9)	(0.2)	(0.3)	(*)	(0.2)	(*)	(*)	(8.0)	(-)	(8.0)
OTHER MILITARY ASSISTANCE GRANTS	-	-	5.7	4.4	17.1	1.8	0.9	-	-	-	-	-	29.9	-	29.9
EXPORT-IMPORT BANK MILITARY LOANS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL MILITARY	-	-	41.8	12.3	25.1	9.8	8.0	8.6	5.5	7.6	4.6	12.8	143.9	3.9	140.0
TOTAL ECONOMIC AND MILITARY	45.9	64.4	380.2	181.8	109.5	136.5	137.9	112.9	268.8	110.8	105.0	42.0	1,703.6	431.6	1,272.0
Loans	41.9	62.2	250.6	159.5	72.6	112.8	111.4	94.1	250.8	91.2	93.2	17.6	1,374.3	431.6	942.7
Grants	4.0	2.2	129.6	22.3	36.9	23.7	26.6	18.8	18.0	19.6	11.8	24.4	329.4	-	329.4

*Less than $50,000.

a/ Includes $100.0 million loan for Reconstruction and Rehabilitation.

b/ Excludes refunding of $40.0 million in FY 1965.

c/ Annual data represent deliveries; total through 1970 is the cumulative program.

Source: U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations July 1, 1945-June 30, 1970, Special Report Prepared For House Foreign Affairs Committee by the Office of Statistics and Reports, Bureau for Program and Policy Coordination, AID, May 4, 1971, p. 39, as found in New Chile, p. 48.

Table 8 lists the amount of aid received by Chile from international organizations during the same period from 1946 to 1970.

TABLE 8

Assistance to Chile from International Organizations (in $ millions)

	46-48	*49-52*	*53-61*	*62*	*63*	*64*	*65*	*66*	*67*	*68*	*69*	*70*	*Total 46-70*
Total	16.0	1.0	135.4	18.7	31.2	41.5	12.4	72.0	93.8	19.4	49.0	76.4	566.3
IBRD	16.0	0.0	95.2	–	–	22.7	4.4	2.7	60.0	–	11.8	19.3	232.7
IFC	–	–	5.8	–	3.0	–	0.3	1.2	–	–	–	10.9	21.2
IDA	–	–	19.0	–	–	–	–	–	–	–	–	–	19.0
IDB	–	—	5.7	15.1	24.4	16.6	4.9	62.2	31.0	16.5	31.9	45.6	253.9
UNDP-SF	–	–	5.1	1.9	1.7	0.8	1.7	4.9	2.1	2.3	4.7	–	25.1
UNDP-TA	–	0.1	3.8	1.1	1.1	0.6	0.8	0.6	0.6	0.6	0.8	0.4	10.3
Other-UN	–	–	0.8	0.6	1.0	0.8	0.3	0.4	0.2	*	*	0.2	4.1

* less than 50,000
IBRD International Bank for Reconstruction and Development (World Bank)
IFC International Finance Corporation (World Bank affiliate)
IDA International Development Association (World Bank Affiliate)
IDB Inter-American Development Bank
UNDP-SF United Nations Development Program–Special Fund
UNDP-TA United Nations Development Program–Technical Assistance

Source: U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations July 1, 1945-June 30, 1970. Special Report Prepared for House Foreign Affairs Committee by the office of Statistics and Reports, Bureau for Program and Policy Coordination, AID, May 4, 1971, pp. 178 and 179; found in New Chile, p. 49.

However, American foreign aid has always been based on certain pre-conditions and agreements, which, in effect, tie the recipient country to the U.S. economy and force upon that government policies catering primarily to American political and economic interests.[32] On the whole, such aid has resulted in greater underdevelopment rather than development for those Third World countries.[33] The Chilean experience has been no exception.[34]

It is very significant that Chile experienced its highest industrial growth rates between the time of the Great Depression and the end of World War II when the "developed world" was too pre-occupied in solving its own internal contradictions to negotiate an extensive aid program with Chile. Moreover, it was not until the end of this period, in 1945, when foreign capital again began to rush into the Chilean economy, that the country's industrial growth rates dropped.

TABLE 9

Annual Industrial Growth Rates, 1914-65

Period	*Strength of ties*	*Investment activity*	*An. indus. growth rate*
1914-1930	strong	increasing. U.S. investment doubled	4.5%
1931-1945	weak	decreasing. U.S. investment fell by 25%	7.9%
1946-1965	strong	increasing. U.S. investment more than doubled	4.8%

Source: A. Zimbalist, "Dependence and Underdevelopment in Chile " (unpublished paper, Harvard University, 1971), p. 16.

The high interest payable on U.S. loans as well as the high amount of U.S. corporate profits leaving Chile cut out a sizeable percentage of the country's export earnings each year. Table 10 lists those figures in yearly percentages from 1961 to 1968.

TABLE 10

Profit Remittances on Direct Investment and Debt Servicing of Public and Private Debt (in millions of dollars and as percent of total Chilean exports)

Year	(1) Profit Remittances	(2) Debt Service	(3) Exports	(1) + (2) / (3)
1961	$ 53 mn	$ 80 mn	$508 mn	26.2%
1962	57	116	532	32.5
1963	49	233	542	52.0
1964	63	214	626	44.2
1965	60	149	688	30.4
1966	111	133	880	27.7
1967	113	130	913	26.6
1968	112	165	941	29.4

Sources: IMF, Balance of Payments Yearbook, vol. 18, July 1967, Chile, p. 1; IMF, Balance of Payments Yearbook, vol. 21, July 1970, Chile, pp. 1, 5; found in New Chile, p. 108.

Robert Ayres discussed the problem in relation to the percentage of current account income:

> Looking at some figures in more detail, we find that profit remittances, dividends on direct investment, and interest on loans equalled 17.5 per cent of current account income in 1950 and 20.0 per cent in 1967.

> For amortization and depreciation, payments to the exterior increased from $25 million in 1950 to $272 million in 1963, $284 million in 1965, and declined in 1966 and 1967 to $258 million and $188 million respectively as a consequence of the renegotiation of the foreign debt. Thus the amortization and depreciation of foreign capital, which in 1950 represented 7.6 per cent of current account income, reached the staggering sum of 47.8 per cent in 1963. On the specific matter of foreign loans, Chile received $1.7 billion between 1950 and 1967. In amortizations, the country had to cancel an amount close to $900 million. If we consider, in addition, the amounts paid out in interest, the effective amount received is again substantially reduced--since total interests on all loans in this period was approximately $506 million. The necessity of loan repayment has also had important effects upon the country's foreign debt: On December 31, 1969, the foreign debt of Chile reached $2.1 billion.[35]

Through such tied aid as well as the threat of changing tariff rates, pressure is applied to assure that the sale of copper to U.S. firms is set at a price far below the world market price. Table 11 shows the differences in prices at which Chilean copper has been sold in the New York market as compared to the London market.

TABLE 11

Comparison of Copper Prices
(In U.S. cents per pound)*

	1952	1955	1959	1964	1965	1966	1967	1968	Jan. 1970
New York Price**	25	38	31	33	36	54	50	53	56
London Metal Exchange Price	32	44	30	44	59	69	51	56	72

* Prices are F.O.B. refinery prices to nearest cent.
** Prices at which Chilean copper (from the Gran Mineria) is sold in the United States.

Source: New Chile, p. 111.

In most cases, U.S. currency never actually reaches Chile. Instead, American aid is granted in the form of extended credit, which Chile can only use to buy U.S. goods, especially capital equipment, at prices far above the world market rates.[36] Chile also is required to utilize overpriced U.S. transportation in order to receive the machinery. Once this heavy machinery, purchased on credit, is installed or once a factory is built, the Chilean companies must still depend on the U.S. for spare parts.[37]

It is also significant that over the last twenty years an exceptionally close relationship has developed between the armed forces of Chile and the United States. One source reports that between 1950 and 1970, Chile received more military aid ($175.8 million) than any other Latin American country except Brazil. Moreover, from 1970 to 1973 the amount

of aid increased strikingly to a three year total of $45.5 million. That represents more than double the amount granted during the previous four year period. More than 70 percent of Chile's military planes and helicopters are U.S. made.[38] Periodically the Chilean and U.S. naval fleets have carried out joint maneuvers--even throughout Allende's term of office. The U.S. has also given $2.5 million in aid to develop the repressive Chilean police force, the Carabineros. Another important fact is that during the last twenty years, over 4,000 Chilean military officers have been trained in the United States, as well as in American run schools located in the Panama Canal Zone. Thus, through such aid and training, the United States has attempted to "Americanize" the Chilean military.[39]

The Chilean Military; A Historical Review

In order to formulate a more refined explanation as to why the September 1973 coup did occur, it is necessary to more closely examine the nature of the Chilean military establishment. A first step towards such an examination is an analysis of the class background of the Chilean armed forces. Secondly, it is necessary to acquire an adequate

historical perspective by reviewing the military's degree of participation in Chilean politics previous to Allende's election to the Presidency in 1970. Thirdly, one should not forget those institutional and socialization factors which influenced the role and political orientation of the military in Chile.

A poll conducted by Roy Allen Hansen, a professor of sociology at the University of California, shows that of the 83 officers who graduated from Chile's Bernado O'Higgins Military School in 1928 (the generation from which most of the recently retired Chilean generals come), 23 were from aristocratic families, forty were from the middle classes, and twenty from the urban and rural petty bourgeoisie.[40] Although these statistics in themselves are insufficient to formulate conclusions regarding the class nature of the present Chilean military leadership, prominent scholars in the area of study, such as Alain Joxe[41], Jorge Nef[42], Liisa North[43], and José Nun[44] all concur with Hansen's assertion that the Chilean military elite is principally comprised of middle class elements, with junior officers tending more to come from lower-middle class origins.

Aside from class origin, military officers according to

their occupation would be categorized as middle class. In terms of a breakdown into the various branches of the Chilean military, in a very general sense, Carabineros (police force) officers tend more to come from lower middle class origins, while the Navy and Air Force seem to recruit more cadets (although not necessarily a majority) from the upper middle class than does the Army. This is understandable since the Navy and Air Force provide more advanced technical training due to their respective levels of technological equipment, and the Navy, in particular, has had more of an aristocratic tradition.[45]

It is now rather apparent that before the September coup there was a tendency among many scholars to oversimplify the causal factors involved in the military's seemingly consistent policy of non-intervention in civilian affairs during the previous four decades. This tendency, in effect, obscured the nature of the military's role. An explanation still held by several scholars in North America is that the Chilean military had been "a-political" due to the loyalty which it held for the Constitution and the democratic tradition. Of course, such an explanation does not go beyond the surface level of the phenomenon. It is true that Chile's institutional

uniqueness helped minimize the number of extra-constitutional interventions on the part of the armed forces, especially when compared with the record of military coups in other Latin American countries. But historically this applied only when the social and economic order as a whole was not seriously threatened by a revolutionary force. As mentioned earlier, the reforms required to integrate the emerging middle class were not perceived by the ruling elite as representing a direct challenge to its own economic position. However, such integration did not take place immediately, but rather, developed gradually over a few decades after the turn of the Century.

During that period, specifically between 1919-1932, one finds a definite correlation between a high degree of direct military involvement in politics and acute economic chaos, coupled with intense social disorder. Between 1911-1920 alone, there were almost 300 strikes by the increasingly militant working class, many of which were repressively put down by the Army. As World War I came to a close the newly formed foreign synthetic nitrate industry severely crippled the Chilean economy. Military conspiracies seriously began around 1919 and resulted in direct intervention in 1924 to

support reform measures backed by the middle class.[46]

In an earlier study of civil-military relations in Argentina, Chile and Peru, Liisa North states that in Chile:

> there was resistance to politicization within the military institution, and unwillingness on the part of civilians to use the army as an instrument for the attainment of political ends. The peculiar alliance of middle and upper class groups in Chile made this situation possible. Thus, the politicization of the Chilean army occurred slowly throughout the protracted social and political crisis of the early twentieth century. Actual intervention in political affairs by the military did not take place until the civilian governments seemed totally incapable of making decisions to alleviate this crisis.[47]

At the end of that study, one conclusion presented by North is that:

> Only in Chile, where middle and upper classes have been largely united in political orientation, while remaining flexible enough to meet the most pressing of lower class demands, has the military been isolated from politics, with the exception of the brief period from 1919 to the early 1930's.[48]

Although institutional factors such as certain officers' opposition to the patronage system of promotion (rather than by merit), lack of adequate equipment, and a delay in the

payment of already low scale salaries were significant, they were nonetheless secondary.[49] The military intervention of 1924 resulted in a significant gain for the middle classes in terms of representation within the state apparatus.[50]

Liisa North summarized this period in the following way:

> "The military conspiracies and interventions of the period extending from 1919 to 1932 were therefore fundamentally a response to acute economic, social and political conflicts. The younger Army officers, in particular, who since the 1880's had been recruited to an increasing extent from the middle class, intervened to back up the reform demands of the class of their origin in order to establish social peace."[51]

Although between 1932-1970 the Chilean military never overtly intervened with success in civilian politics, attempts at doing so had been frequent, with almost every administration during that period confronted with abortive military coups.[52] Moreover, during that period there were definitely pro-Nazi military elements which received support from sectors of the officer corps. A military conspiracy in 1939 against the Popular Front government unquestionably had a fascist orientation.[53] In the 1940's a pro-Nazi military lodge called por un Manana Auspicioso (Pumas) was formed with

the objective of establishing a fascist corporatist state. It was succeeded in the 1950's by another rightist lodge called Linea Recta which conspired to carry out a coup. However, its plans were discovered resulting in the formal disbanding of the group. In the 1960's another neo-Nazi organization, Movimiento Revolucionario Nacional Sindicalista (MRNS), actively engaged in plans to overthrow Frei.[54]

As early as 1966, the present leader of the ruling military junta, General Augusto Pinochet, showed his strong rightist tendencies in leading the El Salvador massacre. In response to civil unrest in that small mining town, the military shot and killed six miners and two women. A similar massacre occurred a year later in Santiago when several civilians, including children, were killed by military patrols during a general strike.[55]

Jorge Nef asserts that the lack of overt military intervention in politics between 1932-70 did not mean that the armed forces as an institution was not significantly involved in civilian affairs:

> a fairly effective way of solving differences between politicians and military by direct negotiations behind the scenes contributed to maintain a facade of military non-intervention in the political business of the state.[56]

Nef goes on to state that such a facade could only be maintained as long as there was strong domestic control by the elite, which also acted as the "middle man" for the changing metropolis powers (England and then the United States). Thus, the breakdown in the seemingly "non-interventionist nature" of the military can be seen as a consequence of two trends: First, the increasingly successful challenge presented to the elite by a mobilized working class, which escalated under Frei and culminated under Allende; this lead to the second trend of the metropolis power deeming it necessary to circumvent the established political institutions in crisis in favor of the more direct and reliable contacts within the Chilean armed forces.[57]

In that same article Nef discusses in detail the concept of "professionalism" in the Chilean armed forces. He counters the myth that professionalism necessarily implies "a-politicism". Nef claims that military professionalism should primarily be defined in terms of loyalty to the military as an institution, and not in terms of ideological neutrality.[58]

An important aspect of the institutionalization of the Chilean military centers on the training and assistance it has traditionally received from the United States. The ratio

of military personnel (including the Carabineros police force) to total population in Chile ranks second in all of Latin America.[59] Aside from its relatively large size, the Chilean military has been well organized and equipped principally due to the significant amounts of U.S. assistance provided through the U.S. Military Assistance Program (MAP).[60] Since the Cuban Revolution, the basic orientation of the program has been that of counter-insurgency training rather than national defense. In 1968, 76% of the Pentagon's aid to Latin America was specifically related to counter-insurgency work.[61] The value of U.S. military assistance received by Chile was more on a per capita basis than any other country in Latin America.[62]

As stated earlier, several thousand Chilean military personnel have been trained in the United States, and over 500 have been trained on U.S. bases in the Panama Canal Zone. These training programs unquestionably emphasized counter-guerilla operations.[63] Aside from these programs, the United States Government has stationed an average of almost fifty military personnel in Chile during the 1960's.[64] This figure increased after Allende's election to office.

The U.S. Government also felt it necessary to extensively

aid and assist the Carabineros. As stated earlier, almost $2.5 million in U.S. aid was used to devlope that repressive police force.

An important political effect of these programs was that of inculcating strong pro-U.S. and anti-communist values. One scholar characterized this attitude of the Chilean military as a "dependency syndrome", whereby professional standards of behavior, technological development, and political orientation were essentially predetermined by the metropolis.[65]

It is certain that the Chilean military has not existed as an isolated institution. On the contrary, it has been politically sensitive to the changes in class relations and the reflective variations in party alliances and social make-up of the civilian government. Moreover, the military did not merely watch the struggle unfold between the political forces within Chile, but also participated directly in that conflict.

Political Forces at the Time of Allende's Election

At the time of Allende's election to office, the various political forces in Chile could have been characterized as representing a "rainbow configuration" with rather consistent vertical

integration between class, party, and interest group. One could divide the forces into three basic sectors along the political spectrum: The Right, the Center, and the Left. During the 1970 presidential election each sector was basically represented by a political party--the National Party (PN) of the Right, the Christian Democratic Party (PDC) of the Center, and the Popular Unity (UP) coalition of the Left. Aside from these parliamentarian organizations two other political groups were to play significant roles in the social struggle: The major marxist organization, which did not run candidates in elections, Movimiento de la Izquierda Revolucionaria (MIR), and a neo-fascist organization formed around 1971, Patria y Libertad.

The Unidad Popular (Popular Unity) was a coalition of declared marxist and progressive reform parties. The six groups forming the coalition were the Communist Party (PC), the Independent Popular Action Party (API), the Movement of United Popular Action (MAPU), the Radical Party (PR), the Social Democratic Party (PSD), and the Socialist Party (PS). The two leading forces within the coalition were the Socialist and Communist Parties. MAPU had been formed in 1969 when the more radical faction of the Christian Democrats split

away from the Party. Ideologically, it basically reflected an attempt to bridge Christian and Marxist humanism. API and PSD were quite small and uninfluential, and the Radical Party was a progressive, yet essentially bourgeois, middle class party.[66]

In terms of class composition, generally speaking, the rural aristocracy and urban monopoly elite comprised the Right,[67] the middle-class professionals, bureaucrats, and merchants comprised the Centre,[68] and the workers and peasants as well as the progressive wing of the intelligentsia comprised the Left.[69]

The principal interest groups of the National Party were the businessmen's associations. The most important umbrella organ for these associations has been and continues to be the National Confederation of Production and Commerce, which represents the interests of the five top business groups in Chile: The Society for Industrial Development, the National Society of Agriculture, the Central Chamber of Commerce, the National Mining Society, and the Chilean Chamber of Construction.[70] The important role which the Confederation played in the struggle for power will be discussed later.

Perhaps the closest one could come towards identifying a

Christian Democratic Party interest group would be the government bureaucracy. It was predominantly comprised and led by PDC members, even after Allende became President. Thus, due its middle class background as well as its significant presence within the government bureaucracy the PDC played the role of broker between the Right and Left political forces.[71]

The development of the Left in Chile has closely paralleled that of the Chilean labor movement. Thus, it is not surprising that the major interest group supporting the Socialist Party and especially the Communist Party was the labor unions. The major labor confederation in Chile, called the Workers' Central Union (CUT) was predominantly led by PC and to a lesser extent PS cadre.[72]

In the 1970 elections Jorge Alessandri, running as an independent candidate but supported by the National Party, based his platform on a defense of private property. He made no attempt to distinguish between different elements of the bourgeoisie in the formulation of policies, but, on the contrary, campaigned on a note of unity among all property owners. Although he spoke of such unity, his election would have resulted in a further division between middle and upper classes. He did not even present a specific platform in his

campaign, but merely denounced government intervention as the source of economic chaos, while attacking not only Allende but even the reform legislation of Frei's government. Although Alessandri received a significant percentage of the middle class vote, nonetheless, the few policies which he did advocate in public catered to the mutually-tied interests of the landed aristocracy and urban monopoly elite.[73]

There were also those on the far Right who felt no need to rely on parliamentary politics alone and were fully committed to acts of terrorism as a way of achieving their political objectives. The major right-wing extremist organization, Patria y Libertad, played an instrumental role in the overthrow of Allende. It was partially composed of lumpen proletariat outcasts, yet primarily financed and trained by the U.S. Central Intelligence Agency (CIA) and Chilean and Brazilian businessmen.[74]

The Center, unlike the Right, had distinct factions within its representative parliamentary organ, the Christian Democratic Party. The split was most clearly personified by the leaders of the two factions, Eduardo Frei and Radomiro Tomic. The Tomic faction, which tended towards a position of co-operation with the Unidad Popular, was also further

factionalized by an internal group advocating the establishment of an alliance with Allende.[75]

The record of the Christian Democrats during Frei's presidency, in terms of fulfilling campaign promises, was rather poor, to say the least. There is no denying the fact that Frei's government did legislate an agrarian reform act. The government also undertook the task of organizing peasant unions. However, by the end of Frei's term, only 25% of the proposed number of families received portions of expropriated land, with only 11% of the irrigated farmland being affected.[76]

One study summarized the overall effect of the social welfare reforms implemented by the Frei government as follows:

> Whatever its merits, the educational reform has not altered the basic fact that education in Chile, is not an instrument of social mobility for the disadvantaged; rather, as a number of studies have shown, it has widened the gulf between the middle and lower classes and has increased the discrimination against the lower classes, particularly rural. The Ley de Medicina Curativa is an expensive program which increases social security payments and improves medical service for white-collar employees, without upgrading health care for the lower classes. While overall housing construction has declined somewhat since 1965, low-income housing construction has been drastically curtailed. Moreover,

> basic inequalities in income distribution (according to 1965 figures of ODEPLAN, the National Planning Office, 29 percent of the population earns 4.1 percent, while the upper 4.5 percent of the population earns about 40 percent of the income) have not been and are not likely to be altered by these social welfare programs.[77]

Moreover, there was little change in revising an extremely regressive tax structure and a banking system which still catered to private monopoly interests. The Frei government also maintained a policy of granting special incentives to foreign investors, partially a result of a continual acceptance of tied U.S. foreign aid. There was no substantial attempt made during Frei's term of office to achieve economic independence.[78]

Nonetheless, the policies implemented under Frei did have a substantially progressive effect in increasing the level of political mobilization of the workers and peasants.[79] This was due partially to policies allowing for greater worker and peasant political participation and social organization; but more importantly to the higher degree of disillusionment brought about by unfulfilled campaign promises. In this sense the Christian Democrats under Frei followed in the footsteps of the populist Popular Front government of the

late 1930's. Although the PDC allowed for increased mobilization of the working class, peasantry and urban unemployed, in the final analysis it did very little to change the objective conditions in which these people lived. Therefore, a certain imbalance was created, whereby the work force held higher aspirations and felt more confident in demanding changes, but was still confronted with a political order not committed to changing the social relations of production.

One of the principal differences between the campaign platform of the Christian Democratic Party and that of the Popular Unity coalition centered on the question of long-run objectives. As mentioned earlier, while not denying the humanitarian intentions of a small number of Christian Democrats as well as certain progressive reforms advocated and actually implemented by the Party as a whole, the concrete effect of their policies was to introduce a greater flexibility in the government necessary for legally preserving the basic nature of the old economic order. The following extraction from the Popular Unity program reflects a striking contrast:

> The central policy objective of united popular forces will be the search for a replacement for the present economic structure,

> doing away with the power of foreign and national monopoly capital and of the latifundio in order to initiate the construction of socialism.[80]

The UP was influenced both by the revolutionary tradition of the working class and leftist parties such as the PS in the 1930's, as well as the parliamentarian tradition followed by populist and liberal governments in the past.

The one unique aspect of Allende's road to socialism was his firm reliance on peaceful methods, based greatly on a faith in Chile's legal process. The President of the State Defense Council under Allende, Eduardo Novoa, stated that the Popular Unity believed "its programme could be achieved with full respect for legal procedures and juridicial set-up."[81] On numerous occasions before and after the 1970 campaign, Allende reiterated his commitment to uphold the Constitution and not to resort to extra-legal procedures.

The programme of the Unidad Popular was theoretically geared towards achieving the following objectives: a de-bureaucratization of the governmental institutions; nationalization of foreign and domestic monopolies; land reform; construction of adequate housing, educational and health facilities available to the majority of the people; reform

of the banking system and tax structure; improvement of the social security system; equal rights under law for women; development of a popular culture reflecting the reality and needs of the lower and middle income classes; freedom of speech and press; and a foreign policy based on a respect for national self-determination.[82]

In an article published in the October, 1971 issue of Monthly Review, James Petras outlined three distinct political tendencies within the Popular Unity coalition. The Right faction advocated gradual completion of the programs for land reform and nationalization of mines and banks, while at the same time emphasizing the need to increase economic production. The moderates advocated a quicker and more specific nationalization program, emphasizing the need to first win over the middle class in order to later complete the socialization of the economy. The Left argued that the socialization process was much too slow and that there should be a de-emphasis on utilization of standard institutional channels in favor of a greater reliance on the active participation of the workers and peasants.[83] In general terms, the several small, non-marxist, radical groups, a section of the Socialists, and a majority of the Communist Party made up the more

conservative section; a small number of Communist and Socialist Party members, as well as other members of the radical parties, including some MAPU members, comprised the Center; and a significant section of the Socialist Party and MAPU comprised the more militant Left.

Although MIR severely criticized the electoral strategy of the Unidad Popular and independently carried out militant organization of the working class, as well as among the peasantry, it nonetheless supported Allende's victory.

This is basically how the various political forces were aligned as Allende prepared to assume office. It is within the historical context presented in this chapter that one should view the particular experiment of systems transformation attempted by the Unidad Popular. The significant gains achieved through the initial reforms of the UP government indicated to many that such an experiment could, in fact, succeed.

NOTES

[1]James Petras, Politics and Social Forces in Chilean Development (Los Angeles, University of California Press, 1969), pp. 6-36, and Jay Kinsbruner, Chile: A Historical Interpretation (New York, Harper & Row, 1973).

[2]See Jean Carrière, "Constitutional Politics and the Class Struggle in Chile," Our Generation, Vol. 9, No. 4 (Fall, 1973), pp. 58-66. For a detailed historical discussion of Chile's bureaucracy, see Petras, Politics, pp. 288-337.

[3]Frederick B. Pike, Chile and the United States, 1880-1962 (South Bend, Ind., University of Notre Dame Press, 1963), p. xxv.

[4]Arturo Valenzuela, "Political Constraints and the Prospects for Socialism in Chile," Proceedings of the Academy of Political Science, 1972, p. 71.

[5]Solon Barraclough, "The Structure and Problems of the Chilean Agrarian Sector," The Chilean Road To Socialism, ed. by J. Ann Zammit (London, Institute of Development Studies at University of Sussex, 1973), pp. 115-117 and Petras, Politics, pp. 53-55.

[6]Maurice Zeitlin, "The Social Determinant of Political Democracy in Chile," Latin America: Reform or Revolution, ed. by Petras and Zeitlin (New York, Fawcett Publications, 1968), pp. 231-37; Richard E. Ratcliff, "Capitalism in Crisis: The Chilean Upper Class and the September Coup," Latin American Perspectives, Vol. 1, No. 2 (summer, 1974), p. 84; and Pike, Aspects of Class Relations in Chile, 1850-1960." Petras and Zeitlin, pp. 208-211.

[7]Carrière, p. 62.

[8]Petras, Politics, p. 28.

[9]For a more detailed analysis, see Pike, "Aspects of Class Relations in Chile, 1850-1960," Petras and Zeitlin, pp. 202-219.

[10]Petras, Politics, p. 132.

[11]For an analysis of key differences between the Unidad Popular of 1970 and the Popular Front of 1938 see Allende's response to questioning by Regis Debray in Regis Debray, The Chilean Revolution: Conversations With Allende (New York, Random House, 1971), pp. 117-118, and Petras, Politics, pp. 123-135. For a perceptive evaluation of the reforms implemented under the Frei government see New Chile (New York, NACLA, 1972), pp. 118-127.

[12]Petras, Politics, pp. 11-32.

[13]"History of Imperialism in Chile," Chile: Unmasking 'Development' (Washington, D.C., COFFLA, 1973).

[14]Pike, "Aspects", p. 208, and Andrew Zimbalist, "Dependence and Underdevelopment in Chile " (unpublished paper, Harvard University, 1971).

[15]Petras, Politics, p. 50. On page 44 of that work, Petras states, "seventy percent of the largest (industrial) firms either are family owned or ownership is confined to a small group."

[16]Kyle Steenland, "Chile: Two years of Unidad Popular," Socialist Revolution, Vol. 3, No. 3 (May-June, 1973), p. 86.

[17]Petras, Politics, pp. 11-26.

[18]Robert L. Ayres, "Economic Stagnation and the Emergence of the Political Ideology of Chilean Development," in World Politics, Vol. XXV, No. 1 (October, 1972), p. 36 and Petras, Politics, p. 31.

[19]Fuente de Informacon Norteamericana, "Collision Course: Chile Before the Coup," Latin America and Empire Report, Vol. VII, No. 8 (October, 1973), p. 16.

[20]Ayres, pp. 37-38.

[21]Jorge Nef, "The Politics of Repression: The Social Pathology of the Chilean Military," Latin American Perspectives, Vol. 1, No. 2 (summer, 1974), p. 58.

[22]For a detailed listing of foreign investments in Chile at the time of Allende's election, see New Chile (Berkeley, North American Congress on Latin America, NACLA , 1972), pp. 149-167.

[23]Ibid., pp. 191-192.

[24]Richard E. Feinberg, "Dependency and the Defeat of Allende," Latin American Perspectives, Vol. 1, No. 2 (summer, 1974), p. 36.

[25]José Cayuela, "The Hidden Invasion," Johnson, The Chilean Road, p. 118.

[26]James Cockcroft, Henry Frundt, and Dale Johnson, "The Multinationals," Johnson, The Chilean Road, p. 13.

[27]Forbes as quoted in Chile Versus the Corporations, (Toronto, Latin American Working Group, 1973), p. 7.

[28]Morris Morley and James Petras, The United States and Chile: Imperialism and the Overthrow of Allende (New York, Monthly Review Press, 1975), p. 108.

[29]Allende as quoted in Chile Versus the Corporations, p. 31.

[30]Cockcroft, Frundt, and Johnson, pp. 4-5.

[31]New Chile, p. 49.

[32]Teresa Hayter, Aid as Imperialism (Harmondsworth, England, Penguin Books, Ltd., 1971), pp. 25-106.

[33]Ibid., pp. 150-192; For a detailed analysis of the nature of U.S. economic relations with the Third World, see Harry Magdoff, The Age of Imperialism (New York, Monthly Review Press, 1969); specifically regarding the role of U.S. aid, see Magdoff, pp. 115-154.

[34]For an in-depth study on the negative effects of such aid on Chile in particular, see Hayter, pp. 119-134.

[35]Ayres, p. 47.

[36]Zimbalist, "Dependence and Underdevelopment in Chile," p. 22.

[37]New Chile, p. 111.

[38]"Chile: The Story Behind the Coup," NACLA's Latin America and Empire Report, Vol. VII, No. 8 (October, 1973), p. 8.

[39]Ibid., p. 9

[40]For a somewhat interesting, yet limited analysis of the Chilean armed forces based mainly on a study of the Chilean Army see Roy Allen Hansen, "Military Culture and Organizational Decline: A Study of the Chilean Army" (Ph. D. Dissertation, U.C.L.A., 1967), pp. 170-210.

[41]Alain Joxe, "Is the 'Chilean Road to Socialism' Blocked?", Zammit, p. 232.

[42]Jorge Nef, "The Politics of Repression," p. 64.

[43]Liisa North, "The Military in Chilean Politics" (unpublished paper, York University, 1973), pp. 9-11.

