

3D-45/09

UNIVERZITA KARLOVA V PRAZE

FAKULTA SOCIÁLNÍCH VĚD

Institut mezinárodních studií

Katedra amerických studií

Marta Šolkayová

Chile: from democracy to socialism

Diplomová práce

Praha 2009

UNIVERZITA KARLOVA V PRAZE
KNIHOVNA JINONICE



3255331170

Autor práce: **Marta Šolkayová**

Vedoucí práce: **Doc. PhDr. Miloš Calda**

Oponent práce:

Datum obhajoby: **2009**

Hodnocení:

Bibliografický záznam

Školkařová Marta, *Chile: from democracy to socialism*, Praha: Univerzita Karlova, Fakulta sociálních věd, Institut mezinárodních studií, 2008. Vedoucí diplomové práce Doc. PhDr. Miloš Calda

Anotace

Diplomová práce „*Chile: od demokracie k socialismu*“ pojednává o angažovanosti administrativ Spojených států amerických na politickém vývoji v Chile během šedesátých let dvacátého století a jejich vliv na prezidentské volby v roce 1970. První část práce popisuje politický vývoj v Chile od konce padesátých do začátku sedmdesátých let, zejména se zaměřuje na úspěchy a neúspěchy administrativy Eduarda Freie a jak jeho vláda ovlivnila svým konáním výsledky prezidentských voleb v roce 1970. Druhá část dokumentuje způsoby, kterými tajné služby a administrativa Spojených států působila na dění ve společnosti a na politické scéně během volebního roku 1970 a jakými způsoby se snažila zabránit nástupu Salvadora Allendeho k moci.

Annotation

The diploma thesis "*Chile: from democracy to socialism*" deals with involvement of the United States administration in the political development in Chile during 1960s and its influence on the presidential elections in the year 1970. First part describes political development in Chile from the late 1950s to the beginning of 1970s; especially it focuses on successes and failures of Eduardo Frei administration and how its government influenced the results of the 1970 presidential elections. The other part documents methods by which the secret services and the United States administration influenced the course of events in the Chilean society and on the political scene during the election year 1970 and what means were used to prevent the accession of power of Salvador Allende.

Klíčová slova

Spojené státy americké, Chile, Salvador Allende, Henry Kissinger, CIA,

Keywords

United States of America, Chile, Salvador Allende, Henry Kissinger, CIA,

Prohlášení

1. Prohlašuji, že jsem předkládanou práci zpracovala samostatně a použila jen uvedené prameny a literaturu.
2. Souhlasím s tím, aby práce byla zpřístupněna veřejnosti pro účely výzkumu a studia.

V Praze dne ...

Marta Šolkayová

Acknowledgement

First of all, I would like to thank to my advisor, Doc. PhDr. Miloš Calda, for helpful advices during my writing and for the thesis guidance. I would also like to thank to Prof. Dr. Josef Opatrný, CSc for his advices at the beginning of the thesis and to Bc. Jan Mikulík. Special thank belongs to my parents for their patience and moral support, when I needed it most.

Table of Contents

| | |
|---|----|
| Introduction | 6 |
| 1. The United States - Latin America relations since the Second World War | 11 |
| 1.1. Development in Latin America | 11 |
| 1.1.1. Rise of the United States | 12 |
| 1.1.2. The United States' perception of Latin America | 13 |
| 1.1.3. The development in 1950s..... | 14 |
| 1.1.4. New line of the US policy towards Latin America in 1960s | 15 |
| 1.1.5. The Alliance for Progress | 16 |
| 1.1.6. The Johnson administration | 18 |
| 1.1.7. The Vietnam influence of the U.S. foreign policy | 19 |
| 2. Development of the political situation in Chile | 20 |
| 2.1. The electoral reforms and its consequences | 20 |
| 2.2. The Christian Democratic Party | 22 |
| 2.3. The 1964 presidential election | 24 |
| 3. Government of the Christian Democrats | 28 |
| 3.1. Social changes..... | 29 |
| 3.2. Unions and mobilization in Chile | 30 |
| 3.3. Agrarian reform..... | 32 |
| 3.4. Mining industry | 34 |
| 3.5. Results of the Christian Democratic rule..... | 38 |
| 4. Chilean presidential elections and involvement of the United States | 40 |
| 4.1. The development before elections | 40 |
| 4.2. The Elections | 46 |
| 4.3. After elections | 47 |
| 4.3.1. The Chile's reaction..... | 48 |
| 4.3.2. Allende and Cuba | 49 |
| 4.3.3. Reaction of the U.S. administration | 50 |
| 4.3.4. Reaction of the military | 52 |
| 4.3.5. Reaction of the U.S. companies | 54 |
| 5. The United States prevention measures | 57 |
| 5.1. The 40 Committee actions | 58 |
| 5.2. The Chilean Task Force | 59 |
| 5.3. Track II | 62 |
| 5.4. National Security Option Paper | 64 |
| 5.5. The Chilean Congress Decision | 71 |
| 6. Development in Chile after the Congress decision | 72 |
| Conclusion..... | 77 |
| Summary | 79 |
| Literature analyses | 82 |
| List of appendices: | 92 |

Introduction

At the beginning of the twentieth century, after the end of the First World War the United States started to increase their influence in Latin America. The previous powers as Spain, Portugal and Great Britain, which were until then holding the main industries and influencing events in the Southern part of Western Hemisphere were slowly displaced by the United States. The need and necessity of enforcement the U. S. interests towards the other powers shifted them out of the hemisphere. Especially with upcoming modernization it was urgent to gain control over the mineral resources, which were dominated by others. The crucial industries in Latin America as well as the agriculture had become hegemonized by the United States.

During the Second World War Latin America was the main supplier of agricultural products and raw materials to the United States and created its dependence on supplementation. The United States foreign policy started to represent the needs and interests of the American economical and industrial sphere. Even though the United States was promoting democracy and freedom all around the world in Latin America they tolerated different kinds of dictatorships as they were responding to the U.S. interests.

The governments in Latin America were at the beginning accepting the cooperation with the United States as it meant for them very comfortable relations, where the United States was in exchange for their material was providing them with technologies and money. Only when the first euphoria declined they realized that they had almost no real profits from their own resources and started to try to obtain some revenues for their own industries and manufactures.

The antagonistic interests of the United States foreign policy and the interests of the local

governments were most remarkable in Chile during 1960s and the beginning of 1970s.

The case of Chile is an excellent example of the hegemony of foreign investments in one country, more than any other case in Latin America. Thanks to the enormous mineral wealth of the country, the industry had always been controlled by some foreign companies. The nitrate mines were in hands of the British companies until the Second World War and copper mines were controlled by American companies. Both of the minerals were very important for the military production. The nitrates were one necessary component for explosives as well as for the agricultural industry. The copper apart from its usage in military industry for weapons was also necessary in telecommunication industry as a component for wires. The United States were depending on the cheap and easily available import of minerals from Chile. The military budget was based on import of raw materials to the United States, where they were processed. The loss of such an important resource would mean increase of the war expenditures and creation of possible danger of lack of necessary materials.

The pressure of the American companies to increase efficiency in the mining industry and implementation of modern technologies had negative consequences on local inhabitants. The modernization canceled the jobs, which were before needed for the mining and many of the workers lost their employment and the way to earn money for living. The unemployment rose dramatically and many of the workers had to move from rural areas to the cities. The exodus from countryside had a negative effect on the whole society, as the newcomers were not able to find a job in the cities.

An important factor which contributed to an increase of dissatisfaction of the public was the property division. A majority of land was hold by elites and supported the feeling of ordinary rural people of the government of elites, who did not care about them. The peasants together united with workers to get their needs represented. The government invested a lot of money to

social and, agrarian reforms to provide better conditions for the poor population and aimed to bring them back from poverty to social center.

The unemployed masses were making pressure on the legislators and governments and became a based ground for the nationalization. The pressure on the governing elites was soon transformed into the pressure of governing elites to the management of American companies. Even the middle way was found and semi nationalization took place it did not satisfy neither side. The Americans were nervous from the loss of power and income from the mine industry and afraid of the possible total nationalization. Neither the Chilean public, nor the part of government was satisfied with the negotiation, as Chile was still too dependent on the foreign corporations will. Even though the government did various reforms to improve the situation of the population it did not satisfy them, especial after the left parties offered much more radical and for Chile better solution. A hundred percent chilenization of all foreign property was demanded.

The American corporations on the other side made pressure on the United States government to act in order to protect their, which was in many cases American interests (the copper was needed in the war in Vietnam and from Chile the U.S. government was buying it cheaply). The United States interpreted the situation in Chile as dangerous for American national security and under their international interests.

The democratic solution of the situation through the official Chilean institution did not succeed. The Chilean Congress respecting the results of the election was not willing to follow American suggestions and rejected to harm Chilean political system.

The most possible partner in Chile for the United States after the failure of the democratic route was the military. In Chile, as well as in almost all Latin American countries the high

army officials were very closely connected with the rich elites. The sons of owners of land and industrial magnates were often serving as militias in the Chilean army and of course they were protective to their property. An advantage for the United States was that majority of the high officers were trained at the American base camps in Panama Canal Zone or directly in the United States.

To enforce their interests the United States mobilized all their contacts. In the Chilean case there were official diplomats, secrets services and financial institutions involved. Each of them fulfilling their task in order to maintain the United States influence in Chile and to keep the property in hands of American corporations.

The thesis except of introduction and conclusion consists of six chapters. The first chapter briefly describes a general development of the United States and Latin America relations from the end of the Second World War and creates a background for the thesis.