[44]José Nun, "A Latin American Phenomenon: The Middle-Class Military Coup," Petras and Zeitlin, p. 177.

[45]North, "The Military in Chilean Politics," p. 11.

[46]Ibid., p. 3. For a short description of the intricacies of the 1924 intervention see Kinsbruner, pp. 122-128.

[47]North, Civili-Military Relations in Argentina, Chile, and Peru (Berkeley, University of California Press, 1966), p. 31.

[48]Ibid., p. 61.

[49]North, "The Military in Chilean Politics," p. 4.

[50]Ibid., p. 4.

[51]Ibid., pp. 4-5.

[52]Nef, "The Politics of Repression," pp. 59-60.

[53]North, "The Military in Chilean Politics," p. 7.

[54]Nef, "The Politics of Repression," pp. 60-61.

[55]For a short synopsis of these events see Ibid., pp. 59-63.

[56]Ibid., p. 58.

[57]Ibid., p. 58.

[58]Ibid., pp. 65-66

[59]North, "The Military in Chilean Politics," p. 14.

[60]Ibid., p. 15.

[61]Michael T. Klare, War Without End: American Planning for the Next Vietnams (New York, Vintage Books, 1972), pp. 276-279.

[62]North, "The Military in Chilean Politics," pp. 16-17.

[63]Klare, p. 298.

[64]North, "The Military in Chilean Politics," p. 16.

[65]Nef, "The Politics of Repressions," p. 66.

[66]For a more detailed description of the various parties which formed the Popular Unity coalition see Nef, "Political Factionalism and Political Stalemate: Chilean Politics 1920-1970 " (unpublished paper, McGill University, 1975), pp. 8-15.

[67]For a description of the specific interests of the Right, see "Chile: The Story Behind the Coup," NACLA's Latin America and Empire Report, Vol. VII, No. 8 (October, 1973), pp. 4-5, and Nef, "Political Factionalism," p. 5.

[68]For reference to middle class support for the centrist Christian Democratic Party, see Nef, "Political Factionalism," pp. 15-16.

[69]For a statistical analysis relating overwhelming working class support for Allende, see Petras, "The Working Class and Chilean Socialism," Johnson, The Chilean Road, pp. 240-247. Also see Ibid., p. 8. For additional references regarding these class-political correlations also see Petras, Politics, p. 101; Valenzuela, p. 72; and Ayres, p. 57.

[70]Nef, "Political Factionalism," pp. 5-6.

[71]Ibid., p. 15.

[72]Ibid., pp. 10-11.

[73]For a detailed description of Alessandri's campaign strategy see Richard E. Feinberg, The Triumph of Allende: Chile's Legal Revolution (New York, The New American Library, Inc., 1972), pp. 118-130.

[74]"U.S. Military Intervention in Chile," NACLA's Latin America and Empire Report, Vol. VIII, No. 6 (July-August, 1974), pp. 33-35.

[75]Nef, "Political Factionalism," p. 24.

[76]Feinberg, p. 61.

[77]New Chile, p. 119.

[78]Ibid., pp. 120-122. For an in-depth analysis of the history and contemporary policies of the Christian Democratic Party of Chile up until 1967, see Petras, Chilean Christian Democracy: Politics and Social Forces (Berkeley, University...

...of California, 1967). For a detailed account of the policies of the Frei government, see David J. Morris, We Must Make Haste Slowly; The Process of Revolution in Chile (New York, Random House, 1973), pp. 31-91.

[79]Petras, Politics, p. 117.

[80]The Unidad Popular, Program Document, Zammit, p. 266.

[81]Eduardo Novoa, "The Constitutional and Legal Aspects of the Popular Unity Government's Policy," Zammit, p. 27.

[82]The official program of the Unidad Popular, which outlines its basic strategy for transforming Chilean society, is reprinted in Zammit, pp. 255-284.

[83]Petras, "Transition to Socialism in Chile: Perspectives and Problems," Monthly Review (October, 1971), pp. 61-62. For a more detailed examination of the various factions within the UP parties, see Nef, "Political Factionalism," pp. 11-15.

CHAPTER II:

INITIAL REFORMS OF THE POPULAR UNITY GOVERNMENT

Once having taken office, the two most immediate objectives outlined by Allende were first to begin the process of establishing state ownership in the monopoly sectors of the economy and to carry out an effective land reform program and secondly to achieve a more equitable distribution of income.

The UP's approach toward socializing production was to divide the economy into three sectors: socialist (state-owned), mixed (combination of state-private ownership), and private. The overall strategy was based on developing a predominantly socialist economy through legal state purchases of private monopolies and oligopolies. The mixed sector actually constituted an intermediary stage in the transition from private to state ownership for those large yet non-oligopolistic enterprises. Aside from a few exceptions of those enterprises essential to economic security, such as part of the transportation industry, all small and medium sized businesses were to remain under private ownership and would not be classified into the mixed or state sectors of

the economy.

The UP was very discriminate in first nationalizing foreign-owned multinational corporations and only then turning its attention to the most highly concentrated, domestically owned industries. Although it was forced to resort to the implementation of an almost forgotten law passed in 1932, the government did not step beyond its constitutional jurisdiction. As for compensation to those foreign corporations being nationalized, the Unidad Popular deemed a 10 percent rate of profit as appropriate and then subtracted all profits accrued above that rate from the assessed value of the foreign capital.[1]

At least thirty-five major U.S. corporate subsidiaries were taken over by the Allende government during its first year in office.[2]

One of the major socio-economic changes promised by both the Frei and Allende governments was that of land reform. The following chart, based on a 1966 class analysis of Chile's countryside carried out by the Inter-American Committee on Agricultural Development (CIDA), reflected the necessity for such a change:

TABLE 12

Class Analysis in the Countryside

Sector	Numbers	Percent of rural population	Percent of total rural income
Latifundistas	12,737	2	36.7
Rich peasants (who permanently hire) (outside labor)	42,980	7	15.4
Middle peasants (who occasionally hire) (outside labor)	141,474	21	12.7
Minifundistas	132,021	20	)
Foreman and Custodians	45,971	7	)
Inquilinos (wage workers living on farms)	82,367	12	) 35.2
Medieros (sharecroppers)	26,861	4	)
Afverinos and Volontarious (wage workers from outside farm)	179,778	27	)
TOTAL	664,189	100	100.0

Source: Kyle Steenland, "Rural Strategy under Allende". Latin American Perspectives, Vol. 1, No. 2 (summer, 1974) pp. 132-133.

The Allende government significantly accelerated the implementation of the Agrarian Reform Law of 1967, passed during Frei's term of office. During Allende's first eight months in office more land was expropriated than during Frei's entire six year term as President. By June of 1972, the total number of properties taken over amounted to 3,282. This included 13 million acres, of which one million were irrigated. This represented a doubling of the number (1,408) carried out under the Frei government. The land reform program effected about 35% of Chile's productive farmland.[3]

Aside from increasing the rate of land takeovers, the Popular Unity government also placed an added emphasis on organization of the peasantry. Frei had initiated the formation of peasant associations but only on a limited scale when compared with Allende's record. During Allende's first year in office, the membership of these peasant unions increased by about 60%.[4]

The Unidad Popular also set up the National Peasant Confederation in an attempt to unify the land reform program, which was also discriminate in that only estates with more than 80 basic hectares of irrigated land were to be expropriated. There were "illegal" takeovers of land, mostly by

Indians whose family originally owned the property and had never been compensated; but these amounted to only 1 percent of the total number expropriated.[5] Small and medium scale farms were also not subject to expropriation as was the case for the minifundia. An official land takeover would usually begin when the government would decree the expropriation and appoint an interventor who would temporarily administer the land until a peasant council could be selected. These councillors would then co-ordinate the local program acting as representatives of the peasants in credit negotiations and middle agents, feeding back and discussing government policy.[6]

The initial results of the UP's land reform program, in terms of increasing production, were considerably positive. During the first year of Allende's term of office, overall production of Chilean agriculture and livestock increased by approximately five percent.[7]

An important difference between the two programs also centered on the question of long-term objectives. Allende, unlike Frei, viewed the land reform program as merely a necessary step towards collectivization of agriculture.

However, there were several fundamental limitations with the Agrarian Reform Law of 1967, which presented problems to

the Popular Unity government. In the first place, the land was not actually expropriated, but rather purchased by the government with up to 10 percent down payment and the remainder to be paid over a period of 25 to 30 years, including adjustments for inflation. Only land holdings larger than 80 hectares of fertile, irrigated land were effected, with the landowner retaining his richest 80 hectares along with all of his machinery and livestock. Based on a general estimate, landholdings with around 500 hectares or more would include the minimum 80 irrigated hectares (called Basic Irrigated Hectare, BIH) necessary to be classified as expropriatable. Moreover, after a three to five year transition period the expropriated land could once again be purchased from peasant beneficiaries of the program.[8]

An easy way for the Latifundistas to get around the law was to subdivide the landholding one or several times within the family. Although one could no longer legally own a Latifundia, one's family could still control it. The assertion that this tactic was generally practiced is verified by the fact that in 1965 only 12.8% of total productive area was comprised of landholdings ranging between 40-80 BIH, while the figure more than doubled to 27.3% by mid-1972.

This point is further verified by the fact that although in 1965, 55% of total productive land was comprised of Latifundios, only 35% of the total had been expropriated by 1972, with only an insignificant percentage of remaining Latifundia holdings having not yet been expropriated. In absolute terms, between 1965-67, a total of 1500 farms greater than 80 BIH were subdivided to create 4500 new farms free from expropriation.[9]

By mid-1972, only 12% of the country's total agricultural work force, or about 75,000 peasants, were direct beneficiaries of land rights under the agrarian reform program, with an additional 6% employed in the reformed sector.[10]

The following chart relates that even by 1972 the private "little Latifundia" segment (720 BIH) still maintained considerable power in the agricultural sector of the Chilean economy:

TABLE 13

Production by Agricultural Sectors

STRATA	5 amount of land in BIH	permanent and temporary workers	% valve of production	% valve of production commercialized
Reformed Sector	35	18	29	29
Minifundia and small holdings up to 20 BIH	23	60	28	15
Greater than 20 BIH	42	22	43	56
TOTALS	100	100	100	100

Source: 1972 ICIRA Diagnosis, MEXICO, Siglo XXI, found in Kyle Steenland, "Rural Strategy Under Allende," Latin American Perspectives, Vol. 1, No. 2 (summer, 1974), p. 136.

Some of the more notable economic achievements of the Unidad Popular in its first two years in office include taking control of more than 90 percent of all credit institutions through state purchasing of bank shares by the National Development Corporation, CORFO; increasing total economic output by 8.5 percent during the first year and 5 percent during the second; increasing the wage and salary share of the national income from 55 percent to 66 percent; decreasing the unemployment rate from 8.3 percent to 3 percent by December of 1972; nationalizing 150 big businesses, including the major mining corporations; and expropriating twice as much land as the Frei government did in its entire six year term of office.[11]

In order to present a more detailed picture of the Chilean economy during Allende's first year in office, including the general trends set in the various aspects of economic life, it is worthwhile to review a statistical summary of economic performance carried out in 1972 by the Chilean National Planning Office.

In terms of overall economic growth, the Chilean GNP increased by 8.5 percent over the 1970 level. Table 14 also shows an important growth in the industrial infra-

structure, in that, unlike the trends of the last few decades, the production sector of the economy (numbers 1-9) increased at a faster rate than the service sector, with the key industrial sector increasing production by 12.1 percent.

TABLE 14

Growth of Value Added by Sector in 1971
(In percentages)

	% Increase over 1970
1. Agriculture and fishing	6.0
2. Mining	5.7
3. Food, beverages, tobacco, textiles, clothing and leather	9.5
4. Wood, furniture, paper, printing, and others	19.9
5. Non-metallic minerals	12.6
6. Basic metals	6.7
5. Rubber, chemicals, oil and coal	23.0
8. Mechanical and metallurgy industries	5.1
Sub-total for industry (3 to 8):	12.1
9. Construction	12.2
10. Rest of the economy	8.0
11. Government	4.6
TOTAL:	8.5

Source: "Analysis of the Economy in 1971", National Planning Office, Republic of Chile; found in Zammit. p. 329.

More jobs were provided, as the 1971 rate of increase in employment almost doubled the average annual rate between 1966 and 1970.

TABLE 15

Employment by Economic Sector for the Five Year Period 1966-1970 and for 1971
(Thousands of people and percentages*)

	1966	1967	1968	1969	1970	1971	Five year period average annual variation 1966-1970		Variation between 1970 and 1971	
							No. of people	Rate (%)	No. of people	Rate (%)
Agriculture	718	750	736	732	738	750	5	0.7	12	1.6
Mining	94	94	94	98	99	101	1	1.5	2	1.3
Industry	528	534	544	551	563	603	9	1.6	40	7.1
Construction	186	169	168	172	178	198	−2	−1.2	20	11.7
Electricity, gas and water	12	12	12	12	12	13	—	—	1	7.6
Commerce	351	375	404	429	452	470	25	6.5	18	4.2
Transportation	150	156	162	167	176	185	7	4.1	9	5.1
Services	665	721	758	761	778	818	28	4.0	40	5.1
TOTAL:	2,703	2,812	2,879	2,921	2,994	3,137	73	2.6	143	4.8

Note: Comparisons of one year to another are made taking the average of that year in relation to the former year's average. The figures are based on June of each year.

* Figures rounded to the nearest thousand.

Source: "Analysis of the Economy in 1971", National Planning Office, Republic of Chile, found in Zammit, p. 331.

Moreover, after taking into account the population growth, we find that the average rate of unemployment during 1971 consistently decreased.

TABLE 16

Labour Force, Employed and Unemployed

	Annual average		*December (a)*	
	1970 (000's)	*1971* (000's)	*1970* (000's)	*1971* (000's
Labour force	3,189	3,270	3,234	3,323
Employed population	2,994	3,140	3,000	3,194
Unemployment	195	138	234	129
Rate of unemployment	6.0%	4.2%	7.2%	3.9%

(a) Estimated figures

Source: "Analysis of the Chilean Economy in 1971", National Planning Office, Republic of Chile, found in Zammit, p. 330.

Table 17 breaks down the composition of the new work force, relating the added emphasis placed in the industrial sector of the economy in relationship to the service sector.

TABLE 17

Distribution of New Workers Incorporated Into the Labour Force

(percentages)

	1966-1970	*1970-1971*
Agriculture	6.8	8.4
Mining	1.9	0.9
Industry	11.7	28.0
Construction	(*)	14.5
Electricity, gas and water	—	0.6
Transportation	8.7	6.3
Services	37.5	28.1
TOTAL:	100.0	100.0

(*) Negative value

Source: "Analysis of the Chilean Economy in 1971", National Planning Office, Republic of Chile, found in Zammit, p. 332.

Through discriminate changes in wage, tax, interest, and nationalization policies a more equitable economic distribution was achieved. Table 18 compares the annual income increases from 1967 to 1971 according to the various forms of compensation (in 1971 the national income was estimated to be around 104 billion escudos).

TABLE 18

National Income by Type of Compensation
(In thousands of millions of escudos of each year)

	1967	1968	1969	1970	1971 (*)
Salaries	7.1	10.0	14.3	21.8	33.5
Wages	4.3	5.9	8.4	12.1	18.6
Contr. of employers	2.0	2.8	4.2	6.2	8.9
Remuneration for work	3.4	18.7	26.9	40.1	61.1
Other factors	13.1	17.0	25.6	34.5	43.2

(*) Estimated Figures

Source: "Analysis of the Chilean Economy in 1971," National Planning Office, Republic of Chile, found in Zammit, p. 334.

As stated earlier, there was a substantial increase in the wage and salary-earners proportion of the national income. However, it is also important to note that the increase in wages was basically financed through an increase in overall national income. Thus, the incomes of the non wage-earners only decreased relative to its percentage of the national income, and not in absolute terms.[12]

A more accurate reflection of changes in the standard of living can be presented by calculating the rate of inflation along with the monetary changes in income. The figures in Table 19 show that even after accounting for inflation, the actual purchasing power of salary and wage-earners also increased during 1971.

TABLE 19

Purchasing Power of Salaries and Wages

	Index of Salaries and wages 1968=100 (A)	*Index of Consumer Prices 1968=100 (B)*	*Index of Purchasing Power of wages and salaries 1968=100 (C)**
1968 October	100	100	100
1969 October	135	127	106
1970 October	206	172	120
1971 October	297	192	154

Source: National Institute of Statistics; Index of Salaries and wages and consumer prices, found in Zammit, p. 337.

(*) $C = \frac{\text{Index 'A' (1968=100)}}{\text{Index 'B' (1968=100)}} \times 100$

Table 20 reveals that the government made positive strides in assuring a higher standard of living for the lowest paid workers.

TABLE 20

Index of Real Legal Minimum Wages*

	Subsistence wage[1]	*Minimum agricultural wages*	*Minimum industrial wages*
1962	100.0	100.0	100.0
1966	97.0	125.6	96.0
1967	96.1	131.1	95.8
1968	92.5	126.1	92.2
1969	90.6	123.4	90.3
1970	88.4	149.5	109.3
1971	99.3	207.4	151.7

Source: Table 12, found in Zammit, p. 338.
* Deflator: Average index of consumer prices.
1 Sueldo vital
Figures rounded to first decimal point

In an opinion survey conducted on behalf of the Christian Democratic Party in August of 1972, 75 percent of the lower classes replied that it was easier to obtain goods.[13] Thus, even the effect of the shortages occuring at that time on the lower income classes was offset by the substantial increases in their purchasing power, providing them with more goods. Table 2I shows that the average family consumption increased by 13 percent in 1971.

TABLE 21

Increases of Consumption Per Family
by Main Components
(In percentages

	Increases (% over 1970)
1. Agriculture and fishing	6.4
2. Mining	238.1
3. Basic consumption (a)	13.2
4. Consumer durables (b)	12.0
5. Other industrial products (c)	28.0
6. Rest of the economy (d)	7.5
TOTAL OVERALL:	12.9

(a) Comprises food, beverages, tobacco, textiles, clothing, leather and shoe sectors.

(b) Comprises mechanical and metallurgical sectors.

(c) Comprises wood, furniture, paper, printing and others, non-metallic mineral products, rubber, chemicals, oil and coal sectors.

(d) Comprises electricity, gas, water, transportation, storage and communications, various services, commerce and others.

Source: "Analysis of the Economy", Zammit, p. 327.

Other progressive reforms implemented included the fixing of rents at 10 percent of one's income, the introduction of a free milk program for babies, and the abolishment of the repressive riot-control police.[14] Rather significant strides were made by women as they were given more of an opportunity to play a productive role in economic construction and were encouraged to begin organizing women's associations.[15] Health and educational facilities also became far more accessible to a larger percentage of the population.[16]

One may conclude that the Unidad Popular was initially successful during Allende's first year in office in making strides toward achieving its stated objectives. The results of the municipal elections in April of 1971, in which the UP candidates received an overall majority of the votes, reflected a substantial increase in popular support for the coalition's program. Table 22 shows the number and percent of votes cast for each Party participating.

TABLE 22

Chilean Municipal Election, 1971

	Number	Percent
Partido Socialista	631,939	22.89
Partido Comunista	479,206	17.36
Partido Radical	225,851	8.18
Socialista Popular	29,123	1.05
Social Demócrata	38,077	1.38
Total, Unidad Popular	1,404,196	50.86
Partido Demócrata Cristiano	723,623	26.21
Partido Nacional	511,679	18.53
Democracia Radical	108,192	3.91
Demócrata Nacional	13,435	0.49
Total, opposition parties	1,356,929	49.14

Source: James Petras, "The Transition to Socialism in Chile: Perspectives and Problems" Monthly Review (October, 1971), p. 52.

By the end of Allende's second year in office, socio-economic reforms were more visible; however, a strong

reaction by certain domestic and foreign forces against those very reforms soon resulted in a substantial drop in the rate of overall economic socialization.

NOTES

[1]For an example of how this formula was computed in the copper industry, see Morris Morley and James Petras, The United States and Chile: Imperialism and the Overthrow of the Allende Government (New York, Monthly Review Press, 1975), pp. 108-109.

[2]For a complete listing of these subsidiaries, including their size, as well as the form of the takeover and respective compensation, see New Chile (Berkeley, North American Congress on Latin America, 1972), pp. 24-25.

[3]"The Agrarian Question: One Law, Two Reforms," Chile: Unmasking 'Development' (Washington, D.C.,Common Front for Latin America, COFFLA, 1973), p. 1; and Kyle Steenland, "Rural Strategy under Allende," Latin American Perspectives, vol. 1, No. 2 (summer, 1974), p. 135.

[4]Steenland, "Rural Strategy," p. 141.

[5]The Chilean Road to Socialism, ed. by J. Ann Zammit (Sussex, the Institute of Development Studies at the University of Sussex, 1973), p. 129.

[6]For a first hand account of land expropriations, see Timothy Harding, "Agrarian Reform - Cautin Province," New Chile, pp. 76-79.

[7]Almino Affonso and Solon Barraclough, Critical Appraisal of the Chilean Agrarian Reform (November 1970-June 1972) (Vienna, Vienna Institute for Development, 1973), p. 2.

[8]Steenland, "Rural Strategy," p. 133.

[9]Ibid., p. 135.

[10]Ibid., p. 136; and Affonso and Barraclough, pp. 2 and 8.

[11]Barbara Stallings and Andrew Zimbalist, "Showdown in Chile," Monthly Review, Vol. 25, No. 5 (October, 1973), p. 3.

[12]New Chile, p. 334.

[13]Zammit, p. 12.

[14]Richard E. Feinberg, The Triumph of Allende: Chile's Legal Revolution (New York, The New American Library, 1972), pp. 185-189; and Petras "Transition to Socialism in Chile: Perspectives and Problems," Monthly Review (October, 1971), p. 49.

[15]David J. Morris, We Must Make Haste - Slowly: The Process of Revolution in Chile (New York, Random House, 1973), pp. 252-254; and New Chile, pp. 34-36.

[16]For a detailed discussion of health and educational reform under Allende, see Morris, pp. 233-256; and Hilary Modell and Howard Waitzkin, "Health Care and Socialism in Chile," Monthly Review, Vol. 27, No. 1 (May, 1975), pp. 29-40.

CHAPTER III:

THE INTERNATIONAL DIMENSION: U.S. INTERVENTION

Columnist Jack Anderson has substantiated that at least one U.S. multinational corporation (ITT), in collaboration with the Central Intelligence Agency (CIA) and in direct communication with the White House, engaged in clandestine, subversive activities in attempts to block Allende's election to the Presidency and later to force him out of office.[1] The evidence brought out in Congressional hearings as well as that presented by certain correspondents and scholars of Latin America is more than circumstantial in indicating direct involvement on the part of the CIA in the planning and organization of the military coup which eventually overthrew the Unidad Popular government.[2]

Although reports of exact monetary figures seem to conflict, it is certain that United States Government agencies were directly involved in earlier anti-Allende efforts during the 1964 presidential election.[3] The significant gains recorded by the left-wing coalition (FRAP) during a special congressional election in a traditionally conservative province during the spring of 1964[4] probably engendered

such precautionary measures on the part of U.S. policy-makers. In a letter to Representative Thomas Morgan, Chairman of the House Foreign Affairs Committee, which summarized the content of a testimony made by CIA Director William Colby before the Special Subcommittee on Intelligence of the House Armed Services Committee, Representative Michael Harrington reported that "a total of $3 million was sent in 1964 to the Christian Democratic Party in Chile that was opposing Allende in the national elections."[5]

A distinguished correspondent who closely followed the events in Chile reported that the combined U.S. government and corporate allocation of funds in support of the 1964 Frei (Christian Democratic Party) campaign amounted to approximately $20 million and, moreover, that approximately 100 U.S. State Department and CIA personnel were relocated in Chile for work related to the anti-Allende effort.[6] In their book on the CIA, former executive assistant to the Deputy Director of the CIA, Victor Marchetti, and former staff assistant to the Intelligence Director of the State Department, John Marks, verify those allegations.[7] In referring to the role played by Richard Helms in the 1964 Chilean presidential election, they stated: "At that time

he had been chief of the Clandestine Services and had been actively involved in planning the CIA's secret efforts to defeat Allende, who was then running against Eduardo Frei."[8] Another former CIA agent, Philip Agee, stated that he personally had been responsible for distributing in Chile $200,000, which he had received from a New York City Bank, for use in clandestine acts related to the 1964 election.[9]

Just after the 1964 Chilean national elections, the Pentagon allocated $5.5 million to initiate a multi-national study entitled, "Project Camelot", of which Chile was one model to be analyzed.[10] One source which researched the nature of the project described its purpose in the following way:

> Because internal warfare is based on class conflict, the first part of the project focused on getting all possible information in order to form a concrete analysis of the class structure of the country and social relations: a clear definition of who are friends and who are enemies; an analysis of where revolutionary potential existed and how it could be either neutralized or controlled; a study of which sectors of the population tended to identify with which classes, and why.
>
> .....
>
> The response phase was the second part of Project Camelot. A careful study was to be done on the effects of specific govern-

> mental actions.
> .....
>
> The final stage of the Project was the formulation of methodology which would enable intelligence analysts to isolate the "primary factors" in a situation, thereby giving them the ability to make better decisions faster. This would complete the cycle from information gathering to policy making.[11]

The following quote from the documents of Project Camelot relates that a certain emphasis was placed on studies related to potential counterinsurgency work:

> Some of the projects considered important to study are civic action, training of recruits, foreign training of officers, civil affairs, preparation for internal security roles, information programs (psychological operations), socialization within the military and overt political activities.[12]

After considerable protest by progressive Christian Democrats and FRAP members, the Pentagon was forced to first cancel its "Camelot" activities in Chile and finally terminate the program as a whole.[13]

In a detailed and well-documented account of U.S. involvement in the overthrow of the Allende government, James Petras and Morris Morley describe the Nixon-Kissinger strategy as being two-pronged: "Prolonged economic confrontation

and the gradual disaggregation of the Chilean state."[14] On the economic front, the U.S. was in the forefront of applying an international credit squeeze: Firstly, by cutting its own credit flow to Chile, and secondly by influencing its contacts with foreign purchasers of copper and several of the key international development agencies to take a hard line on Chile.[15] In this way the U.S. attempted to portray Chile to the world as being a credit risk (although its record of debt repayment had been excellent[16]), and compliment the acts of certain domestic forces creating economic chaos as a means of winning over middle elements in Chilean society and furthering social polarization.[17]

On the political front, the U.S. found it necessary to rely primarily on those institutions which represented force in society - the military - and whose vested interests most closely harmonized with those of U.S. multinational corporations - the Chilean businessmen's associations and the gremios.[18]

The ITT Caper

Since such allegations are partially based on the exposed memos, all of which were written and circulated by ITT execu-

tives and staff members during September and October of 1970, it is more than appropriate to review some of the key passages and specific references made to them during U.S. Senate hearings on the role of ITT in Chile (please refer to copies of six key memos in Index I).

The ITT officials involved in these correspondences include:

> Robert Berrelez: ITT chief of public relations for Latin America, Buenos Aires branch;
>
> Harold Geneen: Chairman of ITT;
>
> Edward J. Gerrity: ITT Senior Vice-President in charge of public relations;
>
> Hal Hendrix: ITT director of public relations for all of Latin America;
>
> John McCone: Former Director of the CIA and top executive of ITT;
>
> William Merriam: Ex Vice-President of ITT, located in Washington; and
>
> Jack Neal: Staff member of ITT.

The September 14, 1970 memo from Neal to Merriam relates that on September 11, 1970, ITT offered to the White House, through the office of Henry Kissinger, a financial contribution of at least one million dollars to be used in anti-

Allende actions, and that ITT made attempts to convince other U.S. multinational corporations to conspire in efforts against Allende:

> I told Mr. Vaky (Henry Kissinger's State Department advisor on Latin America) to tell Mr. Kissinger Mr. Geneen is willing to come to Washington to discuss ITT's interest and that we are prepared to assist financially in sums up to seven figures. I said Mr. Geneen's concern is not one of "after the barn door has been locked," but that all along we have feared the Allende victory and have been trying unsuccessfully to get other American companies aroused over the fate of their investments and join us in pre-election efforts.[19]

According to a September 17, 1970 memo from Hendrix and Berrellez in Chile to Gerrity in Washington, just four days later, on September 15, 1970, the U.S. Ambassador to Chile, Edward Korry, was given "the green light to move in the name of President Nixon. The message gave him maximum authority to do all possible--short of a Dominican Republic-type action --to keep Allende from taking power."[20] As early as September of 1970, ITT and Alessandri were fully aware that wide-ranging contingency plans for intervention had been formulated by certain Chilean military officers,[21] and that the Chilean army had been "assured full material and financial assistance

by the U.S. military establishment" in case of widespread disruption by the Left or the outbreak of a civil war.[22] ITT pledged whatever financial support was deemed necessary for the anti-Allende effort, spearheaded by Alessandri.[23] Also according to this memo, Frei "preferred" using legal means to stop Allende from achieving the Congressional approval required to head a minority government; but that "Constitutional way out" did not "preclude violence--spontaneous or provoked."[24] In other words, Frei was perfectly willing to resort to violence but wanted it to appear to be constitutionally correct, thus adding legitimacy to whomever assumed office after Allende (he probably considered himself to be the prime candidate). ITT and Alessandri agreed that due to the discipline of the Left, they would be forced to provoke violence in order to assure full support from Frei and the entire high command of the armed forces for military intervention which would thwart Allende's attempt to legally assume office. Even at that time, such provocations were already being carried out, as is indicated by the conclusions reported in the September 17th memo of a meeting held with a very close confident and campaign manager of Alessandri, Arturo Matte:

> The leader we thought was missing is right there in the saddle (Frei), but he won't move unless he is provided with a constitutional threat.
>
> That threat must be provided one way or another through provocation. At the same time, a subtle but firm enough pressure must be brought to bear on Frei so that he'll respond.
>
> Matte did not mention money or any other needs. At the end when it was mentioned we were, as always, ready to contribute with what was necessary, he said we would be advised.[25]

In a later memo, it was reported that:

> Despite the pessimism, attempts being made to move Frei and/or the military to stop Allende. Also, efforts are continuing to provoke the extreme Left into a violent reaction that would produce the climate requiring military intervention.[26]

In reviewing the minutes of the U.S. Senate hearings on ITT and Chile, it appears that attempts were made on the part of ITT and U.S. government officials to either evade many of the Senators' questions related to the September 17th memo,[27] simply refuse to answer them,[28] or discard that particular memo altogether by claiming that since it was written by lower level staff members operating in Chile it did not constitute official ITT policy.[29] However, one question which was not raised during the hearings is, if the September 17th

memo was not considered reliable or did not reflect the official ITT policy or point of view, why was it that this classified, internal document was given directly to syndicated columnist Charles Bartlett and Times pentagon correspondent John Mulliken by a Washington located ITT official on September 23, 1970--less than one week after it had been written and eighteen months before Jack Anderson first exposed it in the spring of 1972? Evidently, the information provided in the memo seemed valid enough to ITT officials for them to allow Bartlett to write an anti-Allende article, which actually paraphrased part of the document.[30]

According to the following confidential telex memo from Gerrity to Geneen on September 29, 1970, the head of the CIA Branch of Clandestine Services' for the Western Hemisphere, William Broe, had contacted Gerrity and proposed specific actions to further enhance the economic sabotage already being carried out:

1. Banks should not renew credit or should delay in doing so.

2. Companies should drag their feet in sending money, making deliveries, in shipping spare parts, etc.

3. Savings and loan companies there are in trouble. If pressure were applied,

they would have to shut their doors, thereby creating pressure.

4. We should withdraw all technical help and should not promise any technical assistance in the future. Companies in a position to do so should close their doors.

5. A list of companies was provided, and it was suggested that we approach them as indicated. I was told that of all the companies involved, ours alone had been responsive and understood the problem. The visitor added that money was not a problem.