The second chapter focuses on the Chilean political scene and recapitulates a political development at the end of 1950s, their consequences on the political development in Chile in the beginning of 1960s, when two new political parties, which will influence the political development in whole decade, appeared. The second part of chapter focuses on interests of the U.S. government in Chile and the involvement of the U.S. secret services the 1964 presidential elections.

Third chapter analyses the six year rule of Christian Democratic Party and the consequences it had on the 1970 presidential election. The main focus is on the Agrarian reform and the Chilenization of mining industry, as the two major actions of the Christian Democratic government.

The development before the 1970 presidential election is described in the fourth chapter. The

reaction of the U.S. administration on the not favorable development of situation together with the action undertook by the secret services to prevent the election of communist candidate is the main content of the chapter.

The fifth chapter describes the reaction of the United States administration through the activities of the secret services, as they are described in declassified documents of the State Department and CIA.

The last chapter summarized the steps Allende government took after being elected in the first years of its government as well as the U.S. steps to prevent Allende's success and finishes the thesis.

1. The United States - Latin America relations since the Second World War

After the Second World War, the relations of the United States administration with Latin America were influenced by the global world issues, especially the expansion of communist power in Europe and Asia and the fear of the United States that this might happen to the American continent. The United States was from the beginning of the Cold War very protective of their territory and sphere of influence and to prevent the communism in the world became the main objective of the United States foreign policy for decades.

The first chapter introduces the development of the U.S. foreign policy towards Latin America from the Second World War to the late 1960s and shortly describes the main characteristics of the policy of each administration.

1.1. Development in Latin America

During the Second World War the South American continent was for the United States a source of raw materials and food. The market connection with Northern economy brought to Latin America money and the development connected with it. Restricted import had as its consequence a necessity for own production and many countries industrialized. Even though the progress was fast, the economical boom reached only few countries with potential of development for example Mexico, Argentina and Brazil. The consequence of the fast growth was a striking disproportion of wealth in the population. In most countries rose the difference between rich and poor inhabitants and the weakness of the middle class gave space for growth of authoritarian regimes. As the structure of the society was not yet created, army was maintaining power and influencing the matters of states.

The relationship with the United States was a disadvantage for Chile especially during and after the Second World War, when as an ally of the U.S. it could not profit from the hostilities as it did in the Great War. During and after the war, between 1938 and 1952 the real income of population, both urban and rural declined and Chile was facing a cruel period. After the war the United States insisted on Chile to join the "Free World" in opposition to Communism, as counterpoise they made Chile a generous offer of coal, which the country (Chile) needed. Chile broke the relations with the Soviet Union and assumed a strong anti-Communist posture.

1.1.1. Rise of the United States

At the end of the Second World War the United States was having a position of an extraordinary economic preponderance and the nuclear power, which gave it an enormous feeling of power.

The fact that the United States was after the World War Two considered as super power, in both political and economical sense, influenced the course of events in the world as well as in the Western Hemisphere.

The Cold War influenced the relations between the United States and Latin America widely. The rise of the Soviet Union meant a danger for the United States. It was necessary to stop the spread of communism. The fear was amplified when in 1955 the Soviets developed an atom bomb as the second country in the world and put themselves by side of the United States. The United States were aware of the power of the communist ideology and how dangerous consequences it could have in the Western Hemisphere. They put all their effort to prevent spreading of the red power in the Hemisphere. The fact, that their national security could be violated by the Soviets through some of the countries in Latin America became their

nightmare.

1.1.2. The United States' perception of Latin America

The United States positioned itself in the role of the leader of the democratic world and the leader of the American states. Various steps were taken by the U.S. government to keep enemies outside the continent and maintain it safe. The most important was to create a strong alliance with the countries in the Western Hemisphere and to get their loyalty. The Rio Pact, a mutual defense treaty between the United States and Latin America, was signed in 1947. A variation of the Monroe Doctrine had as an objective protection of all the states against the outside enemy. The attack at one of the states would automatically mean attack at all signatories of the Rio Pact. Organization of the American States was created soon afterward in April 1948 as an expression of the coherent American continent, where each state is responsible for the security of the region and of direct or indirect intervention of outside enemy. The Latin America became a "backyard" of the United States.

In mid 1950s the United States started to focus even more on its relations with their southern neighbors. The policy line begun in this time was followed by all administration until the late 1980's. The ideological factor played a crucial role in the U.S. - Latin America cooperation.

The relations of the United States with other countries in Latin America were depending on the world situation. The U.S. bipolar perspective of the world influenced the importance of Latin America for the United States. The main focus of the U.S. was on the foreign policy towards the already communist countries such as the Soviet Union and China. The relations in the Western Hemisphere were considered as secondary. The Western Hemisphere was for the majority of time getting almost no attention. Only in cases of possible communist danger, the United States reacted, but no long-term policy was actively followed and many mistakes were

made.

1.1.3. The development in 1950s

The U.S. foreign policy in 1950s was based on George F. Kennan's Policy of Containment. The Containment Policy was aiming at three major goals in the relations with Latin America. The first goal was the protection of raw materials. Second was the prevention of military exploitation of Latin America by the Soviet Union or any other communist country. The last, third, point of the policy was the prevention of psychological mobilization of Latin America against the United States.

The preoccupation with the Cold War prioritized any government to the communist one. By the mid 1950s, a wide number of governments throughout the Hemisphere had come to power by non-democratic means or governed in non-democratic ways.¹ Washington did not consider at that moment the development in the 1950s as problematic; fighting the “red enemy” was the main and only objective in Latin America.

The end of Eisenhower's administration brought a change in the U.S. policy towards Latin America. The situation in the Western Hemisphere started to play a more important role for the U.S. government. The fact that during 1950s 13 out of 20 Latin American states were ruled by dictators and the lack of democratic governments were considered as important indicators of neglecting the situation. The relations were very much influenced by the establishment of the first communist government in the Western Hemisphere.

The almost improving relations between the United States and Latin America were broken by

¹ Joseph S. Tulchin, *The United States and Latin America in the 1960s* (Journal of Interamerican Studies and World Affairs, Vol. 30, No. 1, Spring, 1988), 8

the Cuban revolution. When Fidel Castro overtook power in Cuba in 1959,² he immediately called for reform in all of Latin America and set off a campaign against the U.S. imperialism and its influence. The situation in Cuba and its potential danger increased distrust of the U.S. towards Latin America.

The end of 1950s was crucial also for Chilean political scene, the Communist Party was by the new law made legal and the United States had one more thing to fear in Latin America. In 1958 the socialist Salvador Allende run for president, which raised a big displeasure of the United States.

1.1.4. New line of the US policy towards Latin America in 1960s

The danger of communism together with the development in Cuba made the foreign policy towards Latin America one of the key issues in the U.S. presidential elections in 1960. Kennedy's administration renewed the positive approach towards democracy in Latin America. Preference of democratic regimes to non-democratic ones, their support and defense in the time of crisis were the main objectives of the new-old line in the Kennedy's foreign policy towards Latin America. Washington assumed that the diffusion of political democracy throughout the developing world would serve to and protect the United States' interests. The administration believed that to give the public a chance to express its opinion together with the right encouragement would lead to the election of democratic and pro-U.S. governments. The chance that the public would possibly choose communist or socialist party seemed impossible.

An important point in Washington's policy in 1960s was support of the economic development of the region, the aid to the South was there for necessary. The central role in the

² On January 1, 1959, the 26th July Movement led by Fidel Castro overthrow the dictator Fulgencio Batista, who was supported by the United States.

promotion of such development would be played by the state as well as by the market. The basic idea behind was simple, foreign aid would lead to economic development, that would lead to political stability, which would then lead to democracy. The U.S. foreign policy aid became to rely on government-to-government agreements. Each side was responsible for one task, while the U.S. promoted the economic development, the governments of Latin American states promoted democracy.

1.1.5. The Alliance for Progress

To fulfill the plans, the Alliance for Progress was established in 1961. The representatives of Latin America and of the United States translated their visions into practice. Social reform, rising of income, industrialization, education together with price stability were the major points to be improved in the decade. Charter from Punta del Este declared a fundamental change in the social structure, which was conditioned by the agrarian reform. In early 1960 only 5 to 10 percent of people owned 70 to 90 percent of the land.³ The growth and emancipation of the middle class in the society was supposed to eliminate attraction for radical leftist ideologies. The “controlled revolution” was an alternative offered to the Latin America by the United States.

While the United States presumed that the political stability is connected with equal allocation of wealth, the upper class sector was trying to maintain its privileges and power. The land reform was not accepted by many. Ultimately Washington lost its nerves and backed off from its promises. Agrarian reform, the U.S. Government believed, might stir up radical sentiments and play into the hands of communist subversives.⁴ The things were left as they were and promises stayed unaccomplished.

³ Peter H. Smith, *Talons of the Eagle: Dynamics of U.S.-Latin America relations* (New York : Oxford University Press), 151

⁴ Ibid.

The most visible mistake of the Alliance of Progress was made in the political sphere, only in the period between 1962 and 1963 there were 6 military coups in the region, Argentina, Peru, Guatemala, Ecuador, the Dominican Republic and Honduras. The installation of dictatorships brought the transformation of society, but not in the way it was expected in the plans of the Alliance of Progress. As a reaction the United States suspended diplomatic relations with the countries and cut off economic aid.

In the same time the political situation Chile was a bright example of democracy. The reforms at the end of 1950s brought a transparent election system and together with raising participation of people in elections could be admirable by the rest of the Latin American countries.

Even though Kennedy's administration had different understanding of Latin America and wanted to avoid another Cuba, or another China (Brazil) its naivety and positive expectations destroyed all hopes for democratic Western Hemisphere.

On April 4, 1961 the United States allowed 1 400 anti-Communist Cubans, trained by the U.S. to invade Cuba in order to provoke a revolution for overthrowing of Castro's regime. Fidel Castro's army surrounded the invaders and as the Kennedy administration was not willing to send them help they were liquidated.