He indicated that certain steps were being taken but that he was looking for additional help aimed at inducing economic collapse.[31]

The following series of questions and answers between Senator Frank Church and Broe during the Senate hearings on ITT and Chile confirms that upon the initiative of the then director of the CIA, Richard Helms, such collaboration on anti-Allende planning had indeed taken place between the CIA and ITT:

Senator Church: Did Mr. Helms instruct you to call Mr. Gerrity to arrange such a meeting?

Mr. Broe: Yes, he did.

Senator Church: Did you meet Mr. Gerrity on September 29 or 30 in his office in New York City?

Mr. Broe: Yes.

Senator Church: Did you discuss with Mr. Gerrity the feasibility of possible actions by U.S. companies designed to create or accelerate economic instability in Chile?

Mr. Broe: I explored with Mr. Gerrity the feasibility of possible actions to apply some economic pressure on Chile; yes, sir.

Senator Church: What did you understand the purpose of applying economic pressure to be?

Mr. Broe: Well, at the time, September 29, the Christian Democratic Members of Congress were showing indications of swinging their full support to Allende in the belief that they could make a political bargain with him. It was felt if a large number of Congressmen, Christian Democratic Congressmen, swung their support to him, he would take office with a mandate from the majority and he would be in a very strong position. At the same time, the economic situation had worsened because of the reaction to the Allende election, and there were indications that this was worrying the Christian Democratic Congressmen. There was a thesis that additional deterioration in the economic situation could influence a number of Christian Democratic Congressmen who were planning to vote for Allende. This is what was the thesis.

Senator Church: This was the purpose, then. Did you discuss with Mr. Gerrity the feasibility of banks not renewing credits or delaying in doing so?

Mr. Broe: Yes, sir.

Senator Church: Again, for the same purpose?

Mr. Broe: Yes, sir.

Senator Church: Did you discuss with Mr. Gerrity the feasibility of companies dragging their feet in spending money and making deliveries and in shipping spare parts?

Mr. Broe: Yes, I did.

Senator Church: Did you discuss with Mr. Gerrity the feasibility of creating pressure on savings and loan institutions in Chile so that they would have to shut their doors, thereby creating stronger pressure?

Mr. Broe: Yes.

Senator Church: Did you discuss with Mr. Gerrity the feasibility of withdrawing all technical help and not promising any technical assistance in the future?

Mr. Broe: Yes, sir.[32]

Other ITT memos relate that Frei was unquestionably involved in the conspiracy plans, although in 1970 he did reflect a certain indecisiveness as to what strategy would be most effective.[33] Constant pressure was applied on him by prominent members of the Chilean political and economic elite to guarantee his complete support for military intervention.[34]

The September 29, 1970 memo from Berrellez to Hendrix

confirms that the strategy mapped out by ITT and Alessandri was geared toward bringing about a severe economic collapse, resulting in either Alessandri defeating Allende in the Congressional runoff for the presidency or a military takeover:[35] "Chances of thwarting Allende's assumption of power now are pegged mainly to an economic collapse which is being encouraged by some sectors of the business community and by President Frei himself. The next two weeks will be decisive in this respect."[36] More specifically, Berrellez reported that: "Undercover efforts are being made to bring about the bankruptcy of one or two of the major savings and loans associations. This is expected to trigger a run on the banks and the closure of some factories resulting in more unemployment."[37] Economic chaos would either assure the defeat of Allende in the congressional runoff or "More important, massive unemployment and unrest might produce enough violence to force the military to move."[38] Thus even at that early stage military intervention seemed "more important" an option to Berrellez (and probably ITT) than did a constitutional way out. ITT was also kept informed "by the most authoritative sources" of plans formulated by an extreme right-wing organization attempting to provoke the Left through use of terrorism.[39]

The U.S. State Department believed that there was not yet enough popular reaction built up against Allende to chance Argentinean or American intervention.[40] This probably refers to direct and overt foreign military intervention, since covert acts of subversion were already being carried out by the CIA and ITT, and at that time Argentina was ruled by a military junta closely tied to the United States.

However, it is evident that ITT collaborated with the CIA ("McLean Agency") in "selecting" Chilean military officers to lead a planned coup. On October 9, 1970, Merriam wrote to McCone the following:

> Today I had lunch with our contact at the McClean agency, and I summarize for you the results of our conversation. He is still very, very pessimistic about defeating Allende when the congressional vote takes place on October 24. Approaches continue to be made to select members of the Armed Forces in an attempt to have them lead some sort of uprising--no success to date.[41]

Control by Washington over the planning of a coup, which was to be led by General Viaux, was so tight that on orders from Washington it was actually cancelled for fear that the time was not yet right and any premature action might result in a "Bay of Pigs in Chile".[42] However, "Viaux was given

oral assurances he would receive material assistance and support from the U.S. and others for a later maneuver."[43]

It is also quite certain that ITT viewed the situation in Chile within the context of its political significance to Latin America as a whole. In a memo to Hal Hendrix, written on October 25, 1970 (just one day after Allende was elected in the Congressional runoff) Robert Barrellez stated, "if Washington sits there and does nothing to thwart Allende it will be inviting a sharper turn toward leftist nationalism--which translated into more danger for foreign investments--among other Latin American countries."[44]

After the Chilean Congress voted Allende into office on October 24, 1970, ITT stepped up its anti-Allende lobbying campaign in the White House. In a detailed report forwarded to Henry Kissinger, ITT essentially stressed that overall U.S. policy in Latin America was "at a crossroads" and was clearly in need of "reappraisal."[45]

Other U.S. multinational corporations in Chile, especially those in the copper industry, also had much to gain from the ousting of Allende and naturally applied pressure in Washington to stop upcoming nationalizations of their companies.[46]

The United States Government operates the Overseas Private Investment Corporation (OPIC), which insures American companies against nationalization.[47] After its Chilean mines were nationalized in 1971, Anaconda presented OPIC with a claim for $154 million. The other nationalized American companies also demanded OPIC settlements. But even if they were to be compensated for their lost investments by OPIC, the companies would still be prevented from accumulating in the future the tremendous amounts of profit they had always received from their Chilean operations.[48] Moreover, corporate leaders were unquestionably concerned that the UP's nationalist policies, if successful, would be viewed by other Third World governments as establishing a precedent regarding nationalization of American-owned corporations.[49] Given these conditions, it is to be expected that the multinationals would support policies which would assure the downfall of the Popular Unity government.

The Official Response of the Nixon Administration

The situation in Chile was certainly given high priority by key U.S. multinationals and Banks. As early as February of 1971, a "Chile Ad Hoc Committee" was formed, comprised of

top executives from Firestone, W. R. Grace & Co., Ralston Purina, Charles Pfizer & Co., Bank of America, Dow Chemical, Anaconda, Kennecott, ITT, and Bethlehem Steel.[50]

If the U.S. multinational corporations, in collaboration with the CIA, State Department and National Security Council, were going to such extremes as was related in the ITT memos to protect their interests against the threat of possible nationalization, it is logical to assume that after the nationalization was actually carried out they fully maintained that commitment and probably accelerated their involvement in plans to eliminate Allende.

Soon after the official announcement that the copper companies would be nationalized without compensation (due to the excessive profits made above the 10 percent rate set by the UP) was made,[51] more specific retaliatory policies were discussed between members of Kissinger's staff and ITT officials.[52] On October 1, 1971, William Merriam proposed to the National Security Council through Peter G. Peterson, past chairman and president of Bell and Howell and then assistant to the President for international economic policy, that an "economic squeeze" be put on Chile by stopping all international credit, importation of copper, and exportation of

key goods and equipment.[53] It was felt that if enough "economic chaos" could be created in this way, then the Chilean military would be most willing, with direct participatory support from the CIA, to "step in and restore order."[54] Meanwhile, Peterson had all along been in close touch with numerous key U.S. industrial executives, soliciting advice as to what would be the most effective course of action to be taken by the White House.[55]

During that same month, on October 21, 1971, then Secretary of State, William Rodgers, met with representatives of Ford (Motor Co.), Anaconda, Bank of America, First National City Bank, Ralston Purina, and ITT to discuss the situation in Chile and assure them (on several occasions during the meeting) that "the Nixon Administration was a 'business administration' in favor of business and its mission was to protect business."[56] At that meeting, Rodgers stated that the U.S. would invoke the Hickenlooper amendment (which calls for the cutting off of aid to governments which nationalize U.S.-owned firms without what the U.S. considers to be just compensation) if the copper companies' appeals for compensation to the Chilean government were denied.[57] Rodgers also stated that he viewed the situation in Chile in terms of a

possible domino effect.[58]

On January 19, 1972, Nixon formally announced the hard line policy to be taken by the United States Government. In this declaration Nixon stated the following:

> Thus, when a country expropriates a significant U.S. interest without making reasonable provision for such compensation to U.S. citizens, we will presume that the U.S. will not extend bilateral economic benefits to the expropriating country unless and until it is determined that the country is taking reasonable steps to provide adequate compensation or that there are major factors affecting U.S. interests which require continuance of all or part of these benefits.
>
> In the face of the expropriatory circumstances just described, we will presume that the United States Government will withhold its support from loans under consideration in multilateral development banks.
>
> Humanitarian assistance will, of course, continue to receive special consideration under such circumstances.
>
> In order to carry out this policy effectively, I have directed that each potential expropriation case be followed closely. A special inter-agency group will be established under the Council on International Economic Policy to review such cases and to recommend course of action for the U.S. Government.
>
> The Departments of State, Treasury, and Commerce are increasing their interchange of views with the business community on problems relating to private U.S. investment abroad in order to improve government and business awareness of each other's concerns, actions, and plans. The department of State has set up a special office to follow expropriation

cases in support of the Council on International Economic Policy.[59]

It is somewhat significant that Nixon's official response to the UP's nationalization program was put in terms of a general statement of policy applying to any country daring to follow Chile's line of action, while not even specifically mentioning Chile, itself. To a certain extent, this was another indication that Washington agreed with ITT's analysis that Latin America was standing at a "crossroads," and that the Chilean Government was clearly attempting to follow an independent path--both politically and economically. In this sense, Nixon considered Allende--a democratically elected marxist president--to be a unique and very timely test case in dealing with progressive, nationalist leaders threatening U.S. corporate investments in Latin America.[60] Thus, it is understandable that whatever counter action was to be taken against the UP, had to be planned within the context of a more clearly defined policy to Latin America as a whole--with the announced trade and aid boycott constituting only one part of that policy.[61]

Even as early as mid-September of 1970, Henry Kissinger indicated that it was within this global perspective that

the White House would view the situation in Chile. He went so far as to state that if Allende were to win the Congressional run-off, then a communist regime would come to power in Chile, and that Peru, Argentina, and Bolivia might very well follow.[62]

It is of interest to reprint (as it appears on the page) a section of Marchetti and Mark's book on the CIA, which indicates where two particularly sensitive lines were censored by the CIA and thus deleted from the text:

> after Salvador Allende had been elected President of Chile in 1970, President Nixon was asked at a press conference why the United States was willing to intervene militarily in Vietnam to prevent a communist takeover but would not do the same thing in Chile to prevent a Marxist from taking power; he replied that "for the United States to have intervened in a free election and to have turned it around, I think, would have had repercussions all around Latin America that would have been far worse than what happened in Chile." The President failed to mention that he had approved
>
> 2 LINES DELETED
>
> but by keeping his action secret, he was able to avoid--at least for the time being--the "adverse political reaction" which he feared.[63]

It should be noted that the implementation of the hard line policy publically outlined by Nixon in January of 1972

had already been initiated in part well before that date.[64] Aside from the anti-Allende campaign being carried out by the CIA and U.S. corporate officials within Chile, external pressure was also being applied in the form of an economic blockade,[65] which was so often suggested in the ITT documents. From 1946 to 1970, Chile received about 450 million dollars in loans from the U.S. Agency for International Development (AID) and by the middle of 1971 owed that agency over $500 million.[66] Another $500 million was received during that period from the U.S. Export-Import Bank, The World Bank and the Inter-American Development Bank.[67] Aside from a small amount of "technical assistance"granted for the training of "selective" Chileans in "development" programs, from the end of 1970 until the overthrow of Allende the Chilean Government received no new loans from AID, nor from the major international loan agencies essentially controlled by the United States--the Export-Import Bank, the Inter-American Development Bank (IDB), and the World Bank.[68] Moreover, all long-term credit from U.S. private banks was cut off, with short-term credit being drastically reduced.[69] The loss in short-term credits to Chile, from a yearly average of $220 million in the years prior to Allende's election down to $35 million

in 1972, was disastrous, for this type of aid is the basis of financing trade in many countries.[70] The only exception was the debt renegotiation successfully worked out with the International Monetary Fund (IMF), which several sources assert was due to the strong European influence in that organization.[71]

Economic Strangulation and the Copper War

Another aspect of the overall U.S. blockade of Chile was the goods embargo. The percentage of Chile's total imports represented by imported U.S. goods dropped significantly from approximately 40% during the Frei Administration to approximately 13% in 1972.[72] For the period from 1969 to 1971, the value of U.S. imports into Chile dropped by the following percentages and amounts: food and live animals dropped 40 percent, machinery and transportation equipment dropped from over $180 million to $110 million and manufactured goods dropped from $43.2 million down to $25.1 million.[73] The embargo also applied to the essential area of spare parts, where over 90% of the Chilean copper industry's replacement pieces came from the U.S.[74] One source estimated that by the end of 1972:

> almost one-third of the diesel trucks at Chuquicamata copper mine, 30 percent of privately owned microbuses, 21 percent of all taxi buses, and 33 percent of state-owned buses in Chile (where the majority of buses and trucks originate from U.S. general Motors or U.S. Ford models), were unable to operate because of the lack of spare parts or tires.[75]

Kennecott and Anaconda also began a campaign designed to prevent Chilean copper from reaching overseas markets and to critically impair Chile's lines of foreign credit.[76] In an attempt at intimidating potential foreign buyers of Chile's copper, Kennecott sent a strongly-worded letter to its overseas customers warning them that the company was prepared to contest in foreign courts its rights to the Chilean copper being purchased.[77] In the fall and winter of 1972-1973, Kennecott was partially successful in gaining injunctions in certain European courts against the delivery of Chilean copper.[78] This not only endangered Chile's access to copper markets and foreign credit, but the legal battles cost the Allende government a considerable amount of money.[79]

Moreover, by releasing U.S. copper reserves onto the open market, Washington forced the world price of copper down considerably.[80] In a speech made at the United Nations on

December 4, 1972, Allende reported that between December of 1971 and December of 1972, the drop in world copper prices resulted in a total income loss of $200 million for Chile.[81] In terms of foreign exchange, Chiles reserves dropped from $344 million in December of 1970 to $30 million by late 1971, in spite of the fact that copper production increased by 5% during the same period.[82]

The effect of the blockade on Chile was devastating, as the economy was severely cripped.[83] As one source described it:

> For a country almost totally dependent on copper revenues (which had dropped by $200 million in 1971 as a result of declining world market prices) for its foreign exchange, the entire economy was threatened by the serious consequences of a successful or partially successful embargo.[84]

The Military and the Internal Campaign

One area in which U.S. aid to Chile was not cut but rather increased, was that of military aid and assistance. In 1970, U.S. military assistance to Chile only amounted to $800,000,[85] but in 1971, the U.S. granted Chile $5 million in credits for the purchase of a C-130 four engined transport plane and paratroop equipment.[86] In May of 1972 the U.S.

Government signed another $10 million credit agreement for the Chilean Armed Forces.[87]

As for the trade embargo, it is interesting to note that Nixon used his presidential authority to waiver legislative restrictions on the sale of jets to Latin American countries, thus opening the way for a May, 1973 purchase by the Chilean military of Lockhead F-5E International fighter planes.[88] Earlier in 1971 and 1972, the U.S. sold to the Chilean military three Lockhead C-130 Hercules transports, one ex-U.S. Navy fleet ocean tug and also leased one ex-U.S. Navy fleet tanker.[89] In 1972, the U.S. sold to Chile more than twice the value of military equipment that it sold to Chile the previous year; the 1973 figure was more than 5 times the 1971 figure, while the 1974 amount jumped to almost 23 times that of 1971.[90] Aside from this, U.S. military officers in Chile maintained very close contact and rapport with their Chilean counterparts,[91] and continued to conduct joint U.S.-Chilean Naval maneuvers.[92]

This dichotomy which existed between the U.S. Government's efforts to implement a trade embargo and credit squeeze, on the one hand, while increasing military sales and aid to the Chilean armed forces, on the other, was a strong indication

of what actually were Nixon and Kissinger's intentions regarding "the problem" of Chile.

It is understandable that the United States Government wanted very much to continue aiding, training, and equipping the Chilean armed forces, for without the support of key Chilean military officers it would have been extremely difficult to lay the base for a successful coup.[93]

One somewhat humorous incident occurred regarding U.S. requests of entry visas for 87 U.S. Navy officers, NCO's and civilian employees around the time of the 1970 election. After the UP officials made an initial investigation and then questioned the basis of the requests, the U.S. Government responded by claiming that they were all members of a touring U.S. Navy band. The only contradiction was that UP officials had no record of plans for such a visit, and the "band" was top heavy with "brass," including 3 commanders and 15 lieutenant-commanders, some of which had previously carried out intelligence work. U.S. officials then claimed that more than half of the visas were for the upcoming joint anti-submarine warfare maneuver. The only problem with that explanation was that the exercises had been cancelled several months earlier.[94]

The key private institutions in Chile, with which ITT and

U.S. government officials worked to further the economic chaos, polarize the society and disaggregate the state were the professional and businessmen's associations.[95] The principal umbrella organization which co-ordinated the subversive activities carried out by the top five business groups in Chile was the National Confederation of Production and Commerce.[96] Jorge Alessandri was a past president of the Confederation,[97] while Patria y Libertad leader and president of the Chilean Society of Manufacturers, Orlando Saenz,[98] along with Arturo Matte are still important members.[99] Nef discusses the anti-UP role of the Confederation as follows:

> The Confederation was effective through several of its leaders (such as Saenz and Matte) and with overseas financial support in articulating a vast conspiratorial network with small business groups such as the truckowners federation, associations of small retailers and with Patria y Libertad (Chile's neo-Nazi party), in order to overthrow the government by dislocating the economy. It also maintained open channels with rightist leaders in professional associations and with the most rightist military officers.[100]

The American Institute for Free Labor Development, AIFLD, also supported anti-Allende activities, both in Chile and in the U.S.[101] The AIFLD constituency is comprised of elements

from union, government and corporate sectors. It's global anti-communist role, particularly in Latin America, is well known. AIFLD Chairman, J. Peter Grace, of W. R. Grace & Co., proudly described the organizations traditional role:

> ...AIFLD trains Latin Americans in techniques of combatting communist infiltration. This training has paid off handsomely in many situations. For instance, AIFLD trainees have driven communists from port unions which were harassing shipping Latin America. After several years of effort AIFLD men were able to take over control of the port union in Uruguay which had long been dominated by communists. AIFLD men also helped drive communists from control of British Guiana. They prevented the communists from taking over powerful unions in Honduras and helped to drive the communists from strong "jugular" unions in Brazil.[102]

In that same speech presented in 1965, Grace stated that AIFLD: "teaches workers to help increase their company's business . . . promote democratic free trade unions; to prevent communist infiltration, and where it already exists to get rid of it."[103]

Aside from training about 79 Chileans in its institute in Virginia and conducting almost 9,000 seminars in Chile from 1962 to 1972, the AIFLD actively attempted to infiltrate

the Chilean labor movement.[104] AIFLD achieved particular success with the small but active, reactionary Chilean Maritime Federation (COMACH)[105] and helped form in May of 1972 the Confederation of Chilean Professionals (CUPROCH), which played an important role in the October of 1972 strike.[106] AIFLD also worked closely with the rightist National Command for Gremio Defense[107] (an important leader of which is the same Orlando Saenz, earlier referred to[108]).

In an article written in Chile eight days before the coup, Barbara Stallings and Andrew Zimbalist listed a considerable amount of circumstantial evidence that the U.S. was directly involved in co-ordinating the anti-Allende movement within Chile. First, at least five CIA agents were officials in the U.S. Embassy in Santiago when Allende took office, just before which time the Ambassadorship was assigned to Nathaniel Davis, counterinsurgency expert in the "pacification campaign" of Guatemala.[109] Secondly, the IDB definitely gave financial assistance totaling $11.6 million to the conservative Catholic and Austral Universities.[110] The administration and student body of both those universities were well known for their rigid anti-Allende position.[111] Thirdly, on August 22, 1973 a progressive member of the Christian Demo-

cratic Party, Senator Renan Fuentealba, stated in a speech on national television that the subversive campaign of the Right was being funded and designed by foreign agencies.[112] Fourthly, during the crippling truckowners strike of October of 1972 and a later strike in August of 1973, there was a flooding of U.S. dollars onto the Chilean black market. In fact, in October of 1972, the value of the dollar on the black market fell by almost 30 percent from 350 to 250 escudos.[113] Columnist Seymour Hirsch claimed that the CIA used at least $40 million to finance those two strikes.[114] Another source reported that truckers themselves testified that "they received funds directly from the CIA."[115]

One analyst reported a disclosure made by former CIA chief, Richard Helms, during Congressional testimony, that the CIA had spent about $400,000 in support of the anti-Allende media during the 1970 Presidential campaign and that such expenditures were directly authorized by the Forty Committee, chaired by Kissinger.[116]

A letter written by U.S. Representative Harrington to the Chairman of the House Foreign Affairs Committee summarizes key parts of Colby's testimony and confirms many of the allegations made above, including that Chile was viewed as a test-

case by the White House:

> Over the 1962 to 1973 period, the Forty Committee (an interdepartmental body that reviews and authorizes all covert CIA activities and is chaired by the President's Advisor on National Security Affairs) authorized the expenditure of approximately $11 million to help prevent the election of Allende and, in Mr. Colby's words, "destabilize" the Allende government so as to precipitate its downfall. The agency activities in Chile were viewed as a prototype, or laboratory experiment, to test the techniques of heavy financial investment in efforts to discredit and bring down a government.
>
> Funding was provided to individuals, political parties, and media outlets in Chile, through channels in other countries in both Latin America and Europe. Mr. Colby's description of these operations was direct, though not to the point of identifying actual contacts and conduits.
>
> .....
>
> Approximately $500,000 was authorized in 1969 to fund individuals who could be nurtured to keep the anti-Allende forces active and intact.
>
> During the 1970 election, in which Allende was eventually elected President, $500,000 was given to the opposition party personnel.
>
> .....
>
> The testimony indicates that the Agency role in 1970 was viewed as that of "spoiler", involving general attempts to politically destabilize the country and discredit Allende to improve the likelihood that an opposition candidate would win.
>
> Following the election of Allende, $5

> million was authorized by the Forty Committee for more destabilization efforts during the period from 1971 to 1973. An additional $1.5 million was spent for the 1973 municipal elections. Some of these funds were used to support an unnamed but influential anti-Allende newspaper.
> .....
> The Forty Committee did authorize in August, 1973 an expenditure of $1 million for further political destabilization activities.[117]

It is interesting to note that just recently a move to deny Representative Harrington access to classified material has been initiated by some conservative members in the House of Representatives.[118]

Colby also testified that the CIA had seriously considered authorizing $350,000 to bribe Chilean Congressmen to oppose Allende's election in the Congressional runoff.[119] This closely coincides with a "surprisingly" similar ITT plan, as described by John McCone during Senate hearing testimony:

> (Geneen) was prepared to put up as much as a million dollars in support of any plan that was adopted by the government for the purpose of bringing about a coalition of the opposition to Allende so that when confirmation was up, which was some months later, this coalition would be united and deprive Allende of his position.[120]

Colby further admitted that the CIA had successfully infiltrated all major political parties in Chile. Tad Szule reprinted the following dialogue between Representative Dante Fascell and Colby at the Congressional hearings:

> Fascell: Is it reasonable to assume that the Agency has penetrated all of the political parties in Chile?
>
> Colby: I wish I could say yes. I cannot assure you all, because we get into some splinters.
>
> Fascell: Major?
>
> Colby: I think we have an intelligence cover of most of them. Let's put it that way.
>
> Fascell: Is that standard operating procedure?
>
> Colby: It depends on the country. For a country of the importance of Chile to the United States' decision-making, we would try to get an inside picture of what is going on there.[121]

CIA counter-insurgency activities against the UP was not limited to the Chilean scene. In May of 1972, some of the same men who were later caught in the famous Watergate break-in, burglarized The Chilean Embassy in Washington.[122]

Several sources have reported that 250 members of Patria y Libertad were trained in U.S. "paramilitary techniques" at

a program located in Santa Cruz, Bolivia. The Bolivian and Brazilian military instructors were themselves graduates from U.S. Army schools in the Panama Canal Zone and certainly structured their program in the image of their "Alma Mater."[123] One of the heads of Patria y Libertad, Roberto Thieme, stated in public that his organization was actively involved in the abortive coup of June 29, 1973, and "would unleash a total armed offensive to overthrow Marxist President Salvador Allende."[124] In late August he predicted that the next coup attempt to come sometime in September, would be successful.[125]

There are numerous examples of CIA collaboration with ultra-right elements in Chile, including the fascist Patria y Libertad. CIA agent, Keith Wheelock was appointed to the staff of the U.S. Embassy in Santiago and served as a contact with Patria y Libertad.[126] Another CIA agent, Joseph Vasille, assumed the "front" of U.S. Office of Public Safety Advisor, and was expelled from Chile by the UP government for his collaboration with Patria y Libertad.[127] One employee of the U.S. Embassy, Sergio Banfel de Campo, was arrested for participating in the abortive June 29th coup of 1973.[128] Michael Townley, also a CIA man, formed with 5 other men a terrorist squad which unsuccessfully attempted to destroy a complex UP

television system by attacking The Electrical Service Center in Concepcion.[129]

Former Ambassador Davis, himself, met on many occasions with another Patria y Libertad "notable", Orlando Saenz - in fact, they were next door neighbors.[130] Not surprisingly, a number of Patria y Libertad leaders made several trips to the U.S. in 1972 and 1973, with Saenz himself "visiting" on three occasions between January and July of 1973.[131] The head of Patria y Libertad, Pablo Rodriguez (who also was retired General Viaux's lawyer), met in the spring of 1972 with U.S. government officials as well as Chilean businessmen in Washington.[132]

The U.S. army base in Mendoza, Argentina (which the Army claimed was used for meteorological study) was used as a re-location center for anti-UP personnel as well as a distribution center of military equipment being channeled to Patria y Libertad leaders.[133]

Information released by an underground Chilean news agency, Chilean Agency of Counter Information(ARAVCO), in December of 1973, relates specific details (pilots' names, plane model, and plane serial number) regarding direct U.S. military involvement in co-ordinating the Chilean Air Force

before, during, and after the September 11th coup, including the conducting of actual surveillance flights by the American pilots, themselves.[134] The Defense Department has so far denied these allegations and claims that the only U.S. aircraft in the air during the coup was a weather plane.[135]

One fact that has been verified, however, is that from May of 1973 through the coup, a minimum of one U.S. Naval Intelligence Officer was stationed on every major Chilean Naval Ship.[136] It is also known that four U.S. Navy Ships were heading for Chile on the day of the coup, and that in September U.S. navy officers were in contact with their Chilean counterparts who initiated the coup in Valparaiso.[137] An American, Charles Horman, who reported about these activities in Valparaiso was later killed by the Junta.[138]

Ambassador Davis flew from Santiago to Washington on September 8th to meet with Kissinger and then returned on September 10th, the day before the coup.[139] After first denying allegations, the U.S. State Department was forced to admit in public that it definitely knew of the plans for the September 11th coup 16 hours before it occurred.[140] According to a Reuters dispatch from Washington, the State Department knew of the coup date and time 48 hours in advance.[141]

Thus, the question to be asked is not whether the United States Government was directly involved in subversive activities against the Unidad Popular government, but rather, to what extent?

The following public statements by key U.S. policymakers regarding the question of U.S. involvement in the overthrow of the Allende government stand in striking contrast to the evidence presented in this section.

In testimony in March of 1973 before the Senate Foreign Relations Committee, former U.S. Ambassador to Chile, Edward Korry stated: "The United States did not seek to pressure, subvert, influence, a single member of the Chilean Congress at any time in my entire four years."[142]

Shortly after the September coup Henry Kissinger testified under oath that, "The CIA had nothing to do with the coup. . ."[143]

Around that same time, Assistant Secretary of State, Jack Kubisch said: "I wish to state as flatly and as categorically as I possibly can that we did not have any advance knowledge of the coup that took place on September 11. . ."[144]

In June of 1974, another former member of the U.S. Embassy staff in Santiago, Harry Schlaudeman testified in front of the

House Foreign Affairs Committee that: ". . .we had nothing to do with the political destabilization in Chile, the U.S. government had nothing to do with it."[145]

Also during testimony before that same committee, Secretary of Defense, James Schlesinger, offered the following comment: "Let me take the opportunity at the outset to restate that the United States government, the Central Intelligence Agency, had no role in the overthrow of the regime in Chile."[146]

Contrary to the distortions presented in these statements, without an adequate understanding of the subversive role played by U.S. Government agencies in the internal affairs of Chile, one can not grasp the dynamics of the struggle for power in that country from the time of Allende's election until the September 11th military coup.

NOTES

[1]The full text of these memos is reprinted in U.S. Congress, Senate, Committee on Foreign Relation, Subcommittee on Multinational Corporations, Multinational Corporations and United States Foreign Policy, Part 2, 93rd Congress, March 20, 21, 22, 27, 28, 29, and April 4, 1973 (Washington, U.S. Government Printing Office, 1973).

[2]For hearings held by the U.S. Senate on the role of ITT in Chile during 1970-71, see U.S. Congress, Senate, Committee on Foreign Relations, Subcommittee on Multinational Corporations, Multinational Corporations and United States Foreign Policy, Part 1, 93rd Congress, March 20, 21, 22, 23, 27, 28, 29, and April 4, 1973 (Washington, U.S. Government Printing Office, 1973). Some other sources to consult on the question of U.S. involvement in the overthrow of the Popular Unity government are as follows: Morris Morley and James Petras, The United States and Chile: Imperialism and the Overthrow of the Allende Government (New York, Monthly Review Press, 1975); "Chile: Blood on the Peaceful Road," Latin American Perspectives, Vol. 1, No. 2 (summer, 1974); NACLA's Latin America and Empire Report, Vol. VII, No. 1 and 8, and Vol. VIII, No. 6; Victor Marchetti and John D. Marks, The CIA and the Cult of Intelligence (New York, Dell Publishing Co., 1974), pp. 38-43, 62, 281, 330-331; Chile: The Allende Years, The Coup, Under the Junta (New York, International Documentation on the Contemporary Church, IDOC/North America, 1973); Tad Szulc, "The View From Langley," Washington Post (October 21, 1973), p. c5; Godfrey Hodgson and William Shawcross, "Chile--What Really Happened?", Gazette (November 7, 1974); Laurence Stern, "U.S. Helped Beat Allende in 1964," Washington Post (April 6, 1973) pp. A1 and A12, and "Aid Used as Choke on Allende," Washington Post (September 16, 1973); Seymour Hersh, "CIA Chief Tells House of $8 million Campaign Against Allende in '70-'73," New York Times (September 8, 1974), pp. 1 and 26, and "CIA is Linked to Strike in Chile that Beset Allende," New York Times (September 20, 1974), pp. 1 and 10; and letter of Representative Michael J. Harrington to the House Foreign Affairs Committee (July 18, 1974).

[3]See Petras and Morley, pp. 19-26 for a discussion of U.S. involvement in the internal affairs of Chile from 1964-1970.

[4]Federico G. Gil, The Political System of Chile (Boston, Houghton Mifflin Co., 1966), pp. 242-243.

[5]Letter from U.S. Representative Michael J. Harrington to the House Foreign Affairs Committee, p. 4.