The Cuban Missile Crisis⁵ in 1962 was the final decision point in the division of the sphere of influence between the United States and the Soviet Union. The transportation of missiles from Cuba was signal that the whole Western Hemisphere belonged to the United States.

⁵ The Cuban Missile Crises: During July and August 1962 over 2000 of Russian soldiers together with military technology debarked on the coast of Cuba. On October 14 the espionage source confirmed, that there are firing rackets, which endangered the U.S. being prepared. Kennedy administration announced a blockade of the island in case of not removing the missile rackets. On November 20, the United States made an agreement with the Soviet Union of removing their racket from Cuba in change for the remove of American ones from Turkey.

1.1.6. The Johnson administration

The Bay of Pigs cowed the Johnson administration, which after the friendly tone of Kennedy administration became more careful in the policy towards Latin America. In 1964 a new line of the U.S. policy towards Latin America was projected by Thomas Mann⁶. Thomas Mann followed the basic point of the Policy of Containment and complemented it according to the U.S. foreign policy needs and according to the needs of American economy and American corporations who had their investments in Latin America. Mann believed the U.S. should have correct relations with the governments of Latin America as long as they allowed U.S. to invest on a non-discriminatory basis and as long as they opposed the Soviet Union.⁷

The Mann doctrine had four basic objectives which fluently connected the previous Policy of Containment and expanded it according to the needs of the United States' corporations. First objective of the doctrine was promotion of economic growth with absolute neutrality on questions of social reform. The protection of the U.S. investments was the second objective of the new policy. The third was display of no preferences, through aid or other means, for representative democracy institutions. The last objective was to prevent spreading of communism. The doctrine gave even greater prominence or influence to the security forces operating in each Latin American country.

The new policy line was prioritizing the authoritarian regimes, which would probably not be accepted under different world situation. Anyone who would declare himself as anti-communist would become a friend of the United States and its ally against the Soviet enemy. Only the governments with strong US-foreign policy were accepted and recognized as valid to lead a state.

⁶ The undersecretary of State for Latin America

⁷ The Cold War period, Cal Poly Pomona University,
<http://www.csupomona.edu/~jmvadi/454/The%20Cold%20War.html> (accessed March 18, 2009)

1.1.7. The Vietnam influence of the U.S. foreign policy

By the time President Nixon took office, the war in Vietnam and problem of ending it was overshadowing all other aspects of United States foreign and domestic politics. Latin America became, even more than usually, a low priority area. But the inquest on the Alliance for Progress went on, and some politicians and scholars anxiously debated the question of what United States policy towards Latin America should be in the 1970s.

The indifference of the Johnson and Nixon administration's toward Latin America' contributed to a feeling among Latin Americans that the United States had again lost interest in the region.⁸

Henry Kissinger believed the war in Vietnam threatened the delicate world balance of power, and he sought to restore the normal balance by bringing an abrupt end of the war almost at any price. The balance, which Kissinger had in mind, and towards which he worked during his years in Washington, was a traditional view of global power, one in which Latin America was viewed insignificant as far as US strategy thinking was concerned.⁹

⁸ Gordon Connell-Smith, *Latin America in the Foreign Relations of the United States* (Journal of Latin American Studies, Vol. 8, No. 1, May, 1976), 139

⁹ Joseph S. Tulchin, *The United States and Latin America in the 1960s* (Journal of Interamerican Studies and World Affairs, Vol. 30, No. 1, Spring, 1988), 29

2. Development of the political situation in Chile

At the end of 1950's a new situation on the Chilean political scene occurred. The communist party could come out from illegality and in the same time Christian Democratic Party, its main rival was established.

The second chapter describes the political situation and its changes throughout the late 1950s and the beginning of 1960s and the involvement of the U.S. secret services in the electoral process in 1964.

2.1. The electoral reforms and its consequences

In the late 1950s Chile was a presidential democracy with its Constitution from 1925. The president, who was the head of state, was elected every six years by direct popular vote and Congress every four years under a system of proportional representation. Congress was bicameral and contained the Chamber of Deputies and the Senate.

In 1958 president Carlos Ibáñez del Campo (1927 – 1931, 1952 -1958)¹⁰ signed, just before the end of his term, the legislation repealing the Law for the Defense of Democracy and thereby legalized the Communist party. Already, in 1958 the Communist party could openly participate in the presidential elections. This decision had an immediate consequence for political competition among the working class, both in rural as well as in urban areas.

The electoral reforms in 1958 introduced a secret ballot for the first time and prohibited formation of electoral pacts.¹¹ It was required that all national electoral pacts were supposed

¹⁰ Carlos Ibáñez del Campo served two terms as president, from 1927 -1931 as a dictator and 1952-1958 as constitutionally elected president

¹¹ *Until 1958, a key feature of Chile's national electoral system formula has been joint party lists, which encouraged complex alliances between different parties. As a result of this system, multiple party pacts*

to be submitted for approval to the national party leaders and promulgated no less than 120 days before the election. This change in system reinforced tendencies for polarization within the party system.

Penalties for not complying with the system were introduced and the new system reduced dramatically the number of vote frauds. Since 1958 the party system in Chile had become characterized by polarization.

The 1958 electoral reforms were aiming at elimination of the century old practice of vote buying. *Cohecho*, as it was called, was a party costume especially on the Chile's countryside.

The political scene in Chile at the end of 1950s was influenced by three main social changes. Thanks to declining tendencies of Chilean agriculture and standards of living, the inhabitants of rural areas moved to urban ones and resulted in big unemployment in cities. Second factor that contributed to the change was social activation in rural areas connected with expansion of educational opportunities. And the last contributor was the Catholic reformers, who catalyzed the changes of traditional social relations in the countryside areas.

When comparing with other countries in the Latin American region the mobilization of the electorate in Chile was late and fast. Potential electoral population grown sharply between years 1950 and 1970. In 1970 over 80 percent of all potential voters were registered.

Not only the Communist party appeared on the legal political scene in 1958. Their major future rival, the Christian Democratic Party (*Democracia Christiana*), was established in the

among local candidates for congressional and senate seats were frequently made at the provincial level. It was not uncommon in a given election for the same party to ally itself with the right in one province and with the center or left in another; thereby blurring the competitive edge between opposing tendencies. The system of joint lists made possible election to office by siphoning off votes from one candidate to another, even though the individual candidate might have enjoyed scant personal support. Pacts and crosscutting alliances for parliamentary elections became so complex that it was practically impossible for the average voter to determine the ultimate beneficiary of the vote cast., [Timothy R. Scully, *Rethinking the Center* (Stanford University Press, Stanford, California, 1992), 134]

same year. A new center party entered politics with adopting an aggressive political mobilization strategy. While in past 20 years the Christians never reached more than 3 to 4 percent, the newly established party received 9.4 percent after one single year of existence . The party filled the space which was for long unoccupied.

The elections of 1958 were won with 31.2 percent by Jorge Alessandri the candidate of the Conservatives and the Liberals. As a second ended Salvador Allende for Popular Action Front with 28.6 percent. The victory of Alessandri was very close. Speculations appeared that if Antonio Zamora, a populist priest, would not candidate, his 3.3 percent would most probably help Allende to win with the narrow difference of 0.7 percent.

2.2. The Christian Democratic Party

The Christian Democratic Party had played since its establishment a crucial and controversial role on the Chile's political scene. The party went through three different phases, rapid growth at the beginning of 1960s, the development and formation during its rule and declination thanks to its subverting policies in the rural areas. It appeared out of almost nowhere in the late of 1950s and in just few years became an important political player.

The Christian Democrats offered a middle way between capitalism and communism, *comunitarismo*, which was never really defined, but in 1960s attracted masses to come and vote for the party. “To some it meant profit-sharing schemes in enterprises, to others some kind of vaguely ‘organic’ collaboration between workers and employers, to still others (the Christian Democratic Party’s “left wing”) the Yugoslav style “market socialism” attracting attention during those years.”¹²

¹² Simon Collier and William F.Salter, *A History of Chile 1808-2002* (Cambridge University Press, 2004), 307

The Chilean party system contained three main streams, left, center and right as is usual, with the entrance of the Christian Democrats the center was divided into two parts. With the appearance of the Christian Democrats this structure remained, the new party did not replace the traditional center Radical Party; it became a second intermediate party.

During its first years the Christian Democratic Party, as already the name suggests allied with the Catholic Church. This step brought it a trust of voters and carried it out to become the leading party. The Catholic Church, thanks to the social changes, created a society of believing workers, who could personalize their needs with the Christians Democrats. Other part of votes was gained mostly from voters of populists coalition of Ibáñez.

After the success in 1958 presidential elections, the Christian Democratic Party was facing the problem of its predetermination at the Chilean political scene. There were three possible directions to take. One was to become a vanguard of the people and to provide a unique Christian solution of social questions. As a second option for future development the alliance with left wing parties was seen. And the last position, promoted by Eduardo Frei, was the combination of the first two. A Communitarian Socialism was reflecting best the goals of the Christians Democrats. In 1959 the National Congress defined the position as followed "*The Christian Democratic party invites all Chilean – men, women, children – regardless of social class or religion, to join them to fight democratically for the new social order based on brotherhood and justice*"¹³ The political project of the Christian Democrats was largely supported by the Catholic Church.

The growing congruence between developing church and party ideology, as well as the overlap between the role and structures on both church and party organizations among urban and rural popular sectors, contributed to a major shift in the Catholics electorate toward the

¹³ Timothy R. Scully, *Rethinking the Center* (Stanford University Press, Stanford, California, 1992), 149

Christian Democrats.¹⁴ After the Catholic Church broke its long lasting relationship with the Conservative Party, it was evident that it will no longer silently support the rural oligarchs. The century long political and social alliance was abolished. The church started speaking openly about the need to promote structural social change and pointing at the danger of Marxism.