[6]Stern, "U.S. Helped Beat Allende in 1964," pp. A1, A12.

[7]Marchetti and Marks, p. 39. Note the authors' confirmation of Stern's allegations, with direct reference made at the bottom of page 39.

[8]Ibid., p. 39.

[9]Stern, "Ex-spy to Give Detailed Account of Covert CIA Operations," Washington Post (July 11, 1974), p. A3.

[10]"U.S. Counter-Revolutionary Apparatus: The Chilean Offensive," NACLA's Latin America and Empire Report, Vol. VIII, No. 6 (July-August, 1974) pp. 4, 5.

[11]Ibid., p. 5.

[12]Ibid., p. 5.

[13]Marchetti and Marks, p. 40.

[14]Petras and Morley, p. 80.

[15]Ibid., p. 80.

[16]Joseph Collins, "Tightening the Financial Knot," Chile:, IDOC, p. 72.

[17]Petras and Morley, p. 80.

[18]Ibid., pp. 80, 81.

[19]U.S. Congress, Senate, Part 2, Multinational Corporations, p. 599.

[20]Ibid., p. 608.

[21]Ibid., p. 612.

[22]Ibid., pp. 609-610.

[23]Ibid., pp. 610, 613; Alessandri's campaign manager, Arturo Matte, confirmed that the ITT offer had been made, see Ibid., p. 504.

[24]Ibid., p. 611.

[25]Ibid., p. 613.

[26]Ibid., p. 646.

[27]For a somewhat amusing exchange, see the testimony of one of the authors of the memo, Hal Hendrix, Ibid., pp. 140-149. In one instance, Berrellez actually attempted to distort the meaning of a particular phrase in the memos by presenting an alternative interpretation supposedly based on "Spanish nuances," see Ibid., pp. 162, 163.

[28]The most striking example is the testimony of Edward Korry, Ibid., pp. 286-312.

[29]See tetimony of Merriam, Ibid., p. 19 and Gerrity, Ibid., p. 177.

[30]Marchetti and Marks, pp. 330-331.

[31]U.S. Congress, Senate, Multinational Corporations, Part 2, pp. 626-627.

[32]Ibid., pp. 250-251.

[33]Ibid., pp. 610, 623, 643.

[34]Ibid., pp. 623, 646.

[35] Ibid., pp. 622, 623, 625, 647; for a description of the 'Alessandri formula' see Ibid., pp. 608, 609, 611.

[36] Ibid., p. 622.

[37] Ibid., pp. 622, 623, 647.

[38] Ibid., pp. 623, 647.

[39] Ibid., p. 647.

[40] Ibid., p. 648.

[41] Ibid., p. 644.

[42] Ibid., p. 659.

[43] Ibid., p. 659.

[44] Ibid., p. 679.

[45] Ibid., pp. 716-721.

[46] Ibid., p. 1081; this is discussed in detail during the testimony of Ralph Mecham, Anaconda Vice-President, before the Senate Committee, Ibid., pp. 265-276.

[47] For a short discussion on OPIC see Ibid., pp. 218-220.

[48] Refer back to Morley and Petras, pp. 108-110.

[49] U.S. Congress, Senate, Multinational Corporations, Part 2, p. 1063.

[50] Ibid., pp. 1084-1086.

[51] Morley and Petras, p. 87.

[52] Ibid., pp. 87-91.

[53] U.S. Congress, Senate, Multinational Corporations, Part 2, pp. 946-947.

[54]For the original document see Ibid., pp. 950-953; also see Elizabeth Farnsworth, Richard Feinberg and Eric Leenson, "Chile: Facing the Blockade," NACLA's Latin America and Empire Report, Vol. VII, No. 1 (January, 1973), p. 13.

[55]"Chile: Facing the Blockade," p. 13.

[56]For a summary of the meeting by ITT, see U.S. Congress, Senate, Multinational Corporations, Part 2, pp. 1087-1092.

[57]Ibid., p. 1090.

[58]Ibid., p. 1090.

[59]Richard Nixon as quoted in "Chile: Facing the Blockade," p. 13.

[60]Morley and Petras, p. 27; also see letter of Harrington to House Foreign Affairs Committee.

[61]Morley and Petras, pp. 5, 6, 101, 155.

[62]Szulc, p. c5.

[63]Marchetti and Marks, p. 281.

[64]Hodgson and Shawcross, p. 10; and Morley and Petras, p. 87.

[65]For a detailed discussion of this "invisible blockade", see NACLA's issue earlier referred to, "Chile: Facing the Blockade," as well as Morley and Petras, pp. 79-118.

[66]"Chile: Facing the Blockade," p. 17.

[67]Morley and Petras, p. 92.

[68]U.S. Congress, Senate, Multinational Corporations, Part 1, pp. 18-19; for a discussion of the hard line on loan negotiations with Chile taken by the Nixon administration, see "Chile's Foreign Debt," Chile: The Allende Years, The Coup, Under the Junta, pp. 75-76, and Morley and Petras, pp. 92-95.

[69]U.S. Congress, Senate, Multinational Corporations, Part 1, p. 19.

[70]Stallings and Zimbalist, "The Political Economy of the Unidad Popular," Latin American Perspectives, Vol. II, No. 1 (spring, 1975), p. 76.

[71]U.S. Congress, Senate, Multinational Corporations Part 1, pp. 19-20; Collins, p. 74; Morley and Petras, pp. 95-96; and Stallings and Zimbalist, "The Political Economy," p. 75.

[72]Morley and Petras, p. 9.

[73]These are U.S. Department of Commerce figures printed in "Chile: Facing the Blockade," p. 27.

[74]Morley and Petras, p. 10.

[75]Ibid., pp. 9, 10.

[76]"Chile: Facing the Blockade," pp. 22-23; and Chile Versus the Corporations (Toronto, Latin American Working Group, 1973), pp. 25-30.

[77]For a copy of the letter, see "Chile: Facing the Blockade," p. 22.

[78]Ibid., pp. 22-23; Morley and Petras, pp. 111-113; and Chile Versus the Corporations, pp. 26-30.

[79]Morley and Petras, pp. 110-111.

[80]Ibid., pp. 109-110.

[81]Allende as quoted in Chile Versus the Corporations, p. 31.

[82]Stallings and Zimbalist, "The Political Economy," p. 75.

[83]Collins, p. 73.

[84]Morley and Petras, p. 111.

[85]See table A-4 in Ibid., p. 166.

[86]"Chile: Facing the Blockade," p. 18.

[87]Morley and Petras, p. 127.

[88]Ibid., p. 128.

[89]Michael T. Klare, "Arms and Power," NACLA's Latin America and Empire Report, Vol. IX, No. 2 (March, 1975), p. 22.

[90]Ibid., p. 25.

[91]"U.S. Counter-Revolutionary Apparatus: The Chilean Offensive," pp. 31, 32.

[92]"Chile: The Story Behind the Coup," p. 9; and North, "The Military in Chilean Politics," p. 22.

[93]Morley and Petras, p. 14.

[94]Ibid., pp. 125-126; and Hodgson and Shawcross.

[95]Morley and Petras, p. 80.

[96]NEF, "Political Factionalism and Political Stalemate: Chilean Politics 1920-1970," pp. 5-6.

[97]Ibid., p. 7.

[98]See "U.S. Counter-Revolutionary Apparatus: The Chilean Offensive," pp. 8-9. Saenz was appointed a top adviser to the junta after the coup.

[99]NEF, "Political Factionalism," p. 6.

[100]Ibid., p. 6.

[101]"Chile: The Story Behind the Coup," p. 11.

[102]Grace quoted in Ibid., p. 11.

[103]Grace quoted in Fred Hirsch, An Analysis of Our AFL-CIO Role in Latin America (San Jose, Fred Hirsch, 1974), p. 34.

[104]"Facing the Blockade," p. 17; Hodgson and Shawcross put the number trained at 108, all of whom were from either the rightist unions or gremios, and were to become leading cadre in the strikes of 1972 and 1973.

[105]Hirsch, p. 35.

[106]Ibid., p. 39

[108]Ibid., p. 39.

[109]Stallings and Zimbalist, p. 5. Davis' counter-insurgency reputation is so well-known that upon learning of his nomination as top State Department official for Africa, the Organization of African Unity, OAU, passed a resolution demanding that his name be withdrawn and that he not be considered for the post. For a brief resume of Davis' past work see "Chile: The Story Behind the Coup," p. 14.

[110]Collins, p. 73; and Stallings and Zimbalist, p. 5.

[111]Collins, p. 73.

[112]Stallings and Zimbalist, p. 5.

[113]Ibid., p. 5.

[114]Hersh, "CIA is Linked to Strike in Chile that Beset Allende," pp. 1 and 10; on page 134 of their book, Morley and Petras state that Colby "refused to rule out" that this was the case.

[115]See "U.S. Counter-Revolutionary Apparatus: The Chilean Offensive," p. 15.

[116]Ibid.; and Barry Rubin, "How U.S. Intervened in Chile," Guardian (December 26, 1973), p. 16.

[117]Letter of Harrington to House Foreign Affairs Committee, pp. 4-5.

[118]This is explained by Harrington in a June, 1975 letter he forwarded to his constituency and friends.

[119]Letter of Harrington to House Foreign Affairs Committee, p. 5; Morley and Petras state that the $350,000 had been authorized, see Morley and Petras, p. 133.

[120]U.S. Congress, Senate, Multinational Corporations, Part 1, p. 102.

[121]Szulc, p. c5.

[122]Marchetti and Marks, p. 42.

[123]See Rubin, p. 16; Morley and Petras, p. 34; Washington Post (October 5, 1973); Latin American Working Group, Chile-Canada Solidarity Newsletter, No. 8, pp. 5-6; and "U.S. Counter-Revolutionary Apparatus: The Chilean Offensive," p. 34.

[124]Santiago, Reuter report (July 17, 1973).

[125]Latin American Working Group, Chile-Canada Solidarity Newsletter, pp. 5-6.

[126]"Chile: The Story Behind the Coup," p. 25.

[127]"U.S. Counter-Revolutionary Apparatus," p. 13.

[128]Ibid., p. 13.

[129]Ibid., p. 15.

[130]Ibid., pp. 8,9.

[131]Ibid., p. 14.

[132]Ibid., p. 14.

[133]Ibid., p. 14.

[134]Latin American Working Group, Newsletter, p. 5.

[135]"U.S. Counter-Revolutionary Apparatus: The Chilean Offensive," p. 30.

[136]Ibid., p. 15.

[137]Morley and Petras, p. 130.

[138]For a discussion of the Horman case, see Richard Fagen, "An Accusation Against the American Embassy in Santiago," Chile: The Allende Years, The Coup, Under the Junta, pp. 65-69; and Hodgson and Shawcross.

[139]Morley and Petras, p. 130; and "U.S. Counter-Revolutionary Apparatus: The Chilean Offensive," p. 28.

[140]Morley and Petras, p. 129; and "U.S. Counter-Revolutionary Apparatus: The Chilean Offensive," p. 30.

[141]Petras, "Ballots into Bullets: Epitaph for a Peaceful Revolution," Ramparts (October, 1973), p. 28.

[142]U.S. Congress, Senate, Multinational Corporations, Part 1, p. 281.

[143]U.S. Congress, Senate, Committee on Foreign Relations, Nomination of Henry Kissinger, Part 2 (Executive Hearings), September 17, 1973 (Washington, U.S. Government Printing Office, 1973), p. 303.

[144]Department of State Bulletin, October 8, 1973, p. 465.

[145]U.S. Congress, House, Committee on Foreign Affairs, Subcommittee on Inter-American Affairs and on International Organizations and Movements, Human Rights in Chile, 93rd...

[145]...Congress, 2nd Sess., December 7, 1973, May 7, 23, June 11, 12 and 18, 1974 (Washington, U.S. Government Printing Office, 1974), pp. 123, 136.

[146]Testimony before House Foreign Affairs Committee, June 5, 1974.

CHAPTER IV:

THE INTERNAL STRUGGLE FOR POWER

The Consolidation of the Political Opposition

As the Unidad Popular began implementing its program, there was less room open for those seeking a middle-road position. Social polarization sharpened to the point whereby after July of 1971 there were essentially two organized political forces contending for power--the Left and the Right.[1] Participants viewed the nature of the situation such that loss of support from any significant group would most assuredly result in a seizure of power by the opposing political force. Thus, a very definitive line of demarcation was drawn between those supporting and those opposing Allende.

That is not to say that differences did not exist within each extreme, for significant variances in strategy and even long-run objectives most certainly did exist.[2] It is essential to note that as the situation became even more polarized, the Right was able to unify its factions in establishing a general consensus regarding the type of offensive strategy required to topple Allende.[3] On the other side, although the

Left remained intact as an opposition block to the Right, greater factionalism developed, especially within the UP coalition itself.[4]

It is clear that at the time of Allende's election, the Right was quite disorganized.[5] The Christian Democrats, then acting as a central force, opted to work out a compromise with Allende and voted in favor of him assuming office as head of a minority government, while the National Party opposed Allende in that Congressional vote. At that time, left-leaning liberals still had considerable influence within the PDC.[6]

One of the reasons why the UP received the most votes of any party running in the 1970 national elections was that the PN and PDC could not agree on supporting a common candidate. Nonetheless, the UP surprised many by achieving a very significant victory six months later as it received an overall majority vote of 51 percent in the April 1971 Municipal elections, thus reflecting somewhat of a popular mandate for its program.[7] Such a large increase in the UP's electoral support (from 36 percent to 51 percent) from the time of the Presidential elections only six months earlier jolted the two opposition parties into realizing that it was necessary to

form a united opposition in order to legally defeat the government coalition. However, there were still differences as to anti-government tactics within the new alliance, with the National Party advocating far more militant and directly subversive actions. In responding to the results of the April elections, the President of the National Party, Sergio Onofre, declared that, "the struggle now is not in the ballot box, but in the streets."[8]

In June of 1971, a former minister and founding member of the PDC, Perez Zujovic, was assasinated by the ultra-leftist terrorist organization, VOP. The UP and MIR denounced the act as being counter-revolutionary and claimed that the VOP was controlled by the Right and the CIA. The assasination effectively heightened the anti-Left fervor within the PDC and catalyzed a consolidation of power by the rightist faction within the Party advocating an alliance with the PN. On June 16, the two opposition parties united in defeating the UP leadership within the Chamber of Deputies and were equally as successful in mutually supporting a victorious candidate in the July 18th by-election in Valparaiso.[9] At that time, the government attempted to nationalize the Banco de Chile, controlled by PDC members. The Christian Democrats

responded first by officially joining the National Party's United Democratic Confederation, a right-wing coalition formed to oppose the UP in the upcoming March of 1973 Congressional elections,[10] and secondly by cutting off debate with the UP aimed at establishing agreeable limits for the socialist sector of the economy.[11]

At the time of the foundation of the new opposition alliance, the two parties also differed in strategic outlook. The National Party, in agreement with the Patria y Libertad, favored outright military dictatorship, while the PDC proposed a more moderate position stressing a strong military voice in a predominantly civilian controlled government.[12] Of course, at that time the PDC still believed it would be able to either legally impeach Allende by gaining the necessary Congressional majority in the March 1972 mid-term elections or defeat him in the 1976 Presidential elections. Therefore, many of the Christian Democrats wanted to limit the immediate role of the military to one of "caretaker."[13]

In their analysis written only days before the coup, Stallings and Zimbalist list four major reasons for those differences:

(1) the PN has closer contacts with the

> military and therefore a better chance of controlling military activity after a coup; (2) the PDC has a larger electoral base than the PN and currently thinks that a PDC candidate backed by the PN could win in 1976; (3) the PDC has given so much emphasis to its electoral tradition that it would have trouble explaining support of a coup to its members; (4) the PDC wants to control the government as a party and so is not willing to give the military a free hand. The PN is primarily interested in maintaining control of the means of production and to achieve this goal is willing to sacrifice its role as a party --at least temporarily.[14]

The open collaboration which did occur between the two opposition parties forced a strong reaction from the left-leaning faction of the PDC. When the National Council of the PDC overwhelmingly defeated a proposal to rule out any alliance with right-wing parties, 13 percent of the Christian Democrats officially withdrew from the Party to form a new political organization, the Christian Left (IC).[15] After the less militant faction of MAPU joined the organization, IC announced that it would not become part of the UP but would support and work closely with the coalition government. IC eventually joined the UP coalition.[16] Around that time, the conservative faction of the non-marxist Radical Party which advocated a slower and less militant government policy, split

away to form the Partido de la Izquierda Radical (PIR). PIR eventually left the UP coalition, as well.[17]

Aside from uniting for election purposes, the PDC and PN members also voted in an anti-UP block on key Congressional bills and resolutions.[18] However, the basis of the Right's strategy was one of creating economic chaos in order to propogate a frenzied anti-Allende hysteria among the middle class, thus forcing the military to oust Allende.[19]

One source states that several tactics utilized by the Right to achieve that objective were the slaughtering of animals; refusing to plant crops and invest in the remaining private and semi-private sectors of the economy; the hoarding of food and other essential commodities; the organization of the truck owners strike in order to immediately cut off the needed supply of food into the cities; the development of a large black market; and utilizing the major part of the Chilean media which it still controlled to instigate panic buying, thus creating structural shortage of goods.[20]

One specific example of the subversive tactics employed by the Right was reported in an interview published in the Christian Democrat's daily, La Prensa, on September 26, two weeks after the coup, when two Valparaiso shopowners admitted

hoarding about twenty tons of food and other commodities for three years and selling perishable food almost exclusively to opponents of the government.[21] Claims have been made that this was part of an overall clandestine plan, called SACO, which was formulated and carried out by the U.S.-backed opposition forces in an attempt to efficiently co-ordinate these acts of economic sabotage. One example of the psychological pressure used in this campaign relates to the printing by the Right of a questionnaire, entitled "City Reform Draft," which was distributed in the mail boxes of houses located in the middle class residential districts of Santiago. The questionnaire asked, "Are you prepared to share your home with families from poor districts that are in need of housing? How many people can you accomodate on your surplus floor space? What sort of people do you think you get along with in such conditions? Are you willing to let them share your TV set, refrigerator and car?"[22]

The domestic and foreign acts of economic sabotage severely limited the ability of the UP to successfully carry out its program for economic development.[23] As related earlier, during the first year of Allende's government the economy showed marked signs of improvement. During the

second year, however, the rate of progressive economic development declined as the Right became more unified and effective in carrying out its plans to disrupt the economy. By the third year the government's institutions proved to be totally inadequate in dealing with the contrived shortages, black market operations, and rampant inflation, all three of which were directly related, in varying degrees, to the seditious acts carried out by the domestic and foreign opposition.[24]

The government allowed its opposition to control almost all of Chile's radio stations and a majority of the daily newspapers printed in Santiago, and as expected, the Right was able to take advantage of the situation by "objectively reporting" that the UP's policies were solely to blame for the economic chaos.[25] At times these news organs went to the extreme of openly advocating an overthrow of the government, as was the case in its reporting on the abortive coup. Thus, members of the Right, in collaboration with the U.S. Government and ITT (which helped finance the more influential part of the anti-Allende media in Chile) were allowed to maintain a position of major responsibility in reporting to the public news concerning the deterioration of the economy, which they,

themselves, were most responsible for creating.[26] For example, the most influential conservative newspaper in Chile, El Mercurio, which had been guaranteed adequate financial backing by ITT, was owned by the family of Augustin Edwards.[27]

Although it seems that the reforms outlined in the UP program were not contradictory to the immediate or long-run economic interests of the vast majority of the petty bourgeoisie,[28] generally speaking, that class as a whole did not support Allende.[29] Many of them were employed in the government bureaucracy and traditionally aspired to achieve upward social mobility, with some even vicariously identifying themselves with the economic elite.[30] Mostly due to anti-Allende propoganda presented through the right-wing media, many government bureaucrats felt threatened by UP policies, which were described to them as constituting an effective blockage of standard channels for civil service promotion. Of course, in a concrete sense, such channels were only flexible enough to allow for a small number of middle class bureaucrats to achieve considerable advancement. In a broader sense, although members of the Chilean petty bourgeoisie, as individuals, had relatively better chances for achieving upward economic mobility before Allende assumed office, there was no such

mobility for the petty bourgeoisie as a class.[31]

Much of the middle class was also led to believe that the shortages of goods was mainly due to increased purchasing power of the working class, thus limiting the supply usually available to them in the open market. Supposedly, the government alone was reponsible for increasing the wages of the working class, which to them was also the sole cause of inflation. Therefore, not only was the middle class developing an anti-UP position but also an anti-working class sentiment, as well.[32]

The government should have been criticized for bureaucratic tendencies and certain deficiencies in centralized planning. However, there was a major weakness in the analysis presented to the middle classes by the Right. In an economy such as Chile's, characterized by a considerable underutilization of a relatively large industrial capacity resulting in long-term economic stagnation, a substantial increase in the purchasing power of the majority of the people should create the demand necessary to stimulate economic production. In fact, it did just that during the first year of the UP government.

The increase in wages of the working class, although a

factor, certainly was not the primary cause of either commodity shortages or inflation, for the record-breaking increases in output during 1971 and the more than respectable record during 1972 acted as a countervailing force. The heart of the problem was centered on the fact that the monopoly elite still controlled the privately owned distribution outlets. In this way hoarding and planned shortages (domestic and foreign) created a large black market economy. This, along with speculation of scarce commodities on the part of the wealthy, forced prices up.[33]

Moreover, in order for Chile to increase overall economic development in the long run, it was essential to eliminate its foreign debt by gaining control of its industrial infrastructure. There is simply no other way to independently finance such development.

It is quite true that during the second year of Allende's term of office, the middle class was considerably hurt by the mounting economic crisis, however, the primary question which must be asked is what was the major cause of that crisis--UP policies, per se, or the acts of economic sabotage organized by the Right in reaction to those government policies? There is little doubt that the latter was at the heart of the

problem.[34] Thus, in reality, it was the economic elite rather than the working class and the policies of the Right rather than those of the UP which were contradictory to the vested interests of the majority of the middle class.

The El Arrayan Report, a summary of key points brought up in a self-examination conference held by the National Committee of the Unidad Popular after one and one-half years in office, reiterated the government's commitment to win the support of the middle class. However, at the same time the statement relates that the Unidad Popular was not blind to the fact that the Right had been successful in convincing a good percentage of the middle class that it was in its interests to oppose the government. The report stated as follows:

> The political directorate of Popular Unity has announced that it recognized that the many types of small and medium enterprises have a legitimate and permanent part to play in economic development. They have reiterated time and time again that their programme is not against the interests of the non-monopolistic private sector whose effective contradictions are with the large monopolistic groups in productions and distribution.
>
> Nevertheless, there is not yet a general understanding of this and joint systematic work between the administrative department of the government and the unions representing these small and

> medium enterprises is inadequate. The ideological penetration of reaction has been stronger in these sections, and has attracted some of their organizations--against their own true interests--to join the large monopolistic bourgeoisie and a heterogeneous National Front in the private area.[35]

One of the most important strikes organized by the Right took place among Santiago truck owners, professionals and shopkeepers in October of 1972. The scenario planned was to provoke UP supporters into attacking the strikers, thus forcing the military to intervene and overthrow Allende in order to restore order.[36] In fact, the president of the truck owners' association, or gremio, stated that the truckers would not return to work until the government fell. However, the leftist were not provoked into fighting the strikers in the streets. To do so without adequate preparation - organization, leadership, and training - would have been to fall into the hands of the rightists and possibly trigger an interventionist reaction on the part of the military.

Instead, the pro-Allende groups helped workers organize cordones industriales and commandos comunales, which were emergency industrial and neighborhood committees first formed by workers several months earlier to co-ordinate the production

and distribution of goods, run social service facilities, and establish defense and mobilization networks.[37] Naturally, the PDC refused to discuss the crisis with the UP. However, the military did not oust the government. Allende reacted by forming a new cabinet including three key military officers. Although this move helped counter the strike, it did not deal with the source of the problem. Based on the readings of several first-hand accounts as well as extensive discussions with Chilean refugees now receiving political asylum outside of Chile, it is quite apparent that October, 1972 represented a breaking point in the struggle in the sense that social polarization was so definitive by that time that there was no longer any possibility for a compromise between the two forces and that a violent confrontation to determine whether the Right or the Left would seize political power was inevitable.[38] Moreover, it marked the critical turning point at which the UP moved from an offensive position to a defensive one - a situation which did not change.[39] From this time onward, the Patria y Libertad escalated its terrorist activities. According to a Chilean journalist now living in Montreal, Maria Eugenia Saul, "from October '72 to September '73, they were responsible for more than 20 deaths as well as

the destruction of railway lines, bridges, television stations, gas pipelines and buses."[40] Aside from sabotage of production in factories, right-wing terrorist groups burned a textile plant in Chiquayante and used explosives to destroy oil and water pipelines close to the copper mines.[41] By the middle of August of 1973 there had been 148 attacks on buses and trucks still operating, 16 against service stations and 37 against railroad lines, thus reflecting a particular concern for halting the transportation flow.[42] On August 13th, blackouts in eight provinces were caused by terrorist bombings of high-voltage electrical towers.[43] In a period of one month over 500 terrorist attacks were carried out by the rightist, many which by Patria y Libertad.[44] The Right also attacked those truck and bus drivers and shopkeepers who continued to work in defiance of those organizing the owners' strike.[45] These acts of sabotage unquestionably encouraged the consolidation of the Right.[46]

Notwithstanding the artificially induced crisis at the time of the March 1973 Congressional elections, for the first time in the long history of Chilean electoral politics the government in office increased its popular vote in mid-term elections.[47] The 44 percent of the popular vote received by

and terrorism. Part of the answer naturally lies in the strength of the Chilean Right itself as well as in the aid and experience of its supporters in Washington. But the second part of the answer centers on the nature of the factional differences within the UP and the apparent disorientation of the Left in general.

Factionalism Within the UP; The Left in Disarray

Factional differences have historically divided the parties of the Chilean Left comprising first the Popular Action Front (FRAP)[51] until 1969 and later the Popular Unity Coalition.[52] The two largest parties of the UP, the Socialist Party (PS) and the Communist Party (PC), in particular, had a long history of violent confrontation.[53]

The major split within the UP coalition regarded essential differences in strategy between the Communist Party, a moderate minority of MAPU, a moderate majority of the Socialist Party, and the smaller groups of the coalition, on the one hand, and a militant minority of the Sociality Party and a militant majority of MAPU, on the other hand.[54]

One can not downplay the significance of Allende's role in bringing the Communist and Socialist parties together for

the first time in 1957 to form the electoral coalition of FRAP and later in keeping the alliance together until the coup in 1973.[55]

Allende along with Aniceto Rodriguez were leaders of the more moderate majority of the PS, and Carlos Altamirano was the principal leader of the militant faction.[56] One of the key manifestations of the ideological differences between these two factions within the Socialist Party, as well as those between the two factions of the UP as a whole, was the question of MIR.[57] The militant wing of the UP openly supported MIR and agreed with its criticisms of Allende's strategy of conciliation to the military and to the Right, while the moderate wing which believed firmly in parliamentarianism openly condemned MIR.[58]

As earlier described, due to the nature of the situation all factions of the Left supported, by varying degrees, the government of the Unidad Popular. MIR consistently attacked the UP's program for not stressing militant organization among the peasants and industrial workers, while always claiming that armed struggle had to be carried out in order to seize power. Nonetheless, MIR did give critical support to Allende in an attempt to counter the power of the Right. In

a major policy document presented on October 13, 1970, MIR analyzed the causes of Allende's victory, pointed out the limitations of the UP program, reaffirmed its commitment towards carrying out a strategy of prolongated armed struggle based on the organized strength of the masses, but still defined the immediate task of the revolution as follows:

> The people have already elected president Salvador Allende and this is not negotiable at any cost. The fundamental task of the moment is to defend the electoral victory from the maneuvers of the bourgeoisie and imperialism, to push for mass mobilization starting from these objectives, and to formulate a policy towards the lower rank officers and the troops of the armed forces. We shall point out the dangers that await the people in the path of seizing power by the workers starting from an electoral majority, with the intention of preparing it for the confrontation that this path necessarily implies.[59]

However, MIR was clear in spelling out that such critical support for the UP was not absolute:

> Today many fundamental questions remain unanswered. We will look at the process objectively, with socialism as its only goal, with the understanding that our support or our opposition to the UP will not signify opportunist deviations to the extent that we have our objectives and our path very clear. By incorporating ourselves into the process

> being led by the UP, we run the risk of helping to bury the prospects of socialism in Chile and in Latin America, if their hesitations become greater than their advances and the process comes to a standstill. Nevertheless a merely "purist" and blind opposition may alienate ourselves from a process which, passing through a historically significant confrontation of classes, may be the beginning of the road to socialism. In the immediate, therefore, we will push for those aspects which coincide with our politics.[60]

At the time of Allende's election to the presidency, MIR had not established the mass base it deemed so necessary. Clearly MIR was not in the position of leadership of the revolutionary movement, but it must be pointed out that the organization was only formed in 1965 when radical elements of the Socialist Party split from the party and joined with militant students at the University of Concepion.[61] It appears that MIR did recognize that fact and set about to build a revolutionary base by integrating with workers and peasants directly in the factories and farms. It was more successful in organizing the migrant unemployed living in urban shanty towns, or callampas.[62] Another area of success was in the countryside as MIR cadres organized Indian peasants in land takeovers.[63] MIR's greatest weakness was that

it had not firmly established itself as a leading revolutionary organization among the urban industrial workers, who comprised the most important revolutionary force in Chile.[64] However, MIR played a very important role in successfully infiltrating counter-revolutionary groups[65] and did gain a certain amount of support from the urban workers through its role in organizing cordones and comandos after the October 1972 truck owners strike. As much as MIR criticized the government for its apparent lack of militant leadership, its members still voted for UP condidates in the 1971 municipal and 1973 Congressional elections.[66]

The situation within the UP became even more complex as time went on. On many occasions administrative practice contradicted the theoretical policies of the government.[67]

In the El Arayan Report, which was earlier quoted from, the UP specified the lack of mass participation in the implementation of policies as one of its primary self-criticisms:

> If social change is to be carried out, mass participation in the work required for this change is, above all, needed. Insufficient attention to this constituted one of the main subjects of criticism and self-criticism at the meeting of political leadership of Popular Unity, which, in consequence--in one of its most important conclusions--

> stated that the people must take into their own hands the task of fulfilling the programme.
> .....
>
> A fuller and more complete participation by the workers is needed eliminating the formal difficulties involved in the constitution of the Councils of Administration and overcoming the bureaucratic or technocratic tendency to limit these to secondary matters. Likewise the workers must be assured access to information concerning the progress of the enterprise. It is imperative to extend and improve the class organisations of the workers in all sectors.[68]

Many members of the militant wings of the Socialist Party, the Christian Left (IC), and MAPU, as individuals, actively joined with MIR and PCR in mobilizing the workers to seize control at their units of production, especially during the latter stages of the struggle before the coup.[69] In reaction to the October '72 professionals and owners strike, a widespread mobilization of the working class developed. Large factories, rural estates, and offices were occupied, owners and right-wing managers were expelled, and workers and peasants assumed full administrative control in many units of production. The large industrial belts, or cordones, were decentralized into small comandos at the local level in an

attempt to link factories and neighborhoods together within a co-ordinated system not bogged down in the bureaucratism so reflective of the traditional union (CUT) operations. Distribution networks were established as essential manufactured goods were brought straight to neighborhoods to be sold and/or exchanged for foodstuff which had been transported by the peasants directly from the countryside.[70] In effect, what began strictly as a defensive measure to counter attacks by the Right soon developed a dynamic of its own--a widespread movement based on the organized strength of the workers and peasants sharing local, yet co-ordinated, leadership with militant members of the Socialist Party, MAPU, and MIR.