The Christian Democrats were seeking the support in other parts of society as well. The labor movement, workers and peasantry, became an important political source. The contracts with the Catholic labor movement in the rural sector and encouragement of the Independent Peasant Movement (*Movimiento Campesino Independiente*) and the National Movement of Peasant Liberation (*Movimiento Nacional de Liberación Campesina*) were one of the ways how to capture the loyalty of peasantry.

In 1961 in the Congressional elections, the Christian Democrats received more votes than their rivals, the Conservatives, and the parties of the left united under FRAP (*Frente de Acción Popular*, a Chilean coalition gathering left-wing parties from 1956 to 1969), gaining over 27,5 percent of the seats in the Congress and having elected 13 from 38 senators. This division of votes gave confirmation to the Christian Democrats, that the important votes were in the hands of rural inhabitants, and that their strategy was right.

2.3. The 1964 presidential election

In 1964 Eduardo Frei was the only anti-communist presidential candidate and at the same time the only candidate supported by the Catholic Church and the United States. With the campaign slogan *Todo tiene que cambiar* (All has to be changed) and the strong and solid party behind him, he gained the support of masses, especially of the Chilean middle class,

¹⁴ Timothy R. Scully, *Rethinking the Center* (Stanford University Press, Stanford, California, 1992), 150

students, women, businessmen. His major opponent was Salvador Allende, representing himself for the second time in the presidential elections (first time he represented FRAP in 1958 elections, when he lost to Alessandri by 33 500 votes). Salvador Allende was a candidate of the Popular Action Front, a coalition of the Communist and Socialist parties fighting for anti-American and anti-feudal society.

The CIA received the authority to carry out covert action projects in support of the Christian Democratic Party and the Chilean Radical Party already in 1962. In the fall 1963 president Kennedy met Frei in Washington. Indeed, the president even planned a trip to Chile in 1964 as an indication of support for Frei.¹⁵ In preparation for the 1964 elections, a political action campaign was approved on 2 April 1964 by the 303 Committee.¹⁶ The primary beneficiary of the effort to prevent Salvador Allende from being elected was the Christian Democratic Candidate Eduardo Frei.

In the 1964 Election -- the U.S. massively intervened in the election -- via fifteen covert action projects ranging from organizing slum dwellers, to passing funds to political parties. Specifically the Christian Democratic Party, the Democratic Front (a coalition of rightist parties), and a variety of propaganda and organizing activities. It also employed projects conducted since the 1950's among peasants, slum dwellers, organized labor, students and the media.¹⁷

Eduardo Frei officially declined the financial assistance of Washington, as he held the view that Chilean people have to feel to be involved in the campaign and that in case of need of the

¹⁵ Lubna Z. Quresi, *Nixon, Kissinger, and Allende, U.S. involvement in the 1973 Coup in Chile* (Lexington Books, 2009), 30

¹⁶ Central Intelligence Agency, CIA Activities in Chile, September 18, 2000, <https://www.cia.gov/library/reports/general-reports-1/chile/index.html#15> (accessed March 28, 2009)

¹⁷ McGehee, Ralph, *A model operation - Covert action in Chile: 1963-1973*, 8 January 1999, <http://www.hartford-hwp.com/archives/42a/123.html> (accessed May 15, 2009)

financial help it is their obligation to contribute to the campaign.

The CIA supported Frei in his candidacy, as he was considered by the United States the only candidate who would maintain democracy and American interests in Chile. Between years 1962 and 1964 the United States administrations invested over 3 million American dollars to the campaign of Eduardo Frei, as Henry Kissinger claimed in his book *White House Years*, without Frei knowing it. The official foreign assistance to Chile during the Frei's administration was in total over 1 billion American dollars and it was the largest assistance program per capita by far in Latin America. The main reason for such a help was the interest to strengthen the democratic forces against the socialist Allende. The United States supported Eduardo Frei because he was taken for a very skillfull man with great popularity among the people. For both Kennedy and Johnson administration it was a morally simple decision to avoid the Communists.

An anti-Communists campaign run and sponsored by the CIA was colossal. The propaganda was present almost everywhere, in press, television, radio, pamphlets and posters. The campaign was based on the negative image of the Soviet Union, represented by a tank and by Cuba. The main target were women, who were more conservative and more afraid of a possible danger for their families. Hundreds of thousands of copies of a pastoral letter from Pope Pious XI were distributed by Christian Democratic organizations. The replayed contrived articles in and from abroad were Publisher by CIA, as endorsement of Frei by the sister of a Latin American leader, a "message from the women of Venezuela, " and warn of the Langer of an Allende victory. A black propaganda, distributing false information about the Chilean Communist Party was run by the CIA.