However, once the strike ended with the formation of a new cabinet including three key military leaders, the official position of the UP instructed workers to tone down their militancy and participate within the standard channels of the national labor confederation, CUT.[71] It was not until the abortive coup on June 29th, when Allende broadcasted a call for the workers to take control of their factories and be prepared to fight with the arms which were being distributed to them, that the cordones and comandos were re-activated. The

high degree of organizational potential of the working class was then reflected in the almost immediate revitalization of those production and neighborhood committees as 350 factories and several hundred estates were taken over.[72] At this point, the workers and peasants were actually mobilizing for civil war as they collected medical supplies, initiated on-the-spot first-aid courses, began stocking non-perishable foodstuff, stepped up their training in the use of weapons, and refined their organizational network.[73] However, they waited for instructions from the UP, which only came when it was too late.

Although certain individual members of the coalition participated in local level militant organization of the working class, it is quite evident that the UP, as a leadership body, did not rectify the mistakes pointed out in the El Arrayan Report.[74] The UP may have desired greater mass participation, but it incorrectly looked to the CUT as the viable organizational channel.[75] The CUT had traditionally pursued a rather strict policy of economism and semi-participation while never effectively dealing with the question of workers control.[76] Moreover, only one-third of the Chilean work force was unionized in the first place.[77] The UP hoped

to supplement the work of the CUT by setting up Price and Supply Committees (JAPs), which were in charge of assuring fair distribution and pricing practices at the local level, but their effectiveness was also severely limited in scope.[78]

As the class struggle became more intense, the growing indecisiveness on the part of the UP reflected the growing disunity and internal strive within the coalition. On the economic front, two main lines emerged in the 1972 UP debates at Lo Curro. The moderate line, the principal spokesman of which was PC member Orlando Millas, advocated placing a ceiling of 90 industries in the socialist sector of the economy, defining more precisely the three sectors of the economy in order to assure the middle class that they would not have to face nationalization, increasing prices and re-ordering the relationship between prices, and tackling inflation by curtailing wage increases and the government deficit. The more militant line, defended by Socialist Party member and Minister of Finance, Pedro Vuskovic, called for prompt completion of an enlarged socialist sector, more centralized control over the private sector (especially the distribution network), greater discrimination between luxury and consumer good prices, and a wage increase policy in

balance with the inflationary rate for consumer goods. The quick replacement of Vuscovic by Millas as Minister of Finance signified that the moderate line essentially won out.[79]

The same split was present in the UP debates over land reform strategy. The moderate position advocated a limitation of expropriation to the Latifundia, and an organization of the peasantry geared not toward altering the relations of production or class structure in the countryside as much as toward assuring that production increased in the state-run reformed sector. On the other hand, the militant position advocated maximization of the expropriation limit under law and an organization of the peasantry through peasant councils to assure effective peasant control over production.[80]

As the social contradictions became even more acute towards the second half of 1973, the differences between the economic programs proposed by the moderates and militants within the UP widened. The moderate wing now proposed a freeze of wages and salaries, significant cuts in government spending, an increase in prices, denationalization of the socialist sector, and greater attempts at encouraging foreign loans and investments into Chile. The thrust of this approach

was to restrict demand and encourage private investment in the hopes of stabilizing an economy which had gotten out of hand. The militant wing called for a confiscatory monetary policy, a rationing of consumer goods designed and carried out through mass participation, total nationalization of the industrial and monopoly distribution sectors with a lowering of the land expropriation limit to 98.5 acres of irrigated land, suspension of foreign debt payments, and workers' management of the Socialist sector, with workers and popular control established within the private sectors of production, distribution and consumption.[81]

On the political front, the moderates in the UP called for the negotiation of a compromised settlement with the PDC, and at the same time labeled militant organization of the work force as ultra-leftist. The Communist Party (PC) mounted a propoganda campaign openly attacking MIR as being counter-revolutionary. Two days after the March elections, a small minority faction of MAPU occupied a few of the organization's buildings, denounced the rest of MAPU as being ultra-leftist, and "officially" expelled them from the organization. The PC recognized and supported this group as representating MAPU even after it was exposed as a minority off-shoot.[82] Moreover,

during the critical periods in October of 1972 and June of 1973, the PC advocated a cooling-down, defensive posture in order to restore order.[83]

The thrust of the UP militants' political program was to form a new State structure, called the Poder Popular (Peoples Power or Peoples Government), which would carry out new elections, most probably with tight restrictions imposed against rightist elements.[84] It is apparent that this line was not acceptable to the UP leadership, nor was it implemented.

Chiefly due to Communist Party pressure, the UP proposed in early 1973 the Millas Project, which was geared toward returning all but a handful of the approximately 370 state owned enterprises. However, after militant opposition on the part of the working class (including a large demonstration), the project was withdrawn.[85] Other indications of the moderate line being implemented by the UP appeared after the abortive coup in June. At that time, the government agreed to return all but fifteen of the 350 factories and all of the several hundred farms which had been taken over by the workers and peasants during and immediately after the coup attempt. Of even more critical importance, were the government's orders

to re-collect all of the arms which had been distributed to the workers when the coup attempt began.[86] Not only did such policies leave the workers frustrated and confused, but also totally defenseless in face of mounting acts of right-wing terrorism.

Allende's own position seemed to be one of attempting to avoid civil war at all costs.[87] Reporter James Goodsell quotes Allende in warning militant students during late August of 1972:

> I am horrified to hear people talking irresponsibly about a possible civic war. I will fight with all my strength to maintain normalcy in the country, for if there were to be a civil war, even if we were to win--and we would have to win--it would mean the destruction of the Chilean economy and brotherly coexistence for several generations.[88]

Allende realized that military officers were conspiring in an attempt to carry out a coup.[89] In fact, he publically stated that he was aware in August of 1973 of another coup to be attempted sometime in early September. But at no time did he take the offensive. Instead, he tended to support most of the conciliatory policies advocated by the Communist Party, such as the attempts made to negotiate a truce with the PDC and assure support of the armed forces by placing increasing

responsibility in the hands of key officers, no matter what their political position seemed to be. By September, more factories were being raided by military officers in search of weapons, JAPs were being burned to the ground, doctors refused to treat patients in hospital clinics yet continued private practice at their homes for the rich, and those small shop owners who dared to open their businesses were harassed by right-wing terrorists yet were refused protection by the military and police.[90]

As the situation became more critical in August, it was apparent that a major violent confrontation was inevitable. In the August 17th edition of its newspaper, De Frente, MAPU officially attacked the position of the government:

> ...the Govt. and the reformist forces have chosen the way of compromising, by means of incorporating the generals into the Cabinet, looking for a pretended "social peace" . . . this has paved the way for counter-revolutionaries and putschists . . . the sharpening of the class struggle has reached such a level that any conciliatory exit does not solve the crisis. It is only a band aid . . . each day the alternative becomes clearer; either a fascist dictatorship or a revolutionary dictatorship of the proletariat. Everyday the government becomes more responsible for what the putschists do and will do in the future . . .[91]

By the time of the coup in September there essentially was no basis of unity remaining within the factionalized UP coalition. As the last official meeting of the UP broke up, the coalition parties were far from arriving at any sort of consensus as to how they should be dealing with the immediate crisis. The meeting merely resulted in greater disunity and confusion. Thus, at this stage, although the UP symbolized leadership to the revolutionary masses, there was no basis within the coalition itself to provide that leadership.[92]

By August it was apparent to most all of the people that an attempt to carry out a military coup was imminent.[93] The immediate question being asked by the workers and the organizing cadres was when would the arms be re-distributed by the UP. Unfortunately, those arms never came.

This is basically how the events unfolded as the military looked on - not from the audience, but from center stage.

The Military in Politics; Trends Leading to the Coup

Two facts regarding the Chilean military have become increasingly apparent: First, as early as 1969 the Chilean armed forces began playing an ever increasingly important role in civilian politics,[94] and secondly, at least since that time

there had developed considerable political disunity within the officer corps as well as within the enlisted ranks.[95]

Even during Frei's term of office there were cases of minor revolts; first in 1967 resulting in the resignation of several top military officers and then in October of 1969, led by General Robert Viaux. Evidently, Viaux later cancelled coup attempts scheduled for November and December of 1969 as well as February of 1970.[96] Viaux asserted that the cause of the October, 1969 coup attempt was centered around professional claims, and in particular, demands for greater weaponry and higher salary.[97] Although the salaries of military officers at that time were indeed low[98] and Allende, himself, stated that these professional demands were just,[99] later developments would lead one to seriously question the truth in Viaux's statement.

According to investigations carried out in 1971 and 1972, Viaux also co-ordinated a conspiracy to overthrow Frei, in the hopes of preventing Allende from taking office.[100] The scenario of the plan was to first kidnap the Commander in Chief of the Armed Forces, René Schneider, a constitutional loyalist who also led the resistance in putting down Viaux's abortive coup in 1969. Originally they thought of announcing

that Schneider was captured by MIR, thus catalyzing a coup; however, they changed their plan to that of pretending Schneider had joined their forces in calling for the implementation of the "Alessandri formula," referred to earlier. The plan unexpectedly backfired when Schneider was killed while being kidnapped. Instead of sparking a coup, the murder created a moral outrage on the part of the public against the right-wing terrorist act. Allende was confirmed and Viaux was later accused of conspiring in the assassination.[101]

These revelations, along with the facts earlier exposed in the ITT memos regarding the Forty Committee's allocation in 1969 of a substantial "de-stabilization" fund and the White House collaboration with Viaux on coup plans later cancelled, seem more than circumstantial in indicating that political and not "professional" motives were at the heart of Viaux's actions.[102]

Precisely because of this type of political disunity within the military, it is rather difficult to categorize in absolute terms, <u>trends</u> in the role of the armed forces during Allende's term of office, especially regarding its attitude toward the government. Nonetheless, one may, in relative

terms, classify the political trends of the military into two somewhat distinct, yet very much related, time periods, with the line of demarcation represented by the professional and owners strike in October of 1972.

It would be incorrect to view the two periods in isolation to each other, for the latter was the dialectical outgrowth of the former. If one approaches the struggle within the military in terms of it comprising several contradictions (Navy and Air Force vs. Army, constitutional loyalists vs. interventionists, lower-middle class vs. upper-middle class, etc.) certainly the principal issue of contention centered on whether or not to support the Allende government. The attitude of the military on this principal issue could be categorized during both the pre- and post-October of '72 strike periods as reflecting the same dual nature--conciliation vs. confrontation. The difference between the two periods stems from which aspect--that of conciliation or that of confrontation--constituted the qualitative thrust, or general direction, toward which the military was heading.

The military certainly was not an isolated entity, divorced from the social conflicts of the day. On the contrary, it was a full participant in the struggle, in two respects.

First, members of the armed forces, as individuals, confronted the same contradictions and range of choice in the political arena as did every Chilean. Secondly, due its particular characteristic of representing the armed might of the state, the military, as an institution, was viewed by the various political forces as an essential tool of power to be won over.[103] Thus, just as the October of '72 strike represented a turning point in the conflict within society as a whole, so did it mark a relative change in the orientation of the military.

Before the strike, the rightist elements within the military seemed to be somewhat in a state of confusion, as was reflective of the right as a whole at that time. That initial period could be considered to have been somewhat of a transitional stage in terms of the military adjusting to its increased status, with newly acquired economic privileges and social prestige. For many conservative officers this certainly presented a paradox in relation to their concern over the radical policies of the new government.[104] As Allende promised, the military was integrated into key poisitions of economic planning and management.[105] Military personnel participated in everything from directing a major copper

company and working on regional and state planning boards to helping distribute milk in a child health program.[106] Aside from the abnormally high increases in salaries, the military also received certain material "fringe benefits."[107] For example, the government also authorized the construction of an $8.6 million housing project for members of the armed forces.[108] It is evident that once General Viaux was isolated due to the Schneider incident, the leadership so necessary to mobilize a revolt was temporarily lacking.[109] Also there was not as yet a strong right-wing civilian support organization which put forward a clearly articulated position advocating military intervention.[110] Moreover, Schneider's replacement as Chief of the Armed Forces, General Carlos Prats, was a staunch constitutional loyalist and at that time acted as an effective countervailing force against the rightists within the military. Prats' position of authority increased the risk factor involved in a coup attempt and reinforced an already present skepticism on the part of many military officers about the real possibilities of staging a successful insurrection.[111]

These factors coupled with the tremendous economic gains registered by the UP during the first year and one-half and the militant mobilization of the working force acted as

sufficient constraints against any military faction chancing a confrontation with the government at that time.

As time went on and government control over the civil strife tended to weaken, the military began to identify more with the role in which both the social polarization at home and the U.S. strategy mapped out in Washington tended to place it - that of arbiter.[112] The now "President" of Chile and leader of the junta, General Augusto Pinochet, revealed that on April 13, 1972 he first met with some top military officers to consider plans for military intervention.[113] However, it was not until the October owners strike that the government moved to the defensive as it looked to the military "to save the country." Allende essentially relied on the military to restore order by appointing the leader of each of three branches of the armed services as temporary ministers within the cabinet. The second most important civilian post behind the Presidency, the Minister of Interior, was given to General Prats. As expected the military members of the cabinet resigned shortly after the mid-term parliamentary election in March of '73.[114] It was just after the strike, in November of 1972, that some middle-ranking officers from all three branches of the military began plotting a coup against

the government. Participants in the plot revealed that it was the October strike which triggered their actions.[115]

Two events - the Right's unsuccessful attempt to overthrow the government during the October strike without direct military support assured and their inability to achieve the two-thirds majority needed to impeach Allende during the March elections (with the UP registering considerable gains) - seemed to vindicate those who all along claimed that it would be necessary for the military to intervene in order to oust the UP. The abortive coup on June 29, 1973 was a concrete manifestation of that conclusion - although somewhat premature. Even at that point there still was not precise coordination and certainly not concensus achieved within the military. The coup was attempted primarily by junior officers (probably those who began plotting in November of '72) and was easily put down by Prats. Again the government looked to the armed forces as another military cabinet was formed.

The significance of the June 29th abortive coup to the military rightists was three-fold. First, it showed that the working class in Santiago was mobilized to fight and defend the government to the end. It was due to this that the rightist in Pinochet's own words decided the following: "we

arrived at the conclusion that this combat, that this war, should be initiated in Santiago."[116]

Secondly, the reaction of the UP - consistent with its past record - reflected a reluctancy to rely on the workers in an attempt to seize power; but rather the military was again called in as arbiter.

Thirdly, it showed the necessity of first purging the constitution loyalists in leading position - in particular, General Prats. During the attempt hundreds of officers rallied to defend the government.[117]

One month later, Allende's aide-de-camp, Captain Arturo Araya, was assasinated. Thus, it is evident that a campaign of weeding out the ranks was seen by the rightists as a pre-requisite for successfully instigating a coup.

While in the process of "cleansing" its ranks, the right-wing leaders of the military also used a law declaring that possession of firearms was illegal to disarm the workers and peasants. The law was originally proposed by the UP in an attempt to curtail the escalated terrorism being carried out by Patria y Libertad; however, it was easily turned against the Left. In August of 1973, the Army, under Pinochet's command, searched more than 200 enterprises taken over by

workers, union buildings, and even UP party premises in order to confiscate weapons. This, of course, placed the workers in such a position that they were defenseless against the terrorist acts of the Right and, more importantly, were unable to effectively oppose the military coup which was then being planned.

Moreover, as armed confrontations increased in the countryside, certain provinces were declared "emergency zones" which allowed the local military units to establish a virtual "mini-military dictatorship" in the region.[118]

In August, Allende named a new cabinet, including Pinochet. Prats was designated Minister of Defense. On August 20th, the Air Force was mobilized to initiate a coup attempt, but it was postponed at the last moment by General Leigh.[119] There was one more major obstacle which had to be dealt with--the position of General Prats, and the officers loyal to him.

Due to a "scandal" provoked by the Right, General Prats was accused of ill-treating a woman in late June. Countless news stories poured out of El Mercurio attacking Prats and a small demonstration was held by several hundred housewives, including those of high ranking military officers. After

being asked by Pinochet, who skillfully maintained a "constitutionalist cover," to step down on August 22, Prats officially resigned.[120]

After Prats was forced to resign, another constitutional loyalist, Commander Raul Montero, was forced out of the cabinet and replaced as Commander of the Navy by Admiral Jose Toribio Merino, who also later jointed the junta. Just before that, another military leader of the coup, General Gustavo Leigh, assumed the post of Commander of the Air Force. General Sepulveda, who had played an important role in exposing those officers involved in the June 29th abortive coup, was removed as General Director of the Carabineros Corps (the national police force) and was immediately replaced by the fourth member of the junta, General Cesar Mendoza.

Soon after that, thorough purges against officers and enlisted men sympathetic to the UP were carried out. In this way, the stage was set for the successful coup on September 11, 1973.

Thus, the thesis presented most often in the North American media that the military reluctantly intervened only after it had been drawn in to restore law and order, has very little substance. From the very beginning there were elements

within the military planning such intervention. The reason for the delay was that it took a certain amount of time for the rightist elements inside and outside of the military to create the conditions conducive for a successful coup.

Why Allende accepted the appointments of the rightist officers as commanders of the various branches of the armed forces and in general reacted passively to the mounting attacks of the Right, is a difficult question. However, one point is certain - an important part of the answer centers on the intrinsic constraints which the peaceful road thesis of systems transformation presents.

NOTES

[1]Barbara Stallings and Andrew Zimbalist, "The Political Economy of the Unidad Popular," Latin American Perspectives, Vol. II, No. 1 (spring, 1975), p. 70.

[2]For a detailed historical analysis of factional differences in Chilean party politics, see Jorge Nef, "Political Factionalism and Political Stalemate: Chilean Politics, 1920-1970 " (unpublished paper, McGill University, 1975).

[3]Kyle Steenland, "Chile: Two Years of the Unidad Popular," Socialist Revolution, Vol. 3, No. 3 (May-June, 1973), p. 107.

[4]Stallings and Zimbalist, "The Political Economy," p. 78.

[5]"Reflections on the Chilean Experience," Chile: Under Military Rule (New York, IDOC/North America, 1974), p. 11.

[6]James Petras, "The Transition to Socialism in Chile: Perspectives and Problems," Monthly Review (October, 1971), p. 47 and Claudio Duran, "Chile: Revolution and Counter-Revolution," Social Praxis, Vol. I, No. 4, p. 346.

[7]Petras, "The Transition to Socialism in Chile," p. 52.

[8]Onofre as quoted by NACLA in "Chile: The Story Behind the Coup," NACLA's Latin America and Empire Report, Vol. VII, No. 8 (October, 1973), p. 3.

[9]Stallings and Zimbalist, "The Political Economy," p. 76.

[10]For a brief description of The Confederation see Nef, "Political Factionalism," p. 5.

[11]"Chile: The Story Behind the Coup," p. 26.

[12]Stallings and Zimbalist, "Showdown in Chile," Monthly Review, Vol. 25, No. 5(October, 1973), pp. 19-20.

[13]Ibid., p. 20.

[14]Ibid., p. 20.

[15]Nef, "Political Factionalism," p. 24.

[16]Ibid., p. 24.

[17]Ibid., p. 20.

[18]Stallings and Zimbalist, "Showdown in Chile," pp. 14, 15.

[19]"Chile: The Story Behind the Coup," p. 4.

[20]Ibid., p. 4.

[21]J. Cobo and A. Medvedenko, "The Coup in Chile" New Times, No. 40 (October, 1973), p. 27.

[22]Ibid., p. 27.

[23]Perhaps the most detailed analysis of the Chilean economy under the Allende government is that done by Stallings and Zimbalist ("The Political Economy"). The authors stress this point in their analysis.

[24]Petras, "Chile After the Elections," Monthly Review (May, 1973), p. 16.

[25]Duran, pp. 351-352; and "U.S. Counter-Revolutionary Apparatus: The Chilean Offensive," NACLA's Latin America and Empire Report, Vol. VIII, No. 6 (July-August, 1974), p. 19.

[26]"Chile: The Story Behind the Coup," pp. 21-22.

[27]For a discussion of the links between the Chilean media, especially that part controlled Edwards, and the Hearst news empire in the U.S., see Ibid., pp. 16-19.

[28]Robert L. Ayres, "Electoral Constraints and the Chilean Way to Socialism," Studies in Comparative International Development (summer, 1973) pp. 144-145 and Duran, p. 353.

[29]Ayres, p. 146 and Duran, p. 146.

[30]Frederick Pike, "Aspects of Class Relations in Chile, 1850-1960," Latin America: Reform or Revolution, ed. by Petras and Maurice Zeitlin (New York, Fawcett Publications, 1968), pp. 211-215.

[31]For a description of the Chilean middle class before Allende came to office as well as the traditional role of the government bureaucracy, see Petras, Politics and Social Forces in Chilean Development (Los Angeles, University of California Press, 1969). pp. 114-157 and pp. 288-337. For reference to the role which they played during Allende's term of office, see Petras, "Ballots to Bullets: Epitaph for a Peaceful Revolution," Ramparts (October, 1973), p. 26.

[32]Petras, "Reflections on the Chilean Experience: The Petite Bourgeoisie and the Working Class," Socialist Revolution, Vol. 4, No. 1 (January-March, 1974), pp. 46, 47.

[33]Petras, "Chile After the Elections," p. 20.

[34]This is the central thesis put forward by Stallings and Zimbalist in "The Political Economy."

[35]National Committee of the Unidad Popular, "El Arrayan Report," selections from which were reprinted in Comment, Vol. 10, No. 9 (April 22, 1972), p. 132.

[36]Nef, "Political Factionalism," p. 5.

[37]For a description of these organizations see Mike O'Sullivan, "Socialism From Below and Allende," Our Generation, Vol. 10, No. 1 (winter-spring, 1974), pp. 44-46.

[38]Stallings and Zimbalist, "The Political Economy," p. 80.

[39]Ibid., p. 80.

[40]Maria Eugenia Saul, "Political Genocide," Our Generation, Vol. 9, No. 4 (fall, 1973), p. 71.

[41]Stallings and Zimbalist, "The Political Economy," p. 77.

[42]Stallings and Zimbalist, "Showdown in Chile," pp. 18-19.

[43]Ibid., p. 19.

[44]Petras, "Epitaph for a Peaceful Revolution," p. 27.

[45]Ibid., p. 62.

[46]Nef, "Political Factionalism," p. 8.

[47]Steenland, "Chile: Two Years of Unidad Popular," p. 104.

[48]Duran, p. 353.

[49]Nef, "Political Factionalism," p. 24.

[50]Steenland, "Chile: Two Years of Unidad Popular," p. 107.

[51]For a discussion of FRAP see Petras, Politics, pp. 158-196, especially p. 190.

[52]Nef, "Political Factionalism," p. 9. Perhaps the most detailed account of factionalism in Chilean politics can be found in this article.

[53]Ibid., p. 9.

[54]Ibid., p. 13.

[55]Ibid., p. 9.

[56]Ibid., p. 15.

[57]Ibid., p. 15.

[58]Ibid., p. 15.

[59]MIR as quoted in New Chile, p. 148.

[60]Ibid., pp. 148-149.

[61]Ibid., p. 30 and Nef, "Political Factionalism," p. 15.

[62]New Chile, pp. 30-31.

[63] Ibid., p. 32.

[64] Petras, "Reflections on the Chilean Experience," p. 58.

[65] New Chile, p. 5.

[66] Ibid., p. 5.

[67] Petras, "Reflections on the Chilean Experience," p. 54.

[68] Comment, p. 133.

[69] Stallings and Zimbalist, "Showdown in Chile," p. 6.

[70] Ibid., pp. 6-7.

[71] Ibid., pp. 17, 18.

[72] Ibid., p. 17.

[73] Petras, "Reflections on the Chilean Experience," p. 57.

[74] Stallings and Zimbalist, "The Political Economy," p. 76.

[75] Stallings and Zimbalist, "Showdown in Chile," p. 18.

[76] Ibid., pp. 11-12.

[77] Nef, "Political Factionalism," p. 11.

[78] O'Sullivan, "Socialism From Below," pp. 43-44.

[79] Stallings and Zimbalist, p. 78.

[80] Steenland, "Rural Strategy Under Allende," Latin American Perspectives, Vol. 1, No. 2 (summer, 1974), p. 131.

[81] "Reflections on the Chilean Experience," Chile: Under Military Rule (N.Y., IDOC/North America, 1974), p. 13.

[82]Steenland, "Chile: Two Years of Unidad Popular," pp. 105-106.

[83]Stallings and Zimbalist, "The Political Economy," pp. 80 and 82.

[84]"Reflections on the Chilean Experience," IDOC, pp. 13-14.

[85]Ibid., p. 82 and Steenland, "Chile: Two Years of Unidad Popular,"p. 106.

[86]Stallings and Zimbalist, "The Political Economy," p. 82.

[87]"Reflections on the Chilean Experience," IDOC, p. 14.

[88]Allende as quoted by James Nelson Goodsell, "Chile's Bumpy Road to Socialism," The Progressive, Vol. 36, No. 11, (November, 1972), p. 22.

[89]Jonathan Kandell, "Plotting the Coup," Chile: The Allende Years, The Coup, Under the Junta (N.Y., IDOC/North America, 1973), p. 23.

[90]Stallings and Zimbalist, "Showdown in Chile," p. 22.

[91]MAPU, "De Frente " (August 17).

[92]Steenland, "The Coup in Chile," pp. 11-12.

[93]Ibid., pp. 11, 13.

[94]Nef, "The Politics of Repression," p. 62.

[95]Philippe Labreveux, "Armed Forces: Behind the Facade of Unity," Chile Under Military Rule, p. 23.

[96]Nef, "The Politics of Repression," pp. 61-62.

[97]H. E. Bicheno, "Anti-Parliamentary Themes in Chilean History: 1920-70," in Kenneth Medhurst (ed.), Allende's Chile (London, Hart-Davis MacGibbon, 1972), p. 133.

[98]Hansen, p. 200.

[99]Labreveux, p. 23.

[100]Nef, "The Politics of Repression," p. 63.

[101]Ibid., p. 63.

[102]Ibid., p. 62.

[103]"The Military as Agent of a Fascist Revolution," Chile: Under Military Rule, p. 19.

[104]Alain Joxe, "Is the Chilean Road to Socialism Blocked?" Zammit, p. 232.

[105]North, "The Military in Chilean Politics," p. 22.

[106]New Chile, p. 52.

[107]Nef, "The Politics of Repression," p. 52.

[108]"Chile: Can Allende Make It?" Canadian Dimension, Vol. 9, No. 4 (March, 1973), p. 19.

[109]See Nef, "The Politics of Repression," p. 64, for a discussion of the importance of leadership in general and General Viaux, in particular, in such a situation.

[110]Ibid., p. 67.

[111]Ibid., p. 67.

[112]Ibid., p. 67.

[113]Ibid., p. 68; and a publication of Non-Intervention in Chile, NICH, Chile Newsletter Vol. I No. 6 (April, 1974), p. 1.

[114]Nef, "The Politics of Repression," p. 69.

[115]Jonathan Kandell, "Plotting the Coup," Chile: The Allende Years, the Coup, Under the Junta, p. 23.

[116]*Chile Newsletter*, p. 1.

[117]North, "The Military in Chilean Politics," p. 27.

[118]*Ibid.*, p. 24.

[119]"U.S. Counter-Revolutionary Apparatus: The Chilean Offensive," p. 37.

[120]*Ibid.*, pp. 36-37.

PART II:

THE CHILEAN ROAD IN RETROSPECT;

WHY FASCISM ALONG THE PEACEFUL ROAD?

CHAPTER V:

"FRIENDS" AND "ENEMIES"

The building of political alliances is an integral part of social struggle. The strategy involved in such alliances must be based on a thorough analysis of who are "friends" and who are "enemies" in terms of their potential for fulfilling a progressive role in the particular attempt at systems transformation. In this way a realistic assessment can be made by the political movement regarding its strength in relation to that of its enemies'.

The Nature of the UP and the Election of Allende

As a first step in attempting to summarize such lessons in systems transformation to be drawn from the experience of the Unidad Popular government, we must clarify exactly what Allende's election represented. Although it symbolized two progressive trends--the consistent heightening of political consciousness among the Chilean working people and a reflective emergence of new contradictions and disunity within the bourgeoisie over the question of how to deal with the new relations of forces--nonetheless, in a concrete sense, it

merely established control over one branch of the capitalist state--the executive. The UP had an overall minority representation in Congress (a mere 36 percent), while the judicial branch virtually remained unchanged. In order to form a minority government in the first place the UP was forced to compromise in accepting a bill which assured that all Christian Democratic appointees within the lower and middle levels of the service would be retained.[1] Moreover, in no way whatsoever did Allende's election constitute control over the armed forces.

It must be understood from the outset that the Unidad Popular was not a revolutionary party, but rather a coalition of progressive groups--some claiming to be marxist in nature, others not. When interviewed by Regis Debray in the summer of 1971, not only did Allende confirm this fact but went on to state that he believed the contemporary conditions in Chilean society were such that it was not possible at that time to form a revolutionary party from the UP coalition:

> The dynamism of the revolutionary process will progressively create the right conditions for something along the lines of a Revolutionary Party to be formed at some point in time. But to speak now in terms of a single Revolutionary Party is simply Utopian. At some later stage, if conditions continue to progress, it may prove

> appropriate, but for the time being we have to deal with reality as we find it.[2]

Allende was probably correct in stating the unlikelihood of the UP itself becoming a revolutionary party, partly because the coalition was originally united on the basis of a loosely defined reform program. The majority of the UP envisioned its role as one of gradually developing the conditions within which seizure of power could be possible, but not necessarily carried out under UP leadership. Allende succinctly summarized the role of the government as follows:

> We are creating a distinct road to revolution and are demonstrating that it is possible following our road to make those profound transformations that bring about revolution. We have said that we are going to create a democratic, national, revolutionary and popular government which will open the way to socialism, because socialism is not imposed by decree. All the measures that we have taken are measures conducive to revolution.[3]

However, one aspect of the process which Allende viewed somewhat idealistically regarded the question of unity within the government coalition. In an interview with film maker Saul Landau in January of 1971, Allende answered a question concerning conflicts within the UP by stating, "There are not

any serious conflicts. There are differences about which tactics we ought to pursue and about the speed and rhythm of change, but nothing serious because we all reached absolute agreement over the program of the Unidad Popular."[4]

Considering that the interview was part of a film to be distributed to foreign audiences, it is possible that Allende made that statement for propoganda purposes, rather than because he actually believed it to be so. In any case, it was not a realistic assessment of the coalition's unity. By the very fact that the UP was comprised of parties representing different class interests[5] there had to be a considerable amount of internal political conflict--not only over tactics, as Allende stated, but also over strategy and long-term objectives. Nef described the Popular Unity as follows:

> By and large, the Unidad Popular was not a highly cohesive nor coherent political force. It was largely a successful, or relatively successful "umbrella" organization to mobilize electoral support. As a block of parliamentary forces, despite both its minority position and its general lack of structural coherence, the bloque de parliamentarios de Izquierda left a great deal to be desired. As a functional governmental and policy making coalition, however, it was utterly ineffective. Plagued by internal party fragmentation and intra-party conflicts, immobilism and inability to produce consistent policy

> except for the most general principles characterized its existence.[6]

Allende also related to Debray quite optimistically that, "the stronger the resistance of our enemy, the stronger our (UP) unity will be."[7] What, in fact, occurred was the exact opposite. The government had great difficulty, and never succeeded, in fully developing consistent and well-defined policies to implement its immediate program. It is evident that overall consensus within the UP regarding key issues was never really achieved. As for the policies actually implemented by the UP, several very critical mistakes in judgment were made.

Holding Hands With the Enemy

As discussed earlier, the Chilean Right and the policy-makers in the While House tended more and more to rely on the military as the final arbiter in the struggle. However, in order to consolidate an interventionist line within the predominantly middle class armed forces and successfully carry out a coup in face of the mounting militancy of the working class, it was first necessary to win over a considerable part of the middle class. Since the leadership of the Right was

essentially comprised of members of the numerically smallest class force in Chile--the economic elite--it was essential to utilize the middle class as a social base of support which could act as buffer in the class struggle.

Allende basically assumed the same strategy, but unlike the Right he abided by the constitutional rules of the game; which of course were originally formulated by and geared toward protecting the interests of the same elite which he now confronted as the enemy. It appears that an integral part of the UP's strategy to win over the middle elements was to assume a conciliatory attitude toward the Chilean Right, the U.S., and the armed forces. In this way it was hoped that the middle classes would not be alienated thus allowing time for them to be gradually won over.

There is no question that the UP underestimated the strength and the determination of the Right.[8] In a farewell speech upon departure from Chile on December 2, 1971, Fidel Castro addressed himself to this very point when he warned that:

> Moreover, all decadent social systems and societies have defended themselves when threatened with extinction. They have defended themselves with tremendous violence throughout history.

> No social system resigns itself to disappearing from the face of the earth of its own free will. No social system resigns itself to revolution.[9]

One point is certain--if its economic position within society is severely threatened, the ruling class will resort to any means available in order to protect its vested interests. Although the initially defined program of the UP was not fully socialist in nature, it did represent an immediate threat to a major portion of the Chilean economic elite, as well as, a long-run threat to the capitalist system in Chile, and its international allies.

It is quite evident that the UP reacted in somewhat of a passive way to the increasing acts of terrorism carried out by the Right. Although in the early stages, a major effort was made to track down the murderers of General Schneider, as time went on the government seemed quite reluctant to carry out widespread campaigns against rightist terrorists, for fear of alienating the middle classes.

Of course, the Chilean economy is part of a global system, and as earlier described, its monopoly elite is a comprador class tied to U.S. multinational corporations.[10] There is no doubt that American corporate officials and government leaders

felt the necessity to eliminate Allende not merely to protect their $1 billion worth of Chilean investments. At a time when U.S. global hegemony, although still very strong, was nonetheless on the decline, all of Latin America, and much of the world for that matter, viewed the Chilean experiment as a test case for possible future independent ventures on the part of Third World countries similarly bound within the American Empire.

It was rather clear that flexible, liberal political systems such as Chile's were quite ineffective in firmly maintaining the economic status-quo. Politicians such as Frei and the institutions he represented were found to be incapable of adequately checking the growing domestic unrest, which they themselves were considered to be primarily responsible for allowing in the first place. The changing relations of social forces in Chilean society, somewhat reflective of the popular discontent emerging throughout Latin America, were what necessitated the type of "re-appraisal" in U.S. policy toward Latin America suggested by ITT to Kissinger. That "re-appraisal" resulted in the consolidation of an already present White House policy trend toward relying on a much more effective and certainly more stable form of government--military dictator-

ship.[11]

The UP had to assume from the very beginning that the U.S. would do almost everything in its power to overthrow the government and that it would be ludicrous to expect financial aid from ones primary enemy. The UP gained very little from maintaining relations with the U.S., and it merely allowed the CIA and other subversive elements from the U.S. open access to maneuver in the heart of the battleground.[12] Thus, it was essential for Allende to gradually sever all direct military relations with the United States and expel from the country all suspected U.S. "par-military" personnel such as CIA and AID agents. However, the UP was again reluctant to do so for fear of triggering a violent reaction on the part of pro-U.S. elements within the Chilean military.

The Military as Arbiter

One of the most costly mistakes made by Allende was the increasing reliance placed on the Chilean armed forces. Whether that decision was based on a sincere faith in their constitutional integrity or was tactical in nature is not yet perfectly clear. The fact remains that UP policies actually

strengthened the position of identically the same military establishment which had consistently supported and was an integral part of the system which the new government avowed to gradually destroy. Those few constitutional loyalists, who still maintained considerable influence within the military, supported and later joined the government solely to avert civil war and certainly not to pave the way toward socialism. By no stretch of the imagination, did their actions mean that the UP had control over them.

The UP consistently carried out a policy of catering to the wishes of the military, both in terms of financial rewards and social prestige. As mentioned earlier, aside from increased salaries, the government also authorized the construction of an $8.6 million housing project for members of the armed forces. Besides the appointment of top military commanders to important cabinet posts, officers from all three branches of the armed services assumed rather high positions in the government planning commission and development corporation, as well as on the boards of several state enterprises, including the copper mines, steel industry, and the telephone company.[13]

The UP also ordered a heavy crackdown on MIRist propa-

ganda and organizational work being done among rank-in-file soldiers and low-ranking officers. Allende's own nephew was jailed for such activity.[14] Allende did not even veto the arms control bill, authorizing the military to carry out extensive searches for weapons. As earlier mentioned this bill was originally proposed by the UP, thinking that it would be used to curtail right-wing acts of terrorism. Of course, in the end, it was used to disarm the workers and peasants. Even after those commanders loyal to the constitution were forced to resign and were immediately replaced by right-wing officers who actively carried out extensive purges within the military to facilitate planned intervention, the UP still maintained its policy of integrating the military leadership within the government.

The only conceivable justification for such a policy at that time would be if it was implemented as a short-term delaying tactic in order to buy enough time to adequately organize and build upon the popular base of power already present in the Chilean working class. However, the type of work required to mobilize and arm that force was never carried out.

The September coup abruptly put an end to any remaining

beliefs in the so-called political neutrality of the Chilean armed forces. Thus, the military takeover strongly supports the thesis put forward by Jorge Nef that military professionalism in Latin America does not lead to the withdrawal from politics by the armed forces.[15] On the contrary, "the roots of the September 11 coup are to be found precisely in the increasing role played by the military as mediators in Chile's political conflict."[16] The uniqueness of the Chilean armed forces to the Latin American experience is not that it never intervenes in civilian affairs, but rather, that it acts as a last line of defense.

The Military and the Role of the Middle Classes

Although the "middle class military coup" thesis put forward by José Nun[17] is less applicable to the Chilean case, certain aspects of it nonetheless appear to be quite relevant to our discussion. Nun asserts that the middle classes are a destabilizing and anti-democratic force. They will support military intervention in civilian affairs when they fear their vested interests are threatened by a militant and organized party or movement of the working class and peasantry which records significant gains in the struggle for political power

with the established elite.[18]

It is to Nun's credit that he does not present his thesis as an absolute explanation, nor one which is applicable in an absolute sense. He emphasizes that he "neither postulate(s) a monistic explanation nor believe(s) that the military phenomenon is only apparent and that its only true explanation lies in the problems of the middle classes."[19] That flexibility was also apparent in two basic propositions presented:

> (a) that given certain circumstances, in certain Latin American countries, sectors of the middle classes induce and/or favor military interventionism; and (b) that the contradictory orientation of those military interventions are reflections of the ideological contradictions of the middle classes.[20]

It is true in the case of Chile that the military was essentially comprised of middle class elements. This is precisely why it took such a long time before the Right was able to assure the consolidation of an interventionist line within the military. It is equally true that middle class support for a military coup in Chile was a strong stimulant for such an act and that when the coup was actually carried out it was backed by the majority of the middle class. Moreover, Nun's

thesis certainly applies to cases of military intervention in Chile during the first part of the century.[21]

However, the problem with Nun's thesis in applying it to the September, 1973 coup is found when attempting to explain in whose interest did the military carry out the coup and why (not so much whether) the middle classes supported the take-over.

More specifically, Nun states that "the army--that in the majority of the countries represents the middle classes with all their contradictions--comes to the defense of the threatened sectors (middle classes) . . ."[22] (emphasis and parenthasis personally added). He goes on to state that the army is the "instrument" of the middle classes.[23]

As previously mentioned, the middle class orientation of the Chilean armed forces as a whole certainly was a factor in assuring a lack of significant military opposition to the interventionist policy. However, this does not appear to be the reason why the junta organized the coup; and without such leadership there perhaps would not have been a successful insurrection.[24]

Several facts can be made to substantiate the point that the junta clearly did not intervene in behalf of nor was an

instrument of the Chilean middle classes, but rather, that it objectively and subjectively represented the interests of the Chilean monopoly elite and the U.S. military-industrial complex, upon which it was so dependent. First, some sources relate that the junta leaders are closely related to wealthy Chilean families and the highest-ranking officers in general tend to be related to upper-middle and upper class families.[25] Thus in terms of class relations, the military hierarchy, and especially the junta, either does not represent the middle classes at all or represents a small fraction of its upper strata.

Secondly, soon after the coup, the military began a de-nationalization program in which almost all of the enterprises previously nationalized under Allende were returned to their former owners--foreign and domestic. Even a large number of state owned enterprises and private firms nationalized before Allende was elected to office were sold to public bidders.[26] Such a program was principally in the interests of the Chilean and U.S. monopolists whose enterprises had been nationalized, and quite detrimental to the interests of the Chilean middle classes.[27]

Thirdly, the evidence presented in the ITT memos and CIA

Congressional testimonies relates that at least in the early stages the military collaborated with U.S. corporate and CIA agents and representatives of the Chilean monopoly elite and not with middle class elements.

Fourthly, due to the suppression of all democratic institutions, censorship of the media, political oppression (even against many who previously had vehemently opposed the UP), and the further collapse of the economy since the coup (especially the rampant inflation), the President of the Christian Democratic Party, Patricio Aylwin, along with other top PCD leaders, forwarded a letter of criticism to the junta. However, the letter was sent in vain. As one scholar pointed out a few months after the coup, it simply is not necessary for the junta to cater to the Christian Democrats at all. The PCD lost all of its accountability with the Left for its collaboration in bringing about the military takeover, and now that the coup is over, the Right considers the liberal rhetoric of the PDC a "distinct liability" in a time when only violent oppression can prevent the outbreak of a revolutionary civil war. The point to be made by this is that the coup objectively did not benefit the middle classes.[28]

Several sources refer to the negative effects of the

coup on the middle classes.[29] Michel Chossudovsky, who was a visiting professor of economics at the University of Chile in 1973, reported the following:

> Whereas in 1969, fewer than 30 percent of Chile's population had incomes insufficient to meet minimum calorie and protein requirements, our results suggest that 85 percent of Chile's population are now below the poverty line and suffering from malnutrition . . .[30]

Chossudovsky went on to state that:

> In 1967, the top 5-percent income bracket received 22.6 percent of total income. Our results indicate that the top 5-percent income bracket now controls approximately 50 percent of total income, which suggests that income in Chile is more concentrated and unequally distributed than in any other country in South America.[31]

That does not necessarily mean that the junta acts in robot-like fashion awaiting all instructions from the Chilean monopoly elite. On a few occasions the military has even warned Augustin Edwards' newspaper chain that it should not express any dissatisfaction whatsoever with the worsening economic situation. However, that does not represent any significant conflict, for as the estimates above relate the military has unquestionably initiated policies allowing the

economic elite to increase its wealth and investments. Such action merely indicates that the junta has some of its own ideas as to the best way to consolidate its power--and maintaining power is its primary objective. In this sense, it should not be considered to be a caretaker government.[32] Of course, there is no doubt that the military oligarchy does listen to the advise of U.S. corporate officials and especially U.S. military officers, for whom it has great respect. After all, the United States Government has responded by granting the junta millions of dollars in aid through bilateral and international loan channels, supplying the junta with the military tools of oppression so necessary to maintain order, as well as encouraging U.S. corporate investments in Chile.[33] It is in this sense that some scholars characterize the rule of the junta as "dependent fascism."[34]

The second aspect of Nun's thesis which does not perfectly correlate with the Chilean experience touches on the question of why the middle classes supported the coup. The thrust of my questioning is not so much of a contradictory nature to Nun's assertion regarding the phenomenon of middle class support for the coup as much as it is a recognition of certain limitations in clarifying the motivation behind the phenomenon;

in particular, a lack of necessary emphasis on the role of the rightist elements of the economic elite.

In an article written in Santiago two months after the coup, an anonymous Chilean economist (whose pen name is Carlos Mistral) maintains that the Right was only able to fully mobilize truck owners, a few small groups of right-wing students, and some professionals along with their families to take to the streets in opposition to the UP. Contrary to Western reports, Mistral asserts that although most of the small retail businessmen did close their shops during the August of 1972 strike, the leaders of their association were unable to convince a majority of them to assume a more radical role and more intensely participate in the anti-government campaign. Thus as militant as the anti-Allende demonstrations were, they still did not represent the consolidation of a large and fully committed social base of power for the Right.[35]

Although direct, militant participation in anti-Allende demonstrations on the part of the middle bourgeoisie was not as widespread as previous reports seemed to indicate,[36] a majority of that class, nonetheless, did support the military coup. This, of course, reflected a failure on the part of the

UP to convince a good portion of the professionals, bureaucrats, and to a less extent the shopowners that it was in their interests to support the reforms of the government.

Regarding its role in contemporary revolutionary change, the middle bourgeoisie can be characterized as a wavering class. Like all classes it will react in the way it sees its own interests best satisfied. On the one hand, it is not in its interests to have the economy predominantly controlled by foreigners, for that restricts upward class mobility in the long-run. If it is conscious of this fact then the middle class may support revolutionary change, but only to the extent that it perceives such a movement as being nationalistic in nature, and thus catering to its own interests. On the other hand, it is partly because the middle bourgeoisie holds aspirations of such upward social mobility that it sometimes tends to identify with the "success" of the ruling class. This generally applies to the middle classes in Latin America, as well.[37]

The middle bourgeoisie is basically made up of three somewhat distinct sectors of varying size and political orientation--the progressive, center, and conservative sectors. At the time of Allende's election these three tendencies were

present within the predominantly middle class PDC.[38] In carrying out a strategy to gain support from the middle classes, a revolutionary party should attempt to organize the progressive sector and isolate the conservative sector in order to win over the center sector.

In the case of Chile, given the traditionally non-antagonistic although contradictory relationship between the middle and upper classes,[39] the latent anti-proletariat outlook of a good part of the middle classes,[40] as well as the fact that the U.S. was not forced nor necessarily in a position to carry out a large-scale military invasion of Chile as it had in Vietnam, the UP should not have expected to win over the middle bourgeoisie as a whole as a firmly committed ally of the revolution. However it was possible for the UP to adequately neutralize the role of the middle classes, as a whole, in the struggle,[41] while at the same time gaining allies with a considerable portion of the numerically largest sector of the middle bourgeoisie[42]--the lower-middle, or petite bourgeois class.[43] The petite bourgeoisie is essentially comprised of small businessmen, small factory owners employing less than thirty people, truck-owning drivers, and self-employed professionals.[44] Of course, major industrial managers

such as those interviewed by Dale Johnson in his study would not be classified as petite bourgeois.[45].

In order to accomplish this objective, it was essential for the government to immediately nationalize all of the media in order to carry out successful propoganda work, intensify its effort in expropriating national and foreign monopolies and generally take a much harder line against both the Chilean Right and the U.S. Deliberateness on the part of the government in implementing its program represented to the middle class an image of weakness rather than strength. During the first year when the UP acted most decisively, the middle class played a relatively passive role.[46] It was not until the Right became unified and boldly escalated its open attacks against the economy and the government, which reacted with increased hesitancy, that certain sectors of the middle bourgeoisie actively participated in anti-Allende demonstrations.[47]

The important point to be made is that the large petite bourgeoisie did not <u>spontaneously</u> arise to oppose the government, nor did a majority of it actively engage in anti-Allende acts. Those sections of the petite bourgeoisie which did militantly participate in anti-government demonstrations were <u>led</u>, in the strongest sense of the word, by rightist repre-

sentatives of the monopoly elite.[48] In this sense, the economic elite once again successfully used the middle classes in their traditional role of buffer to the most advanced working class movement in Chilean history.[49]

Although at one point, Nun does hypothesize about the potentially progressive role which sectors of the middle bourgeoisie could play under certain circumstances,[50] he only makes passing reference to the role of the economic elite in fostering anti-democratic values on the part of the middle classes.[51] In reviewing the positions previous presented, it appears that the rightist economic elite and the U.S. had a very significant role in motivating the middle classes towards supporting intervention on the part of the military.

Nun is quite correct in asserting that the middle bourgeoisie certainly is not an inherently progressive or democratic class force. However, what is somewhat lacking in the analysis presented is that the middle bourgeoisie is neither an inherently anti-democratic force. In the case of Chile, the petite bourgeoisie would support whatever they believed to be in their interests. As a wavering class, full of contradictory tendencies, it probably would not have opposed whichever political force was able to take the initiative in

providing strong leadership. As time went on the Right tended to represent that image of strength while the Left reflected a significant degree of hesitancy and disunity. It is evident that the middle classes were not swayed away from supporting the coup because it was undemocratic or illegal. Thus Allende should have been more concerned about strengthening his primary base of support rather than abiding to the letter of the constitutional law. This is not to say that if this was done by the UP then the middle classes would necessarily have enthusiastically supported the UP program; nor that they were like lambs waiting to be taken out to the pasture. However, the nature of the middle classes was vacillating enough that if the UP was able to attack and isolate the Right from the middle classes then they would not have developed into that social base of support needed by the economic elite to overthrow the government. Evidently the UP was in a position to do so,[52] but decided not to take the risk.

Nun probably presented his thesis primarily in response to the perpetuation by certain scholars on Latin America of the myth claiming that the Latin American middle classes, by their nature were democratic and progressive and as such consistently and effectively acted as an anti-coup force.[53] Thus,

it is understandable that the role of the rightist economic elite was somewhat neglected in his analysis. Moreover, there is no question that Nun's contribution to the field of Latin American studies was quite significant precisely because of his breakthrough in effectively countering the middle class myths previously referred to and because of the new, constructive debates on middle class-military relations which his thesis engendered.

One should not go to the other extreme in stating that the UP was incorrect in guaranteeing the property rights of the middle class during this time. On the contrary, such a policy was in no way contradictory to the long-run strategy of achieving socialism. After seizure of political power, the government could have been in a position to implement policies which would very gradually absorb those few small shops and businesses into the socialized sector of the economy. This transition could have been based on principles of voluntarism and mutual benefit. Members of the middle classes, through education as well as social and economic reinforcement, would realize that it was in their interests to participate in the more productive and financially rewarding collective or state enterprises. It would then be possible in

the long run for them to gradually transform the selfish values, which originally motivated them to socialize their businesses, into collective and more socially oriented values.

The failure of the UP to implement correct policies aimed at gaining support from the middle class did not reflect a lack of concern. On the contrary, the government actually overextended itself in attempting to gain such support at the expense of developing the well-organized base of power among the working class so necessary to counter the power of the Right.

The essential question to pose is what was the concrete social basis of the UP's authority, its ability to govern? Was it the military? Was it the middle class? Was it the Congress? Was it the "democratic tradition"? The proposition which I am putting forward is that in a practical sense, the actual viability of the government as well as the leadership image required to neutralize the middle class as a whole were most directly dependent upon the organized strength of the working people, who were united and firmly committed in their support to Allende.[54] It was not the military which the UP could rely on to forcefully counter the subversive

acts of the Right - it was only the working class. Thus, the overall approach taken by the UP in dealing with the middle bourgeoisie was self-defeating.

In the case of Chile, it was only the workers and peasants, those most directly experiencing the exploitation of the system and having the greatest to gain and the least to lose, who would be willing to take such a commitment and who had the capacity to successfully carry through the revolutionary struggle.

Mobilization of the Workers and Peasants

Given the fact that the Right would, and in fact did, resort to any means necessary to maintain its economic position and that the base of the UP's strength in countering the opposition of the Right lay in the workers and peasants, the necessary question to be asked is what was the most effective way to mobilize them?

The UP went about organizing the workers and peasants primarily around the issue of increasing production, which will soon be analyzed in greater detail. Most organizational work carried out by the government at the units of production was restricted to workers participation in administering the

factories as distinct from workers control. Its program actually gave "legal status" to the national federation of unions (CUT) as the principal leadership organ of the workers and as Allende phrased it, "(successfully) institutionalized the participation of the workers." Of course, this applied only to those workers employed in the state-owned enterprises. In effect, this authorized the CUT to call for elections of workers onto representative councils (also equally comprised of state appointees), to chair all committees co-ordinating local and state-level administration, and to promote all educational and political work at the units of production.[55] Thus, the government relied solely on an overly bureaucratic and paternalistic institution in an attempt to instill revolutionary consciousness among the workers. Although Allende always maintained that a government could not promote revolution by decree, the policies of the UP were tantamount to exactly that. This attitude was certainly reflected in the government's recognition of the CUT rather than the more militant cordones system as the official organ for organizing the workers. Even after the success of the cordones during the truckowners strike and the abortive coup, the government still failed to recognize the importance of their role in the

revolutionary process.

In the countryside the government administration was extremely slow in authorizing land expropriations. Moreover, the bureaucracy basically formulated the policies itself with little participation or involvement coming from the peasantry.[56] Illegal land takeovers resulting from frustration over the overly bureaucratic procedures were openly condemned by the UP.

The major problem centers on the fact that there is an inherent contradiction in a policy which attempts to mobilize workers in order to heighten their political consciousness while at the same time emphasizes a need to maintain political order in a capitalist system through presidential authority. It is simply naive to believe that workers and peasants can adequately develop political consciousness as they listen to the radio waiting for the revolution to be decreed. It is equally as naive to believe that intellectuals can adequately develop political consciousness merely by reading books or engaging in political discussions with other intellectuals. To be successful, political policies must reflect the specific conditions of struggle in society. Thus, revolutionary policy-makers, whether they be workers, peasants, or intel-

lectuals, must be involved in the actual struggle itself and be fully integrated with those who will test that policy in practice.

Workers control is not achieved merely through the expropriation of the forces of production or through administrative participation on the part of workers, but by workers struggling to win the right to determine in whose interest their factories will operate and by acquiring the tools (practical and theoretical) necessary to successfully defend that right. It is also essential that the actual takeover be carried out by the workers themselves and not merely legislated on their behalf. In the same respect, political consciousness is not just a question of analyzing the system and identifying the enemy, but also <u>knowing how to defeat that enemy in order to transform society</u>.

At this point it is worth noting an exchange made between Castro and Allende supporters during that same farewell address, earlier quoted from:

> Of course, it is said that nothing can teach the people as much as a revolutionary process does. Every revolutionary process teaches the people things which, otherwise, it would take dozens of years to learn.
>
> This involves a question: who will

learn more and sooner? Who will develop more of an awareness faster? The exploiters or the exploited? Who will learn the faster from the lessons of this process? The people or the enemies of the people?

(EXCLAMATIONS OF "THE PEOPLE!")

Are you absolutely sure--you, the protagonists in this drama being written by your country--are you completely sure that you have learned more than your exploiters have?

(EXCLAMATIONS OF "YES!")

Then, allow me to say that I don't agree

. . . . . .

all the human conditions, all the social conditions that make for advance exist in this country.

However, you are faced with something we didn't have to face. In our country, the oligarchs, the landowners, the reactionaries, didn't have the experience that their colleagues here have. Over there, the landowners and the oligarchs weren't in the least concerned about social changes. They said, "The Americans"--they call everybody from the United States Americans--"will take care of that problem. There can't be any revolution here!" And they went to sleep on their laurels.

This is not the case in Chile, though!

The reactionaries and the oligarchs here are much better prepared than they were in Cuba. They are much better organized and better armed to resist changes, from the ideological standpoint. They have all the weapons they need to wage a battle on every field in the face of the process' advance. A battle on the economic field, on the political field, and on the field of the masses--I repeat--on the field of the masses![57]

Castro was not saying that Chilean revolutionaries would not win, but he was stating a fact, based on observations made during his stay, that in order to win they would have to make greater strides in preparing for the inevitable struggle ahead against a well organized and extremely powerful enemy.

It would be incorrect to assert that the Chilean workers had not yet reached a level of political consciousness reflecting revolutionary organizational potential. They were well past that point as was shown by their ability to mobilize extremely quickly in times of crisis; not necessarily spontaneously but with only a minimal degree of guidance from local MIR, MAPU, and PS cadres acting on their own initiative (without sanction or support from the government except for once during the abortive coup). Petras asserts that between the October '72 strike and the June '73 abortive coup, the workers and peasants had actually created a pre-revolutionary situation.[58] Moreover, it was precisely because the workers had developed such a high level of political consciousness that in order to consolidate its power the junta was forced to resort to the massacre of at least 20,000 people.[59] Thus, the problem clearly was not a lack in the organizational potential of the workers, but rather that the UP was not

providing adequate organizational leadership.

One must also realize that although rigid bureaucratism, so characteristic of the official UP governmental institutions, never allows for effective organization, neither does the other extreme--reliance on the total spontaneity of the workers. In order to avoid chaos and confusion, thus falling prey to the enemy, the mass organizational network must be tied together by a central co-ordinating organ. But as earlier mentioned, such a political organ must be firmly rooted amongst the people and directly involved in their daily struggle, setting as its immediate objective the defeat of the enemy.

Probably everyone within the UP believed that some sort of organization among the workers and peasants was necessary, but opinions varied as to the extent and nature of such work, with debate usually touching upon such issues as legality and political order within the context of what was referred to as "the Chilean Road to socialism."

NOTES

[1]James Petras, "The Transition to Socialism in Chile: Perspectives and Problems," Monthly Review (October, 1971), p. 46.

[2]Regis Debray, The Chilean Revolution: Conversations With Allende (New York, Random House, 1971), p. 95.

[3]Allende as quoted in New Chile (Berkeley, North American Congress on Latin America, 1972), p. 23.

[4]Allende as quoted in Ibid., p. 16.

[5]Jorge Nef, "Political Factionalism and Political Stalemate: Chilean Politics 1920-1970" (unpublished paper, McGill University, 1975), pp. 9-10.

[6]Ibid., p. 11.

[7]Debray, p. 95.

[8]Kyle Steenland, "The Coup in Chile," Latin American Perspectives, Vol. 1, No. 2 (summer, 1974), p. 10.

[9]Fidel Castro, The Speeches of Fidel in Chile (Montreal, Editions Latin America, 1972), Vol. II, p. 353.

[10]Richard E. Ratcliff "Capitalists in Crisis: The Chilean Upper Class and the September 11 Coup," Latin American Perspectives, Vol. 1, No. 2, pp. 83-84 and Andre Gunder Frank, Capitalism and Underdevelopment in Latin America, pp. 1-120.

[11]Morris Morley and Petras, The United States and Chile: Imperialism and the Overthrow of the Allende Government (New York, Monthly Review Press, 1975), pp. 157-159.

[12]Petras, "Reflections on the Chilean Experience: The Petite Bourgeoisie and the Working Class," Socialist Revolution, Vol. 4, No. 1 (January-March, 1974), pp. 48-49.

[13]"Can Allende Make It?" Canadian Dimension, Vol. 9, No. 4 (March, 1973), p. 19.

[14]Paul Sweezy, "Chile: The Question of Power," Monthly Review, Vol. 25, No. 7 (December, 1973), p. 5.

[15]See Nef, "The Politics of Repression: The Social Pathology of the Chilean Military," Latin American Perspectives, Vol. 1, No. 2 (summer, 1974).

[16]Ibid., p. 70.

[17]The thesis is presented by José Nun in "A Latin American Phenomenon: The Middle-class Military Coup," Latin America; Reform or Revolution, pp. 145-185.

[18]Ibid., p. 147.

[19]Ibid., p. 157.

[20]Ibid., p. 157.

[21]For examples of the military intervening on behalf of the middle classes, see Liisa North, "The Military in Chilean Politics " (unpublished paper, York University, 1974), pp. 3-7.

[22]Nun, p. 147.

[23]Ibid., p. 147.

[24]For a discussion of the necessity of strong right-wing military leadership for the Chilean armed forces to risk a coup, see Nef, "The Politics of Repression," pp. 64-65 and 67-68.

[25]Ratcliff, p. 81, and Joxe, "Is the 'Chilean Road to Socialism' Blocked?" p. 232.

[26]"The United States Propping Up the Junta," NACLA's Latin America and Empire Report, Vol. VIII, No. 8 (October, 1974), pp. 8-9.

[27]Ibid., pp. 10-12. For a detailed discussion of the program of the junta see Chile: Under Military Rule and Ruy Mauro Marini, "Chile: The Political Economy of Military-Fascism," NACLA's Latin America and Empire Report, Vol. VIII, No. 5 (May-June, 1974), pp. 9-14.

[28]Petras, "Chile After Allende: A Tale of Two Coups," Monthly Review, Vol. 25, No. 7 (December, 1973), pp. 16-17.

[29]Some of those sources are "The United States Propping Up the Junta," pp. 10-12; Petras "Reflections on the Chilean Experience," p. 50; and Michael Chossudovsky, "Chicago Economics, Chilean Style," Monthly Review, Vol. 26, No. 11 (April, 1975), pp. 14-17.

[30]Chossudovsky, p. 16.

[31]Ibid., p. 16.

[32]Morley and Petras, p. 158.

[33]Perhaps the most detailed account of the extent U.S. assistance to junta, see NACLA's "The United States Propping Up the Junta." For a chart of U.S. aid to the junta see Morley and Petras, p. 144.

[34]Nef, "The Politics of Repression," pp. 75-76.

[35]Carlos Mistral, "Chile: The Military Junta and its Perspectives," Monthly Review, Vol. 25, No. 10 (March, 1974), pp. 28-30.

[36]The former Vice-Dean of the Polytechnic Institute in Santiago estimated that about 25% of the middle class voted for the UP in the march, '73 election, see Claudio Duran, Social Praxis, Vol. I, No. 4, p. 353.

[37]Rudolfo Stavenhagen, "Seven Fallacies About Latin America," in Latin America: Reform or Revolution, p. 25, and Petras, "Reflections on the Chilean Experience," p. 43.

[38]Duran, p. 348.

[39]What I mean to say here is that the objective contradictions which have existed between the upper and middle classes have tended in the past not to lead to violent outbreaks or prolonged periods of blatant social polarization. However, that appears to be changing under the rule of the junta.

[40]Frederick B. Pike, "Aspects of Class Relations in Chile, 1850-1960," Latin America: Reform or Revolution?, ed. by Petras and Maurice Zeitlin (Greenwich, Fawcett Publications, 1968), pp. 216-219.

[41]Petras, "Reflections on the Chilean Experience," pp. 43 and 50.

[42]Ibid., p. 41.

[43]Ibid., p. 42.

[44]Ibid., p. 40.

[45]For a discussion of the less progressive and less nationalist outlook of upper-middle class Chilean industrial managers see Dale Johnson, "The National and Progressive Bourgeoisie in Chile," Studies in Comparative International Development, Vol. IV, No. 4 (1968-1969).

[46]Petras, "Reflections on the Chilean Experience," p. 45; moreover the September 29, 1970 ITT memo from Berrellez to Hendrix implies that during the early stages even some members of the upper-middle to upper class business community were themselves intimidated by expected Allende victory Berrellez wrote:

> "An aura of defeat has enveloped important and influential sectors of the community. Some businessmen who seemed all gung-ho about stopping Allende are now talking in terms of trying to make some deals with him. Others have given up and are getting ready to leave the country."

See U.S. Congress, Senate, Committee on Foreign Relations,...

[46]...Subcommittee on Multinational Corporations, Multinational Corporations and United States Foreign Policy, Part 2 (Washington, U.S. Government Printing Office, 1973), pp. 623-624.

[47]Petras,"Reflections on the Chilean Experience," pp. 46 and 50.

[48]Ibid., p. 50.

[49]Stavenhagen, p. 26.

[50]Nun, pp. 167-168.

[51]Ibid., p. 179.

[52]Petras, "Reflections on the Chilean Experience," p. 43.

[53]Probably the principal scholar and works representative of this myth are John J. Johnson, The Military and Society in Latin America (Stanford, Stanford University Press, 1964), Political Change in Latin America: The Emergence of the Middle Sectors (Stanford, Stanford University Press, 1958), and "Whither the Latin American Middle Sectors?" The Virginia Quarterly Review, Vol. 37, No. 4 (Autumn, 1961), pp. 508-21; other scholars presenting this argument are Victor Alba and Robert Alexander.

[54]It appears that Petras basically agrees with this proposition. In concluding a discussion on the role of the petite bourgeoisie, Petras stated: "To win over or neutralize the petite bourgeoisie, the UP would have had to base its policies on the expansion and deepening of working class organizations. It would have had to work to create a politico-administrative basis of power outside of parliament." Petras, "Reflections on the Chilean Experience," p. 51.

[55]For a detailed first-hand account of the organization of the Chilean workers in state-owned factories, see Andrew Zimbalist, "Workers Control: Its Structure Under Allende," Monthly Review, Vol. 25, No. 10 (March, 1974), pp. 39-42.

[56]For a comment on the problem of bureaucratism in the Reformed sector of agriculture by the former Minister of Agriculture under Allende, Jacques Chonchol, see Norma Stoltz Chinchilla and Marvin Sternberg, "The Agrarian Reform and Campesino Consciousness," Latin American Perspectives, Vol. 1, No. 2, p. 119.

[57]Fidel Castro, The Speeches of Fidel in Chile, Vol. II, pp. 358-361.

[58]Petras, Reflections on the Chilean Experience," p. 57.

[59]The generally accepted estimate of the number of people executed by the junta after the coup is 20,000; however, one Chilean journalist, Maria Eugenia Saul, puts the figure at 40,000 dead with at least 60,000 prisoners, see Saul, "Political Genocide," Our Generation, Vol. 9, No. 4 (Fall, 1973), p. 69.

CHAPTER VI:

CONCLUDING REMARKS ON THE CHILEAN ROAD TO SOCIALISM AND THE MILITARY COUP

The UP did not err by participating in electoral politics. However, there were two critical limitations in the UP's parliamentary strategy: Overestimating what could be accomplished through such parliamentary means and not fully understanding the nature of the work to be done while in office. One of the underlying assumptions of "the Chilean road" seemed to be an extremely rigid commitment to the legal process. As Allende stated in December of 1970:

> We are not in the Cuba of 1959. The Right has not been crushed here by a popular uprising. It has been only narrowly beaten in elections. Its power remains intact. It still has its industries, banks, land and its allies in the army. Our only chance of success is to play to the end the game of legality--using all the weapons that the constitution gives us; and they are numerous . . .[1]

As earlier stated, Allende's election did not even achieve control of the government, but only of its executive branch. The UP's strategy was one of gradually proceeding, step by step, towards the transitional stage of socialism--first

control of the Presidency, then Congress and the Judiciary, and finally the entire state apparatus as a pre-requisite to acquiring social power. It was believed that such a strategy could be successfully implemented as long as civil war was avoided, which does not necessarily imply that the UP believed civil war would not occur at some time.

Actually, the UP did not even maximize the existing legal channels open to it. For example, it was not until 1973 that the government implemented a rationing system in an attempt to control the distribution of essential goods. In the earlier stages, the legal expansion of the socialist sector of the economy could also have been greatly escalated. In certain respects, Frei was even bolder than Allende in attacking his extreme right-wing opposition while President, as he had the entire leadership of the National Party arrested in 1967 for allegedly conspiring with the military to carry out a coup.

Legal means can and should be <u>tactically</u> utilized as much as possible, but as a catalyzing force facilitating the building of revolutionary mass organs capable of continuing the struggle to destroy the old system and seize political power once those legal means are absorbed.

In order to enter into the socialist stage, the old state structure must be abolished. The Brazilian sociologist, Teotonio Dos Santos, who lived in Santiago, correctly described the basic nature of the role which the UP should have envisioned itself as playing:

> This (achieving socialism) is only possible if the present legality is used as an instrument in its own destruction and in the creation of a new socialist legality . . . A new institutionality cannot be born from the head of the legal experts of the UP. It must be born from the free initiative of the masses that forge the bases of the new society; the task of the experts is to express the new reality in legal form, and the task of the legislative organs is to legalize it. But it falls to the masses to create it through social practice. The task of the popular government is to stimulate it and above all to legitimize the new order in the interior of the old . . . as a transition government, its task is not to impose a new order but to destroy an old one. Its functionaries have to be subordinated to the most rigid discipline so that they do not usurp the initiative of the masses and resolve the problems from above with the excuse that it is more efficient, or to perpetuate the state apparatus instead of progressively ceding its role to the organs of state power created by the masses.[2]

Of course, this objective can not be accomplished overnight, and it is natural for set backs to occur since correct

revolutionary policies are never laid out in blueprints but are only arrived at through trial and error by applying general guideline principles of social change to the concrete reality of a given society.

One of the most costly errors on the part of the UP stemmed from its acceptance of the Chilean Communist Party's position of primarily emphasizing economic development in order to increase popular support for the government. In July of 1971, the leader of the Central Committee of the Chilean Communist Party, Mario Zamorano, declared that, "The essential task of the moment is that stated by the Central Committee of the Communist Party during its plenary meeting in July: To win the battle of production. It is not only an economic battle, but also political and ideological."[3] The PC maintained that the immediate objective of the government should be one of increasing productivity and assuring consistent improvement in overall economic performance, while gradually increasing the percentage of the economy under state ownership. In this way, it was argued, the UP would not antagonize the middle class, but rather broaden its popular base of support as a pre-requisite for further advancement in developing the socialist sector of the economy. Any attempts

to escalate the socialist transition of the economy without first receiving the proper mandate from the middle class was labeled ultra-leftist. Moreover, the UP publically attacked all "illegal" acts of militancy on the part of the working class and advocated a strict government policy of regimenting local organizational work within the official institutional channels. Such a policy greatly hindered the workers movement which was making revolutionary advances, and all for the sake of an economic program inevitably headed for failure.

The economic gains made during the first year were definitely of a transitory nature in the sense that they did not represent the beginning of a qualitatively new period of uninterrupted, long-term economic development--neither in terms of increasing production nor equalizing distribution. To begin with, there should have been little doubt that, aside from carrying out an economic boycott, the U.S. would also force the price of copper down by utilizing its own reserves, thus decreasing Chile's foreign trade income necessary to finance key imports and internal economic development in general. With even short-term loans cut off from international "development" agencies, Chile's foreign exchange reserves would soon be absorbed, as they were.

It was understandable that the working class would be greatly motivated to increase output after Allende's election. (Charts presented earlier demonstrate such gains.) However, it must be realized that the workers and peasants were not stimulated by the UP victory, per se, but by what the UP victory represented in terms of state expropriations and the promise of directing Chile towards socialism. As time went on they became even more politically motivated.[4] This point is substantiated by the fact that the most productive sector of the economy unquestionably was the socialist sector, and within that sector the factories which had been expropriated on the initiative of mobilized workers, rather than by official decree, and were predominantly controlled by those workers, recorded the highest rates of production output.[5]

Due to government enactments increasing wages and establishing price controls, overall national purchasing power increased. Previously wasted productive capacity was being utilized to meet the growing demand. Due to this fuller utilization of the existing productive capacity, private entrepreneurs made even greater net profits despite the price freeze and wage increases. Thus, during that first year privately owned corporations continued to run and contributed

to an increase in overall output. However, this was a temporary phenomenon, and should have been recognized as such, because it was based on short-run profit motivation. Those corporate owners fully realized that at some time in the immediate future their capital enterprises would be expropriated by the government to be included within the expanding state-owned sector of the economy. Because of this, they naturally refused to re-invest any of their profits for purposes of upkeeping their factories or businesses, and certainly not for expanding or improving them. Needless to say, most foreign sources of finance capital also stopped investing in Chile. In many factories designated to be soon nationalized, their Chilean and foreign owners destroyed much of the usable machinery. Aside from these problems, the government also had to contend with the widespread economic sabotage being carried out in the form of transportation stoppages, fraud, hoarding, and black market operations.[6]

The same problem applied to the countryside as farm equipment, fertilizer, seeds, and livestock were also destroyed by owners before their latifundia were expropriated. James Petras relates one example of how the PC made an all-out effort to assure an increase in the amount of acreage designated to

be sown, only to be sabotaged in the end as the truckowners strike made it impossible for the necessary seeds and fertilizer to be transported to the countryside. Much of the small yield which was finally produced, likewise, could not be transported back into the city.[7]

Not that much progress was actually made through the legal process itself, as most channels for constitutional change became increasingly blocked as time went on.[8] For example, without even close to a majority representation in the Congress, attempts to legislate changes in the existing tax structure were unsuccessful. Without the added revenue which such a tax law could have created, the government was forced by its second year in office to substantially increase the monetary supply by printing new money, which of course was inflationary. In the rural areas previously referred to, owners of rich latifundia were able to step around the land reform law by dividing their property into 80-hectare plots, which were then distributed amongst individual members of the family. In this way, the latifundia remained intact and still controlled by the same family.

As long as the government delayed in completing its program to socialize all of the latifundia and enterprises

owned by the monopoly elite and the foreign corporations, it could not gain control over Chile's economic surplus, which of course is the basic source of investment for long-run, independent economic development.

Although it is always easier to criticize mistakes after the fact, nonetheless, most of the points just mentioned should have been rather apparent to the leading theoreticians of the Unidad Popular. Any attempts to slowdown the nationalization program, such as the PC-supported Millas project which actually proposed to de-nationalize some of the factories already taken over by the state, could only, and in fact did, result in severe setbacks in the struggle to achieve socialism. The basic error on the part of the Communist Party as well as others in the UP who supported the PC political line was that they did not recognize the fact that at that particular juncture in the revolutionary process seizing political power was a pre-requisite to any long-term economic development. That is not to say that the UP should have disregarded production. What it does mean is that the emphasis had to be placed on completing the socialization of the majority of the economy, especially the monopoly distribution network, as soon as possible--legally or illegally--and that the UP had to rely

primarily on the power of the mobilized work force rather than the Constitution to do so. In that situation, as long as a good portion of the economy was controlled by the ruling class, it was simply naive to expect that the economy as a whole would continue to perform efficiently and productively. One should not expect an economic system still predominantly based on private property to function smoothly if there is a government in office threatening to eliminate private property. In this sense, the professional and owners strikes were essentially political rather than economic in nature, and any attempt to deal with the underlying source of the problem through gradual economic reform was doomed to failure.

Moreover, even if a slowdown of the socialization process could have brought about an increase in electoral support, what would that have achieved? It would only have resulted in a strengthening of the exeuctive position or at the most a majority representation in Congress, but it would not have resulted in an increase in real political power. Such an electoral victory would only have triggered an earlier and possibly more oppressive reaction on the part of the Right, as it saw the chances of being able to legally regain its previous position of power suddenly vanish.

The comprador relationship between the Chilean monopoly elite and the foreign multinationals, on the one hand, and the weakness of the middle bourgeoisie, on the other, necessitated that the UP's anti-imperialist struggle be part of an overall anti-capitalist struggle primarily based on the strength of the workers and peasants.

It is possible to interpret in several ways the wording of the official PC position that Chile was going through a "first anti-imperialist, anti-oligarchic stage of the revolutionary struggle.[9] One thing is certain about that statement --it does not stress, nor necessarily imply, the anti-capitalist nature of the struggle. However, it is only through analyzing the actual practice of the Chilean Communist Party that one fully understands the reformist nature of its political line (reformist in the sense of resulting in marginal alterations to the system without actually hurting and in fact strengthening the system[10]) and the severe consequences which such reformism created for the revolutionary struggle.[11]

It is evident that the specific policies of the PC previously discussed--i.e. stressing productivity at the expense of rapidly expanding the state-owned sector of the

economy, opposing militant mobilization of the working class, supporting a conciliatory policy toward both the military and the Christian Democrats, allowing right-wing control of the media, and commitment to uphold the legal process--were basically geared toward a strategy of consolidating the national democratic period. Such a policy of consolidation essentially based on a program of nationalization and economic construction, by its very nature, does not destroy but rather strengthens the capitalist system in a new form of state corporatism. Nationalization, per se, does not necessarily lead to socialism because the principal question of whether those nationalized corporations are actually being run primarily in the interests of the working people is a political question which can not be definitively answered until the struggle for political power is resolved.

There is no question that imperialism and oligarchy had to be defeated before socialism could have been achieved. In order to do so, however, the strategy of a revolutionary party had to be based on a political line which joined together the national democratic and socialist tasks in an uninterrupted process.

Moreover, due to the nature of the class struggle in

Chile at that time, even if the UP so desired, it simply was not possible for it to consolidate that national democratic stage before seizing political power. Of course, theoretically speaking, it would have been possible for the UP to first seize state power and then carry out for a certain period of time a revisionist policy of consolidation (revisionist in the sense that, by not advancing toward socialism, remnant bourgeois forces would be allowed to re-strengthen and force the economic system back towards a predominantly capitalist mode of production).[12] The important point to be made is that the situation in Chile could not have remained at an impasse, nor would there be any turning back. Some type of radical change was iminent--either the Left or the Right would succeed in at least temporarily eliminating its opposition as an effective political force (not necessarily the same as physical liquidation). Certainly, Nixon and many of his advisers were no longer satisfied with the type of flexible, democratic system in Chile which might allow for the election of another Allende. Military dictatorship was far more effective.[13] If the Left won, it likewise would not allow the Right to participate in the new political system. (Of course, some may obscure the issue down to the level of asserting, "Well, it doesn't really

matter which side wins--either way, it results in dictatorship." Such a response obscures the central question of which political force would serve the democratic, economic, and social interests of the vast majority of the Chilean people.)

Thus, a reformist policy of emphasizing economic construction as a means of gaining electoral support during a time when the primary objective has to be one of seizing political power will merely threaten the ruling class while not actually destroying its base of power.

The roots of such a reformist policy lay in the Moscow line on the peaceful transition to Socialism.[14] Such reformism is based on an incorrect theoretical perspective; and more specifically on a rigid and essentially incorrect interpretation of the dialectical relationship between the economic base and the superstructure, as well as that between the forces and relations of production. Leaders of the Chilean Communist Party declared that the anti-oligarchic, anti-imperialist revolution, "will produce transformations that will pave the way for new relations of production toward socialism" and that, "the achievement of these revolutionary objectives, the growth of state and co-operative sectors,

will permit a smooth and continuous process of transition from this first stage on to socialism."[15] When comparing this theoretical position with the practice of the PC it seems that its strategy was one of developing the forces of production in order to bring about an automatic, reflective change in the relations of production. However, at that time it was impossible to develop the productive forces until there was radical change in the relations of production. Of course, when I speak of relations of production I refer not merely to the question of who owns the productive forces, but, most importantly, who <u>controls</u> them.

In the overall synthesis of history, changes in the productive forces do create the objective conditions within which reflective changes in the relations of production come about. However, what is essential to understand is that precisely because of the <u>dialectical</u> nature of the relationship between the forces and relations of production, <u>in a particular moment of history</u> the latter can play the principal role. The same dialectical principle applies in analyzing the relationship between the economic base and the superstructure. Under particular conditions it is possible that the <u>quantitative</u> superstructural feedback onto the economic base cumulatively

becomes so extensive that it creates a qualitative change in that contradiction, with the superstructure then assuming the principal role.

Applying this specifically to the case of Chile, in the beginning period of Allende's term of office the major economic objective should have been one of transforming the relations of production as quickly as possible. Until a commanding percentage of the economy was collectively or state owned and controlled no long-standing growth in the economy was possible. Moreover, in order to fully transform those relations of production it was absolutely necessary to first acquire state power, which, in itself, basically represents a superstructural change. Of course, specific policies should not be formulated with the idea that either the forces and relations of production or the base and superstructure can be divorced from each other; but rather, it is a question of which one must be emphasized at a given time in order to further advance the revolutionary process.

A successful military coup certainly was not inevitable, but a violent attack by the Right--in one form or another--was. The reformist policies of the UP further developed conditions within which the military acted as judge and jury.

As early as July of 1971, Robinson Rojas, a member of the militant wing of the Chilean Socialist Party, put it this way:

> In short, at the present moment in Chile, the Armed Forces are the referee (gun in hand) that imposes the rules of the reformist game embodied by the Popular Unity. When that referee judges that the rules of the game have been infringed, he will act so that they will be 'respected'.[16]

An underlying assumption of the "peaceful transition" thesis of systems transformation is that the military can be neutralized. However, in Chile, the military was placed by the U.S., the Right, and the UP, in the central role of arbiter of the political struggle, and there never was room for neutrality in such a situation.

The conciliatory policies of the UP toward the Chilean Right and the U.S. produced three damaging results. First, it allowed the counter-revolutionary forces of the elite to implement an overall plan of economic sabotage, carry out imtimidating acts of terrorism, and actively engage in clandestine efforts to provoke important sectors of the military leadership to intervene in the government (including attacks on the constitutional loyalist officers).

Secondly, it created confusion within the working class

movement, and basically put the UP in a position of tailing behind rather than leading its revolutionary base. Thirdly, it reflected to the middle classes an image of weakness and indecisiveness on the part of the government.

The U.S. and Chilean monopoly elite were quite successful in implementing their strategy. Close collaboratory links were established with rightist elements of the military leadership; the Left was further isolated from the middle classes as time went on; and the military as a whole, reflective of its predominantly middle bourgeois origin, assumed a sympathetic attitude toward the growing middle class opposition to the government. This coupled with the UP's hesitancy to fully rely on the working class--instead utilizing it primarily as a bargaining tool in negotiations--set the stage for the September coup.

Although some members of the UP never intended to seize power, it seems that most realized that a violent showdown would occur. First, arms were being stored in anticipation of a coup attempt or the outbreak of civil war. Secondly, those arms were passed out to the workers during the abortive coup in June, but were re-collected once the coup attempt was put down. Allende must have been aware of the conspiracy

developing within the military, as he tried to remove the commander of the Air Force in August. However, he was soon intimidated into rescinding the order. Even in his first Presidential address to Congress, Allende warned of possible violence in the future:

> Should violence from within or without, should violence in any form, whether physical, economic, social or political, happen to threaten our normal development and the achievement of our workers, then the integrity of our institutions, the rule of law, political freedom and pluralism will be put in the greatest danger. The fight for social emancipation and for the free determination of our people would necessarily take a different form from that which we, with legitimate pride and historical realism, call the Chilean road to socialism.[17]

One must understand that it was not a question of whether violence would occur, for it already began even before Allende officially assumed office. The real debate within the UP, and especially within the Socialist Party, centered around the question of timing.[18] Of course, in looking back, it is evident that their analysis was incorrect. It was essential for the UP to maintain the momentum it had gained during the first six months in office. The UP failed to take advantage of the mandate of support it won in the April, 1971 municipal

elections. Policy decisions like the following might have allowed it to maintain the government's momentum:

--relieve all reactionary military officers of their command and replace them not with constitutional loyalists but with socialists. If the constitutional loyalists opposed this, they also could have been replaced;

--sever all political, economic, and military ties with the United States, deporting all Americans tied in any official way with the U.S. Government or multinational corporations;

--intensify the militant mobilization of the workers and peasants to take the initiative in carrying out an escalated program of monopoly nationalization and land expropriation. It was essential for them to be as fully armed as possible and organized into a people's militia;

--nationalize the entire media.

There is no doubt whatsoever that if such a militant program was actually initiated by the government, then that violent confrontation would have occurred earlier, most probably in the form of a coup attempt. However, it is also clear that

it was not Allende's diplomacy or the Chilean "democratic tradition" which delayed the coup as much as it primarily was the strength of the working class and, to a lesser extent, the earlier disunity within the Right and the military. It was critical for the UP to maintain an offensive position. As soon as it gave that up, it greatly hindered its chances of being able to determine the timing of the confrontation. The longer the coalition delayed in taking that initiative, the more united the Right became, the more the reactionary elements within the military were able to consolidate their power, the more militant certain sectors of the middle class became in opposing the government, the worse the economy became, and the more factionalized the UP and the Left, in general, became. Each new crisis found the government with fewer available options and greater reliance placed on the whims of the military.

One must admit that it is quite easy in hindsight to criticize the UP for its inability to correctly predict the exact timing of the confrontation or to know when was the most advantageous time to initiate it. It was especially difficult for the UP to accurately do so in the early stages, when its program seemed to be rather successful. However, there is no

adequate excuse for not acting decisively in the manner previously outlined after the October 1972 owners strike[19] and especially after the abortive coup in June of 1973, when the general public was fully aware that some type of violent confrontation was iminent. It is even more difficult to understand the reasons for re-collecting the arms which had been distributed to the workers and ordering the return of factories which had been occupied. By August, when the government was actually declared illegal by majority vote in Congress, there was little doubt that another coup would be attempted sometime in the beginning of September; but still no decisive action was taken by the UP.

Even as late as August or September, civil war would have been a better alternative. Not that it necessarily would have resulted in an immediate victory, but at least the workers would have been armed rather than left totally vulnerable with few means of defending themselves against the violent oppression which came. By doing so a significant group of armed revolutionaries would have been in a better position to organize and carry on a strategy of prolongated struggle. From the point of view of the Left, it could not have resulted in anything worse than what did occur--the

fascist massacre of more than 20,000 of Chile's most committed and capable revolutionaries.

Although it was not a mistake for the UP to run a candidate in the 1970 election and it was primarily after the formation of the government that the most serious errors were made, the coalition, as a body, and specifically the two leading parties--the Socialists and Communists--did not adequately deal with certain critical theoretical questions before the campaign began. Whenever a revolutionary organization decides to tactically participate within a political system which it is committed to destroy, from the very beginning the question of how to deal with a violent confrontation must be considered of primary importance, and it must be thoroughly analyzed at every step of the process. It is evident that the Unidad Popular had no such coherent strategy for dealing with violence or seizing political power, nor were most of its members in a position to formulate one because of their practical style of work.[20] They simply did not understand the role of the party or the masses in the revolutionary process, nor the relationship between the two. As stated before, political line is dialectically related to style of work and methodology.

Thus, the critical question to be posed regarding the UP's strategy is not that of timing, but rather, that of preparation. No matter how accurate one may be in predicting when the decisive move of the enemy will occur, it will be of little value if one has nothing to fight back with. In effect, the UP placed itself in the position of relying essentially on its own enemy, thus reflecting little faith or confidence in the strength of the organized working masses. In summary, the policies of the Unidad Popular, were geared toward avoiding civil war rather than preparing for it.

As for the question of the "peaceful road to socialism" thesis of systems transformation, it is conceivable that in a world in which the vast majority of the countries are socialist, such a transition could be possible. However, given the global situation as we know it today, it is quite impossible to create a socialist society primarily through peaceful means. Nonetheless, the Chilean experience does not prove that legal means are never appropriate. Moreover, it does show that a government advocating long-run development toward socialism can be elected.

One should not confuse the nature of the Left's problem by concluding that a socially heterogeneous coalition is not

desireable. On the contrary, it is essential to develop a broad united front comprised of all those progressive elements within society which can be mobilized. However, the unity of any progressive coalition is always based on a certain degree of internal struggle. To think otherwise is idealistic. Moreover, to be effective in advancing the revolutionary struggle, such a coalition can not be guided by a politically heterogeneous leadership. That is not to say that there could be such a thing as an ideologically monolithic leadership--that is equally as idealistic. The point to be made is that the political line carried out by a party or coalition should not be based on compromises in fundamental principles of social transformation. Whenever a revolutionary vanguard enters into a united front with progressive groups it is essential for it to assume the leadership role within that front, and above all, key principles of strategy should never be sacrificed merely for the sake of unity. After all, what is the value of remaining within a united front if it consistently carries out an incorrect political line? In order to open the way toward a socialist society, such a coalition must be led by a party which not only represents the interests of the vast majority of the people, but also is directly

co-ordinating and fully integrated in the mobilization of the working people to fulfill a revolutionary strategy aimed at seizing control of the entire state.

Salvador Allende did commit critical errors in his role as leader of the Unidad Popular. He was not indecisive for he did make a choice as to which road to follow. Why that particular choice was made, one can only speculate. Certainly, political naiveté was a significant factor. However, one can not question Allende's integrity, commitment, or personal courage in confronting the enemy. He died as a patriot and a martyr, fighting in the very face of death for the struggle he believed in.

NOTES

[1]Allende, as quoted by Serge La Faurie, "La Revolution Sans Fusils," Le Nouvel Observateur (December 14, 1970), New Chile, p. 5.

[2]Teotonio Dos Santos, quoted by Mike O'Sullivan in "Chile: Revolution and Counter-Revolution, An Analysis of the Government of the Unidad Popular," (Toronto, Latin American Working Group), p. 4.

[3]Mario Zamorano, "Work Without Rest to Win the Battle of Production," Dale Johnson, The Chilean Road to Socialism (New York. Anchor Press/Doubleday, 1973), p. 178.

[4]James Petras, "Reflections on the Chilean Experience: The Petite Bourgeoisie and the Working Class," Socialist Revolution, Vol. 4, No. 1 (January-March, 1974), p. 53.

[5]This statement is partially based on the conclusions made by Andrew Zimbalist, who carried out extensive factory surveys while working with the CUT department of participation; see Barbara Stallings and Andrew Zimbalist, "Showdown in Chile," Monthly Review, Vol. 25, No. 5 (October, 1973), p. 10; and Zimbalist, "Workers Control: Its Structure Under Allende," Monthly Review, Vol. 25, No. 10 (March, 1974).

[6]For a presentation on several of those points, see Paul Sweezy. "Chile: The Question of Power," Monthly Review, Vol. 25, No. 7 (December, 1973), pp. 8-9.

[7]Petras, "Ballots to Bullets: Epitaph for a Peaceful Revolution," Ramparts (October, 1973), p. 28.

[8]For a structural functional analysis of the institutional constraints upon the "legal" development of socialism in Chile, see Arturo Valenzuela, "Political Constraints and the Prospects for Socialism in Chile," Proceedings of the Academy of Political Science, 1972. Valenzuela concludes that because the UP, like previous administrations, governed through the ...

[8]..."politics of conciliation," therefore social change could "only be incremental, not radical."

[9]This was taken from the Program of the Chilean Communist Party, found in Glauris Fernandez, "The Communist Party: Reform or Revolution?" Johnson, The Chilean Road, p. 530. For an earlier summary of the PC's political line during the Popular Action Front (FRAP) period, see Petras, Politics and Social Forces in Chilean Development (Berkeley, University of California Press, 1970), pp. 182-187.

[10]For a discussion on various aspects of reformism in Chile, see Petras, "Reflections on the Chilean Experience," p. 52.

[11]Ibid., p. 52.

[12]For an excellent theoretical exchange on the dynamics of social transition and specifically on the question of revisionism, see Charles Bettelheim and Paul M. Sweezy, On the Transition to Socialism (New York, Monthly Review Press, 1971).

[13]Morris Morley and Petras, The United States and Chile: Imperialism and the Overthrow of the Allende Government (New York, Monthly Review Press, 1975), p. 157.

[14]Jorge Nef, "Political Factionalism and Political Stalemate: Chilean Politics 1920-1970" (Unpublished paper, McGill University, 1975), p. 12.

[15]Quoted by Fernandez, p. 531.

[16]Robinson Rojas, "The Chilean Armed Forces: The Role of the Military in the Popular Government," Johnson, The Chilean Road, p. 319.

[17]Allende, in Regis Debray, The Chilean Revolution, Conversations With Allende (New York, Random House, 1971), p. 182.

[18]This point has been confirmed by several members of the Chilean Socialist Party now seeking political asylum in Canada.

[19]For a discussion of the possibilites of successfully initiating a major campaign against the Right at that time, see Petras, "Reflections on the Chilean Experience," footnote No. 3, p. 49.

[20]For reference to the elitist style of work characteristic of the UP leadership, see Nef, "Political Factionalism," p. 8.

APPENDIX I

Mr. Gerrity
Here is our report on the Chilean situation and what we have accomplished over the weekend.
W.R. Merriam

SHINGTON OFFICE
L STREET, N.W.
IGTON, D.C. 20036

TO: Mr. W. R. Merriam
DATE: September 14, 1970
FROM: J. D. Neal
SUBJECT: Chile - White House; State Department; Attorney General.

After you read me Mr. Geneen's suggestions about Chile on Friday, September 11, I took the following action over the weekend:

White House - Kissinger's Office

Late Friday afternoon I telephoned Mr. Kissinger's office and talked with "Pete" Vaky, who is the State Department's Latin American adviser to Kissinger.

I told him of Mr. Geneen's deep concern about the Chile situation, not only from the standpoint of our heavy investment, but also because of the threat to the entire Hemisphere. I explained that $95 million of our holdings are covered by investment guarantees, as are those of other American corporations, but that we are reluctant to see the American taxpayers cover such losses.

I told Mr. Vaky we are aware of Ambassador Corry's position re Alessandri being certified and then resigning in order for Frei to run again. Also, we have heard rumors of moves by the Chilean military.

Mr. Vaky said there has been "lots of thinking" about the Chile situation and that it is a "real tough one" for the U.S. I admitted we understand the difficulty of the U.S. position but we hope the White House, State, etc., will take a neutral position, or not discourage, in the event Chile or others attempt to save the situation.

I told Mr. Vaky to tell Mr. Kissinger Mr. Geneen is willing to come to Washington to discuss ITT's interest and that we are prepared to assist financially in sums up to seven figures. I said Mr. Geneen's concern is not one of "after the barn door has been locked," but that all along we have feared the Allende victory and have been trying unsuccessfully

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to get other American companies aroused over the fate of their investments, and join us in pre-election efforts.

Mr. Vaky said to thank Mr. Geneen for his interest and that he would pass all of this on to Mr. Kissinger. He offered to keep us informed.

State Department - Asst. Secretary Meyer

Early Saturday morning I telephoned Assistant Secretary of State for Latin American Affairs, Charles (Chuck) A. Meyer, at his office. I repeated to him the same run-down I gave "Pete" Vaky.

"Chuck" said he could understand Mr. Geneen's concern and appreciated his offer to assist. He said State is watching the situation as closely as possible and awaiting the October 24 date when the Chilean Congress decides the winner.

He said the Chileans themselves are becoming quite concerned; even the labor unions see a disadvantage in Allende. He said "this is a Chile problem" and they have done a good job in "screwing-up their own dessert."

He said the head of Kennecott Copper has been in to report he feels they have lost their big mining area "El Teniente."

Meyer said he would keep me informed and trusts we will advise his office of pertinent news.

Attorney General

I went to a wedding reception at the Korean Embassy late Saturday. I was in hopes of finding Secretary Rogers and especially Under Secretary of State U. Alexis Johnson who is a close friend of the Ambassador's, but they did not attend. Mrs. Rogers was there; so we chatted with her.

I ran into Attorney General Mitchell; so decided to mention Chile just in case the subject reached him in a cabinet meeting or otherwise.

Mr. Mitchell mentioned Mr. Geneen's recent visit with him. He said he could understand Mr. Geneen's concern over ITT's Chile investment. I told him I had already spoken to the White House and State Department.

Following are some significant points as we see the Chile situation on this date, plus some comment on various factors and a few basic recommendations:

1. Allende and the Marxist-Socialist coalition (Unidad Popular) are acting like he is the elected President. They are pressing hard on all fronts to consolidate his slim September 4 election plurality into a solid victory in the congressional vote. Chile's Communist Party, a part of the UP coalition, is directing the pressure. Strategy is co-ordinated by the USSR. Party discipline and control thus far is extraordinary.

2. The anti-Communist elements, with Alessandri's supporters in the forefront and Frei in the wings (both prodded by the U.S. government), are manuevering--now rather efficiently--to capture the congressional vote and set the stage for a new national election. Given the atmosphere in Chile today, the prospect of a new election is looking more and more attractive as the future looks more and more bleak.

3. Since Allende and the UP won only a bit more than a one-third of the total national vote, it is strongly believed that in a two-man race and "democracy vs. communism" showdown, Frei would get most of the Christian Democratic vote--since this would put the party back in power--and all the rightest vote that supported Alessandri.

4. For the recent campaign the CD leadership was put in the hands of Radimoro Tomic, who has a deep-grained hatred for Frei and the U.S. The CD national committee is slated to meet early next month and it is expected Frei will regain leadership control. (Tomic already has pledged his support to Allende).

5. Looming ominously over the successful application of the "Alessandri Formula" is the threat of an explosion of violence and civil war if Allende loses the congressional vote. Allende, the UP and the Castroite Revolutionary Movement of the Left (MIR) have made it clear they intend to fight for total victory. Thus, some degree of bloodshed seems inevitable.

6. Is the Chilean military capable of coping with nationwide violence or a civil war? Opinion is divided on this in Santiago. Korry has said he considers the armed forces a "bunch of toy soldiers." Well-informed

Chileans and some U.S. advisers believe the army and national police have the capability. There are definite reservations about the air force and navy. We know that the army has been assured full material and financial assistance by the U.S. military establishment.

The Chilean military will not move unilaterally to prevent Allende from taking office. They will act only if it is in the framework of the constitution.

7. President Frei has stated privately to his closest associates, to Alessandri and to a State Department visitor last weekend in Vina del Mar that the country cannot be allowed to go Communist and that Allende must be prevented from taking office. Publicly, however, he is keeping out of the battle up to this point while feeling steadily increasing pressure from the U.S. and his own camp. Never known for displaying guts in a crunch, he is faced with a dilemma of not wanting to be charged with either turning Chile over to Communist rule or contributing to a possible civil war. A parlay of his highly inflated ego and a chance to occupy the presidency six more years may provide the necessary starch for his decision.

To help strengthen his position, efforts are being made this week to turn this weekend's observance of Chile Independence Day into a pro-Frei demonstration. Main feature of the observance will be a military parade by about 25,000 troops assembled in Santiago.

8. Ambassador Korry, before getting a go-signal from Foggy Bottom, clearly put his head on the block with his extremely strong messages to State. He also, to give him due credit, started to maneuver with the C.D., the Radical and National parties and other Chileans--without State authorization--immediately after the election results were known. He has never let up on Frei, to the point of telling him to "put his pants on."

By the same token, last week when an emissary of Allende called at his office to pay respects and say that the "Allende government wanted to have good relations with the Ambassador and the United States," Korry responded only that he had been "so busy with consulate affairs helping to get visas for Chileans wanting to leave the country that he had not had time to think of the future." Thus ended the interview.

9. The anti-Allende effort more than likely will require some outside financial support. The degree of this assistance will be known better around October 1. We have pledged our support if needed.

10. There is no doubt among trained professional observers with experience in the U.S., Europe and Latin America that if Allende and the UP take power, Chile will be transformed quickly into a harsh and tightly-controlled Communist state, like Cuba or Czechoslovakia today. The transition would be much more rapid than Cuba's because of the long-standing organization of the Chile Communist Party. This obviously poses a serious threat to the national security of the U.S. --Sol Linowitz, Senator Church and others of the same thought notwithstanding--and several Latin American nations. It also is obvious from Allende's pronouncements that existing business and financial links with the U.S. would be strangled.

****

At a meeting with Arturo Matte at his residence Sunday (September 13), he seemed in a more relaxed frame of mind than on the last visit and he made these points:

A. The "Alessandri Formula" through which the way would be opened for new elections had the government's and Frei's personal approval. Once elected by Congress, Alessandri would resign, thus carrying out a pre-election pledge that he would do so unless he received a plurality or majority of the votes in the regular balloting.

B. Alessandri did publicly announce his plans to resign if elected last week. It was subsequently learned Frei saw and approved the text of the announcement before it was released to the public.

C. Frei and his party (at least that wing that he commands) have a deep interest in this for two reasons: it would block the assumption of power by a Marxist and also give the Christian Democrats a new chance to regain power, this time backed by the Alessandri camp. Alessandri's announcement had the effect of alerting the Marxists and Allende that a powerful last-ditch effort was afoot to block them and it also probably may have partially checked a PDC congressional vote swing toward Allende.

D. Matte said the armed forces are agreed on the extreme danger to democracy that Allende's assumption of power involves. They agree he must be stopped. However, the armed forces leadership and Frei prefer a constitutional way out (i.e., congressional election of Alessandri) that doesn't preclude violence--spontaneous or provoked.

E. A constitutional solution, for instance, could result from massive internal disorders, strikes, urban and rural warfare. This would morally justify an armed forces intervention for an indefinite period. But it was apparent from Matte's exposition that there is little hope for this. The Marxists will not be provoked. "You can spit in their face in the street," Matte said, "and they'll say thank you." This means that the far left is aware of and taking every precaution to neutralize provocation.

F. A plan suggested to Frei, said Matte, calls for the creation of a military cabinet. This would be a form of extreme provocation since it would hint at the makings of a coup. It would have a definite psychological effect on the congressional voters who may be undecided about whom they'll vote for in the runoff. But, added Matte, Frei is reluctant to do it without some reason to justify it in the eyes of the public. We inferred from this that Frei will not act on this unless he is confronted with a severe national crisis.

G. The armed forces boss, Rene Schneider, is fully aware of the danger of Allende moving in. But he will not budge an inch without Frei's okay. One retired general, Viaux, is all pumped about moving immediately, reason or not, but Matte said Schneider has threatened to have Viaux shot if he moves unilaterally. Although Viaux has some following after his abortive rebellion a few months ago, it is doubted he commands strength enough now to carry it off alone.

H. Frei, said Matte, is highly worried about the damage to his stature in the hemisphere; he is concerned that he may become, as the Brazilians have put it, the Kerensky of Latin America.

But he still refuses to take the reins in his hand without "moral" reasons, Matte said.

I. Could he be persuaded, Matte was asked, by assurances of fullest support from Washington? He thought that over a while and finally said he thought that would help. The distinct impression, however, was he might have felt this would have to be done with consummate skill and tact so as not to offend Chilean national dignity. (Korry's new mandate may serve this purpose).

J. The military has contingency plans ready for whatever scope operation is necessary, Matte said.

The conclusions from this session were:

The leader we thought was missing is right there in the saddle (Frei), but he won't move unless he is provided with a constitutional threat.

That threat must be provided one way or another through provocation. At the same time, a subtle but firm enough pressure must be brought to bear on Frei so that he'll respond.

Matte did not mention money or any other needs. At the end when it was mentioned we were, as always, ready to contribute with what was necessary, he said we would be advised.

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A Communist Party congress was held in Santiago early this week. Among topics discussed was expropriation. The CUT, national labor confederation, was placed in charge of mapping expropriation plans. The CUT is controlled by the Communist party.

According to informants monitoring the party congress, the priority schedule has been put in the hands of a man named Bertini and roughly looks like this:

1. Copper companies.
2. The Mercurio newspaper chain.
3. Two unspecified "attractive" interests.

(These three items would be acted upon quickly. It is assumed in Santiago that Chiltelco probably would fall in item No. 3.)

4. Following the early expropriations, a commission would be named to study which industries should be taken over. The next group of take-overs would be slated for about one year later. Within two years the process would be complete.

****

The Mercurio chain is hitting at Allende and the Communist party with effect. Allende this week sent one of his top lieutenants, Alberto Jarez, mentioned as his choice for foreign minister, to see A. Edwards chief representative in Santiago.

Purpose of the post-midnight session was to blackmail Mercurio into stopping its anti-Communist campaign. Jerez stated bluntly that Mercurio and A. Edwards were committing suicide with their attitude. He said Allende had no intention of trying to fool Edwards. He planned to expropriate the newspapers and destroy what they stand for. Jerez added that the other Edwards interests in Chile could be affected more or less by the attitude taken by the papers in the weeks ahead. He said the papers was "inciting sedition and if this continued we cannot control the MIR, which wants to burn the plant." He also said Edwards could return to the country (he is in the U.S. on business and his family now is in Baires) but if he came back and the paper refused to change "he could be hanged in the Plaza de Armas" after Allende takes power.

The paper in Santiago is in financial trouble. Since election day it is running about 10 to 15 per cent of its normal advertising. They will have a close squeeze meeting this end-of-the month pay roll.

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As you have read in news stories, Chile's economy is sagging badly. But runs on the banks have stopped and the escudo has settled back down to around 25 on the black market.

Unemployment is rising rapidly, especially in the construction sector. About 5000 workers already have been laid off in Santiago construction as projects are being shut down. It is estimated that over-all layoffs will affect about 30,000 in Greater Santiago by the end of this month.

****

We will be advised what help we can contribute as present activities develop between now and early October.

We have recommended, apart from direct assistance, the following:

1. We and other U.S. firms in Chile pump some advertising into Mercurio. (This has been started).

2. We help with getting some propagandists working again on radio and television. There are about 20 people that the Matte and Edwards groups were supporting and we should make certain they are revived. Allende now controls two of the three TV stations in Santiago and has

launched an intensive radio campaign.

3. Assist in support of a "family relocation" center in Mendoza or Dairea for wives and children of key persons involved in the fight. This will involve about 50 families for a period of a month to six weeks, maybe two months.

4. Bring what pressure we can on USIS in Washington to instruct the Santiago USIS to start moving the Mercurio editorials around Latin America and into Europe. Up until I left they were under orders not to move anything out of Chile.

5. Urge the key European press, through our contacts there, to get the story of what disaster could fall on Chile if Allende & Co. win this country.

These are immediate suggestions and there will be others between now and October 24 as pressure mounts on Frei and the Christian Democrats.

HH:kmp
cc: E. Dunnett
K. Perkins
E. R. Wallace

LATIN AMERICA INC.
AREA HEADQUARTERS

SARMIENTO 600 • BUENOS AIRES • ARGENTINA

TO Hal Hendrix - ITTHQNY

FROM Robert Berrellez - ITTLABA

SUBJECT Chileans

DATE September 29, 1970

WHEN REPLYING, PLEASE QUOTE FILE

PERSONAL & CONFIDENTIAL

Capsuled situationer:

It appears almost certain that marxist Salvador Allende will be confirmed by the Congress as Chile's next President. The Congressional runoff vote is scheduled October 24.

There's only a thin tendril of hope of an upset based on a sharp and unlikely switch in voting sentiment among the Christian Democrats who hold the balance of power in the runoff. The prevailing sentiment among the PDC is said to favor Allende.

A more realistic hope among those who want to block Allende is that a swiftly deteriorating economy (bank runs, plant bankruptcies etc.) will touch off a wave of violence resulting in a military coup.

President Eduardo Frei wants to stop Allende and has said so to intimates. But he wants to do it constitutionally-- i.e., either through a congressional vote upset or an internal crisis requiring military intervention.

The armed forces are ready to move to block Allende--but only with Frei's consent, which does not appear to be forthcoming. In other words, Frei has passed the ball to the armed forces and the military will not act without Frei's orders unless internal conditions require their intervention.

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Details:

1. Chances of thwarting Allende's assumption of power now are pegged mainly to an economic collapse which is being encouraged by some sectors of the business community and by President Frei himself. The next two weeks will be decisive in this respect. Cash is in short supply. But the government is printing more money. There's an active black market with the escudo moving at a 29 to US$ 1.00 rate on Monday. It had gone down to $26.50 to US$ 1.00 on Friday. The pre-election rate was 20 to 21 to US$ 1.00. Undercover efforts are being made to bring about the bankruptcy of one or two of the major savings and loans associations. This is expected to

(more)

trigger a run on banks and the closure of some factories, resulting in more unemployment.

2. The pressures resulting from economic chaos could force a major segment of the Christian Democratic party to reconsider their stance in relation to Allende in the Congressional runoff vote. It will become apparent, for instance, that there's no confidence among the business community in Allende's future policies and that the health of the nation is at stake.

3. More important, massive unemployment and unrest might produce enough violence to force the military to move. The success of this maneuver rests in large measure on the reaction of the extreme and violent (Castroite, Maoist) left in Allende's camp. So far he has been able to keep these elements controlled.

4. It's certain that Allende is on to this scheme. He has referred to it in recent public statements. He is also certainly aware of the government's (and Frei's) complicity. Last week the finance minister issued a pessimistic report on the national economy, placing the blame on the results of the September 4 election. The statement was issued with Frei's blessings. Although it reads as an objective and realistic evaluation of economic conditions, the statement aroused the Allende camp which severely criticized it as provocative.

5. All previous evaluations of Frei's weaknesses in a crisis are being confirmed. Worse, it has been established beyond any doubt that he is double-dealing to preserve his own stature and image as the leader of Latin America democracy. For instance: he told some of his ministers he'd be more than willing to be removed by the military. This would absolve him from any involvement in a coup that, in turn, would upset Allende. Then, he turned right around and told the military chiefs he is totally against a coup.

6. A group of respected political and business leaders called on Frei Sunday at Viña del Mar, the beach resort, to call his attention to these lapses. I could not determine the results of this confrontation or its basic purpose. The assumption is that by confronting Frei, the group hoped to press him into a definitive move in the one desired direction.

7. As a result of all this inertia, an aura of defeat has enveloped important and influential sectors of the community. Some businessmen who seemed all gung-ho about stopping Allende are now talking in terms of trying to make some deals with him. Others have given up and are

(more)

getting ready to leave the country.

8. Some Chilean businessmen have suggested we try to deal in some manner with Allende in an effort to rescue at least a portion of our investment instead of losing it all. At this writing, we have been told that Allende's representatives have asked for a meeting with Sheraton representatives to discuss Allende's future policies concerning the hotels. My personal view is that we should do nothing to encourage or help the Allende team. Every care should also be exercised to insure that we are not identified openly with any anti-Allende move.

9. No hope should be pegged to conditions the Christian Democrats are demanding from Allende in exchange for their support in the Congressional vote. Some believe that if Allende turns them down the PDC will not vote for him. Allende will promise anything at this stage. Furthermore, many of the conditions the PDC is making are covered by the constitution to which Allende will pay lip service for a while until he is firmly in the saddle and has consolidated his hold so that he can move toward converting Chile into a communist, self-perpetuating state.

10. It is obvious from his latest remarks, however, that Allende fears something is in the wind to deprive him of the presidency in the congressional vote. On Monday he warned that he would bring the nation to civil war if he was not voted into power.

11. Meantime, theRussians are busy helping shore up Allende's defenses. Since the September 4 election, theRussian embassy staff in Santiago added 20 new staffers.

12. An extreme rightist faction launched a series of terrorist acts Sunday (bombings mostly) in what appeared an amateurish attempt to provoke the Castroite-Maoist sector into a violent backlash that would produce the conditions conducive to a military intervention. The bombings failed to arouse anything outside of police action which resulted in the arrest of some of the bombers. This, we are told by the most authoritative sources, is the far right's last effort to provoke the far left in this particular manner.

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The sum-up:

1. A Congressional defeat for Allende is unlikely at this stage. The defeated Christian Democratic candidate, Radomiro Tomic, is backing Allende and can take a sizeable segment of the PDC vote with him.

(more)

2. Despite some pessimism, a high level effort continues toward getting Frei and/or the military to stop Allende.

3. Although its chances of success seem slender, we cannot ignore that a roadblock to Allende's assumption to power through an economic collapse has the brightest possibilities.

RB/mp

cc: Messrs. E. Gerrity, ITTHQNY
E. Wallace, "
K. Perkins, "
E. Dunnett, "

PRIORITY: ☐ URGENT ☑ REGULAR

SECURITY: (ITT POLICY CR 2.4/1)
☐ SYSTEM CONFIDENTIAL - CODED
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Send original to Communications - 5th Fl.

ORIGINATOR'S SIGNATURE E.J. Gerrity
DATE September 29, 1970

CHARGE TO: Corporate Relations (DEPARTMENT)

MESSAGE TEXT SHOULD BE TYPED OR USE PLAINLY LEGIBLE HANDWRITING.

TO: Mr. H.S. Geneen (NAME)
ITTE (COMPANY)
Brussels, Belgium (LOCATION)

COPIES TO: F.J. Dunleavy -ITTE, J. Guilfoyle-ITTNY, W.R. Merriam-ITT Wash
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"THE VISITOR"

MR. BRODE ?

DO

NOT

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IN

THIS

SECTION

TEXT:

PLEASE SEND VIA CRYPTEL

SUBSEQUENT TO YOUR CALL YESTERDAY I HEARD FROM WASHINGTON AND A REPRESENTATIVE CALLED ON ME THIS MORNING. HE WAS THE SAME MAN YOU MET WITH MERRIAM SOME WEEKS AGO. WE DISCUSSED THE SITUATION IN DETAIL AND HE MADE SUGGESTIONS BASED ON RECOMMENDATIONS FROM OUR REPRESENTATIVE ON THE SCENE AND ANALYSIS IN WASHINGTON. THE IDEA HE PRESENTED, AND WITH WHICH I DO NOT NECESSARILY AGREE, IS TO APPLY ECONOMIC PRESSURE. THE SUGGESTIONS FOLLOW:

1. BANKS SHOULD NOT RENEW CREDITS OR SHOULD DELAY IN DOING SO.

2. COMPANIES SHOULD DRAG THEIR FEET IN SENDING MON. IN MAKING DELIVERIES, IN SHIPPING SPARE PARTS, ETC.

3. SAVINGS AND LOAN COMPANIES THERE ARE IN TROUBLE. IF PRESSURE WERE APPLIED THEY WOULD HAVE TO SHUT THEIR DOORS, THEREBY CREATING STRONGER PRESSURE.

(Pick Up Page 2)

4. WE SHOULD WITHDRAW ALL TECHNICAL HELP AND SHOULD NOT PROMISE ANY TECHNICAL ASSISTANCE IN THE FUTURE. COMPANIES IN A POSITION TO DO SO SHOULD CLOSE THEIR DOORS.

5. A LIST OF COMPANIES WAS PROVIDED AND IT WAS SUGGESTED THAT WE APPROACH THEM AS INDICATED. I WAS TOLD THAT OF ALL THE COMPANIES INVOLVED OURS ALONE HAD BEEN RESPONSIVE AND UNDERSTOOD THE PROBLEM. THE VISITOR ADDED THAT MONEY WAS NOT A PROBLEM.

HE INDICATED THAT CERTAIN STEPS WERE BEING TAKEN BUT THAT HE WAS LOOKING FOR ADDITIONAL HELP AIMED AT INDUCING ECONOMIC COLLAPSE. I DISCUSSED THE SUGGESTIONS WITH GUILFOYLE. HE CONTACTED A COUPLE OF COMPANIES WHO SAID THEY HAD BEEN GIVEN ADVICE WHICH IS DIRECTLY CONTRARY TO THE SUGGESTIONS I RECEIVED.

REALISTICALLY I DO NOT SEE HOW WE CAN INDUCE OTHERS INVOLVED TO FOLLOW THE PLAN SUGGESTED. WE CAN CONTACT KEY COMPANIES FOR THEIR REACTIONS AND MAKE SUGGESTIONS IN THE HOPE THAT THEY MIGHT COOPERATE. INFORMATION WE RECEIVED TODAY FROM OTHER SOURCES INDICATES THAT THERE IS A GROWING ECONOMIC CRISIS IN ANY CASE.

(Please DE-F Pg Page 3)

GUILFOYLE RECEIVED A CALL THIS AFTERNOON FROM A REPRESENTATIVE OF THE KEY CANDIDATE ASKING US TO DO NOTHING TO ROCK THE BOAT BECAUSE FORCES ARE AT WORK TO SOLVE THE PROBLEM.

I ADVISED THE VISITOR THAT WE WOULD DO EVERYTHING POSSIBLE TO HELP BUT I POINTED OUT IN DETAIL THE PROBLEMS WE WOULD HAVE WITH THE SUGGESTIONS HE HAD MADE.

FINALLY, BOB BERRELLEZ HAS JUST SENT A REPORT WHICH IS PESSIMISTIC AS TO THE OUTCOME NEXT WEEK. THIS REPORT IS BEING DELIVERED TO YOU BY MR. BARR OF THE TECHNICAL DEPARTMENT WHO IS LEAVING FOR BRUSSELS THIS EVENING.

GERRITY

October 9, 1970

TO: Mr. McCone

FROM: W. R. Morriam

At Ned Gerrity's suggestion I am attaching a summary of a report which we recently received from our people in Latin America. I think you will find it interesting.

Today I had lunch with our contact at the McLean agency, and I summarize for you the results of our conversation. He is still very, very pessimistic about defeating Allende when the congressional vote takes place on October 24. Approaches continue to be made to select members of the Armed Forces in an attempt to have them lead some sort of uprising -- no success to date.

In the meantime, Allende continues to hold meetings with small groups of Army, Navy and Air Force people promising them, personally, that he will see to it that they will be promoted; that their pay will be increased, etc. Thus, it is easy to understand why there is a problem in getting the military to take action.

To follow up the vote last weekend, which ordered the hierarchy of the Christian Democrats to work out the wording of a constitutional amendment which Allende would subscribe to and which would limit him in some of his far-out ideas, various small committees of three have been appointed. It is interesting to note that the persons appointed to serve on these committees are very favorable to Allende although technically Christian Democrats.

Practically no progress has been made in trying to get American business to cooperate in some way so as to bring on economic chaos. GM and Ford, for example, say that they have too much inventory on hand in Chile to take any chances and that they keep hoping that everything will work out all right. Also, the Bank of America had agreed to close its doors in Santiago but each day keeps postponing the inevitable. According to my source, we must continue to keep the pressure on business.

PERSONAL & CONFIDENTIAL

I was rather surprised to learn that in this man's opinion the Nixon Administration will take a very, very hard line when and if Allende is elected. As soon as expropriations take place, and providing adequate compensation is not forthcoming, he believes that all sources of American monetary help, either through aid or through the lending agencies here in Washington, will be cut off. He assures me that the President has taken at this time (better late than never, I guess) a long, hard look at the situation and is prepared to move after the fact. We had heard previously from the lower level at the State Department that Hickenloper would not be evoked. This policy has either changed or the lower echelon does not know of the change. This is the first heartening thing I have heard because with few exceptions, Nixon has paid very little attention to Latin America.

/cmb

Defeat of Allende Unlikely

A congressional defeat for Allende seems unlikely at this point. The Christian Democratic candidate, Radomiro Tomic, who lost, is still backing Allende and can take a sizable segment of the P. D. C. vote with him. Reports from Santiago indicate Allende and Tomic had a pre-election agreement that neither would support Alessandri in a congressional run-off. Considering Tomic's continued unwavering support for Allende, this seems true.

Despite the pessimism, attempts being made to move Frei and/or the military to stop Allende. Also, efforts are continuing to provoke the extreme left into a violent reaction that would produce the climate requiring military intervention.

Frei Weakness

The State Department says one factor which has paved the way for Allende is the failure of President Frei to take a strong position against Dr. Allende. They feel he could be stopped if Frei would stand firm for his country and quit trying to play the part of Hamlet, wishing to go down in history as the great democrat. Frei has not rallied the Christian Democrats as is believed possible.

All past evaluations of Frei's weaknesses in a crisis are being confirmed. Worse, it has been established beyond any doubt that he has been double-dealing to preserve his own stature and image as the champion of Latin American democracy. For instance: he told some of his Ministers he would be quite willing to be removed by a military coup. This would absolve him from any involvement in a coup that would, in turn, upset Allende. Then, he turned right around and told the military chiefs that he was totally against a coup.

A group of respected political and business leaders called on Frei Sunday to call his attention to those lapses. The result of this confrontation or its basic purpose was not determined. The assumption is that by confronting Frei, the group hoped to press him into a definitive move in the one desired direction.

PERSONAL & CONFIDENTIAL

Economic Pressures

Some business sectors are encouraging economic collapse, hoping this eventually will necessitate a military take-over, or strengthen Allesandri in the congressional run-off. Undercover efforts are being made to bring about the bankruptcy of one or two of the major savings and loan associations. This is expected to trigger a run on banks and the closure of some factories resulting in more unemployment.

The pressures resulting from economic chaos could force a major segment of the Christian Democratic party to reconsider their stand in relation to Allende in the congressional run-off vote. It would become apparent there is no confidence among the business community in Allende's future policies and that the over-all health of the nation is at stake.

More important, massive unemployment and unrest might produce enough violence to force the military to move. The success of this maneuver rests in large measure on the reaction of the extreme and violent (Castroite-Marxist) left in Allende's camp. So far he has been able to keep these elements controlled.

It's certain that Allende is on to this scheme. He has referred to it in recent public statements. He is also certainly aware of the government's and Frei's complicity. Last week the Finance Minister issued a pessimistic report on the national economy, placing the blame on the results of the September 4 election. The statement was issued with Frei's blessings. Although it reads as an objective and realistic evaluation of economic conditions, the statement aroused the Allende camp which severely criticized it as provocative.

An extreme rightist faction launched a series of terrorist acts Sunday, September 27 (bombings mostly), in what appeared to be an amateurish attempt to provoke the Castroite-Marxist sector into a violent backlash that would produce the conditions conducive to a military intervention. The bombings failed to arouse anything outside of swift police action which resulted in the arrest of some of the bombers. This, we are told by the most authoritative sources, was the far right's last effort to provoke the far left in this particular manner.

Aura of Futility

As a result of all this Chilean inertia, an aura of defeat has enveloped important and influential sectors of the community, some

businessmen who seemed all gung-ho about stopping Allende are now talking in terms of trying to make deals with him. Others have given up and are getting ready to leave the country.

Another comment by State is that the failure of the Chileans, themselves, to react strongly against Allende is making it difficult for outsiders like the U. S. and Argentina to move in and try to stop Allende openly or covertly.

The Russians

Meantime, the Russians are busy helping shore up Allende's defenses. Since the September 4 election, the Russian Embassy staff in Santiago added twenty new members.

PERSONAL AND CONFIDENTIAL

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION

INTERNATIONAL HEADQUARTERS

TO E. J. Gerrity

DATE October 16, 1970

FROM H. Hendrix (dictated by phone from San Juan) ?

WHEN REPLYING, PLEASE QUOTE FILE

SUBJECT Chile

Unless there is a move by dissident Chilean military elements by this time next mid-week, the consensus in Santiago is that Salvador Allende will win the October 24 Congressional run-off easily and be inaugurated as President November 4.

The chance of a military coup is slim but it continues to exist - at least to this date.

A key figure in this possibility is former Brigadier General Roberto Viaux, who last October led an insurrection by members of the First Artillery Regiment in a demand for more pay and improved working conditions. This revolt collapsed quickly. Viaux was summarily dismissed from the Army but overnight his actions made him a hero to a large group of active and retired officers and enlisted personnel.

Clearly, Viaux was gearing up to launch a move last week. Rumors that he would trigger a coup on October 9 or October 10 were rampant in Chile and spilled over into Buenos Aires, Argentina.

It is a fact that word was passed to Viaux from Washington to hold back last week. It was felt that he was not adequately prepared, his timing was off, and he should "cool it" for a later, unspecified date. Emissaries pointed out to him that if he moved prematurely and lost, his defeat would be tantamount to a "Bay of Pigs in Chile."

As part of the persuasion to delay, Viaux was given oral assurances he would receive material assistance and support from the U.S. and others for a later maneuver. It must be noted that friends of Viaux subsequently reported Viaux was inclined to be a bit skeptical about only oral assurances.

Meanwhile, Viaux has been conferring with high-ranking and junior officers about taking some action to prevent Allende from becoming President. He has pledges of support from several, but unfortunately not from any key troop commanders, at least to our knowledge.

Allende obviously must be aware of this sort of plotting since his Unidad Popular has penetrated nearly everything in Chile. In one impromptu speech early this week he noted that Chile "was now swarming with C.I.A. agents."

A significant straw in the wind was noted this week while in Chile. The Commander of the Navy, Admiral Fernando Porta, was put on temporary leave of absence. His sudden departure from the scene was attributed unofficially to a meeting of four other admirals with Allende, with the reported consent of Admiral Porta. The meeting allegedly was arranged to pledge the Navy's support to Allende.

It also is significant that in spite of all the gossip and speculation about Viaux, no action has been taken against him. However, the Commander of the Army, General Rene Schneider, still shows no open indication of supporting Viaux.

Meanwhile, Allende and his representatives have been ardently romancing the armed forces at various levels and have continued to infiltrate the lower ranks. Many have agreed to support Allende after hearing his promises to give the Army a greater role in developing the country's infra-structure, much like the work of a U.S. Corps of Engineers.

Allende also has promised various officers that he will not change the military organizational structure. But he has given no pledges about personnel changes. One retired officer pointed out that all Allende has to do as President is to pick his time to promote a loyal Major or Colonel to General rank and all those officers above his appointee would automatically be retired out of command. This is a tactic not uncommon in Latin America.

* *

While Chile was bubbling with rumors last week, it is completely the opposite this week. The capital is in a bad state of depression. the general public seemingly resigned to the fact that Allende has won and that the next order of business is to determine how to survive and live with a Marxist government. Some anti-Allende spokesmen who show this resignation speak of starting to work toward winning a "second round."

Whatever resistance starch there was left in many anti-Allende groups was throughly dissipated by the Christian Democratic National leadership decision October 5 to support Allende in Congressional balloting. Allende took a firm, hard-line with the P.D.C. once he was certain he had at least 25 of the party's votes in his pocket to assure his election. Since then, groups of the radical and national parties that had been wavering have jumped on the Allende bandwagon. There are even indications now that a significant number of Alessandri votes will swing to Allende.

****

Allende this week has had a series of meetings with Chilean business leaders, seeking pledges of support. He reportedly made it clear to all visitors that he intended to move as rapidly as possible with his industrial nationalization plans, legally with the aid of a Congress he will be able to control. He has not clearly defined a manner of compensation in his plans to nationalize the basic mining, banking, communications, both national and foreign, enterprises in Chile.

Feedback from some of these sessions indicates that Allende has become gravely concerned about the sick state of the Chilean economy. It is far worse than he first thought, according to some visitors, and it is said Allende is now giving this problem an "agonizing reappraisal." Business conditions are worsening steadily throughout Chile, unemployment is rising, and the flight of capital is continuing.

Allende also is becoming increasingly irritated with labor unions, most of which are under control of the Communist Party. The Communist Party forms a part of the Unidad Popular coalition. Several labor unions are pressing for tremendous wage increases before November 4, feeling it may be a long dry spell for raises under Marxist rule.

Allende's chief concern in this area is with the Anaconda Copper Company workers at the huge Chuquimata mine in northern Chile. More than 5,000 of these workers have been on strike since October 1 and may well still be on strike November 4, giving him a colossal headache with his inauguration. These workers are demanding 51% increase in wages and benefits and have ignored Allende's appeals to return to work. The government, as you know, now owns 51% of Anaconda. The company management is ignoring the workers demands.

We also are experiencing similar union difficulties. Workers at Chiltelco staged an illegal strike Wednesday morning, October 14, demanding special increases in wages and cost of living bonuses. Their demands represented about 18 million escudos, which translates roughly into $1.5 million. By the end of the day more than 3500 workers had joined the strike. Inasmuch as I left late Wednesday night for Puerto Rico, I do not know if the strike continued into Thursday. B. Holmes took the position of ignoring the workers' demands and the company advised both the union and the Frei government that the strike was totally illegal because the union agreement is valid until December 31, 1970.

Workers at ITT COM in Santiago also are pressuring for wage increases and are threatening strike action.

* *

As I explained to E. R. Wallace by telephone, we had a low key press party Wednesday evening in Santiago to show the new Sheraton San Cristobal hotel. About 50 newsmen, including a handful of visiting foreign correspondents, were invited for a walk-through tour of the hotel and treated to a cocktail party afterward. There were no other guests except the local Sheraton managment executives and B. Holmes.

General Manager Fernando Hoffman opened the San Cristobal for business Thursday morning, October 15, with no fanfare. His first guests, a group of about 75 on an American Express tour, were expected to arrive in the hotel during Thursday.

The hotel looks great. Its interior decor is in very good taste and done exceptionally well. It will be staffed by a skeleton force of 255 employees. For the time being, only 2 of its 7 floors will be open for guests. Hoffman said he has several American Express tour groups booked into the hotel in the coming months, which will keep it afloat.

HH:pm

cc: E. R. Wallace
K. Perkins

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