The United States corporation in Chile were observing situation in Chile with a hope, that the Christian Democratic Party would win. Some of them, as for example International Telephone

and Telegraph (ITT) Corporation were helping the CIA with the delivering of money for campaign from the CIA to Christian Democratic Party. Chief of Western Hemisphere Division, King sent to Direction of Central Intelligence McCone following message, declaring the fear of the U.S. companies: "Business circles of course have no illusion about what would happen should the Socialist/Communist Front win, but they believe this possibility to be less likely than we do."¹⁸

In the same time with the presidential elections in Chile the U.S. project Camelot started with the budget of \$8 million for the starting year. The aim of the project was to do a research in the Latin American countries on voting attitudes concerning politics. The results of the study were helpful to the CIA while developing the Frei support campaign. The results of polls were outlined by the CIA and effectively implemented by the advertising agencies of McCann-Erikson and J. Walter Thompson.

¹⁸ The George Washington University, 245. Memorandum From the Chief of the Western Hemisphere Division (King) to Director of Central Intelligence McCone/1/, Washington, January 3, 1964, <http://www.gwu.edu/~nsarchiv/news/20040925/docs.htm> (accessed February 10, 2009)

3. Government of the Christian Democrats

In 1964 Chile 8, 319, 000 inhabitants and 2, 915, 000 were registered voters, which meant 34.7 percent of population had a right to choose the future president of Chile. Thanks to the Chilean democratic past as well as enormous propaganda 86.8 percent of registered voters came to the elections. The result was as expected, Eduardo Frei, the Christian Democrats candidate, won the presidential elections with 55.6 percent of the votes cast, which represented 1,409,012 of people. The loss of Salvador Allende in these elections was the biggest than in any of the previous ones, he got only 38.9 percent, or in numbers 977,902 votes.

Internationally Frei's administration restored official relations with China and the Soviet Union. The relations with Cuba, broken during the administration of president Alessandri, remained unwelcome.

During their government the Christian Democrats rather than to ally with others to govern, preferred to broaden their political base and to govern alone. A *camino propio* (go it alone) became their governing formula. They were allying with other parliamentary parties only when it was necessary for passing legislative. This trend of government was even stronger after the parliamentary elections in March 1965, when the Christian Democratic Party won in both chambers. From the total number of 147 seats in the Chamber of Deputies the Christian Democrats got 82 seats. Radicals occupied 20, Communists 18, Socialists 15, Liberals 6 and Conservatives only 3 seats. The number of senators increased from 3 to 13 to a total of 38.

The congressional elections of 1965 were influenced by another edition of covert action of the CIA . On 5 February 1965, the 303 Committee approved a new covert action campaign

intended to support selected candidates for Congressional elections on 7 March¹⁹. The CIA supported 22 Christian Democratic candidates and a splinter Socialistic Party to ensure that the Chilean Communist Party would not get to the Congress with more than \$175, 000.²⁰

Both operations, the presidential elections in 1964 and the congressional elections 1965, were considered as success and from the year 1966 the CIA established a new covert action in Chile. The aim of the new operation was to support the placement of propaganda in Chilean mass media and to influence public opinion against leftist parties and their candidates.

The government of Christian Democratic Party brought many changes. The Frei administration focused on the social situation of the inhabitants, supported mobilization of workers and peasants, aimed to begin and finish the Agrarian reform and to return part of the Chilean mining industry back to Chile.

3.1. Social changes

In the urban areas the main competitor of the Christian Democrats was the Chilean Communist Party. The promotion of the Christian Democratic Party in these areas was done by Church organizations. In very short time Christian Democrats became the predominant party in among urban population

The Christian Democratic Party came with a large integration program for the population of *callampas*, the poor city suburbs, which was supposed to help them to reintegrate into to the society, return from the edge of the society back to its center. The policy was not supported by neither of the other parties, as they saw in it a demagogic strategy of the Christian Democrats

¹⁹ Central Intelligence Agency, CIA Activities in Chile, September 18, 2000, <https://www.cia.gov/library/reports/general-reports-1/chile/index.html#15> (accessed March 28, 2009)

²⁰ Daniel Brandt, *U.S. Responsibility for the Coup in Chile*, November 28, 1998, <http://www.namebase.org/chile.html> (accessed March 28, 2009)

to reach more votes. The government started to invest more in education, health care system and hygiene in the suburban areas. To raise the standard of living in rural areas, the government required employers to pay wages in cash and started to enforce minimum wages laws. There were 260 000 new housing units built and the number of schools was tripled to 600 000. These positive steps were however negative for the party, as the majority of the suburban population thought that the solution for their problems and change will come in few months, which it obviously had not. These parts of society were later looking for help in the Marxists parties.

3.2. Unions and mobilization in Chile

Chilean trade union movement was old, having its origins in the late nineteenth century, and was mass-based. After a decline in the second half of 1950s, it continued a slow growth at the beginning of 1960s which resulted in an explosion of union membership during the Christian Democratic Party rule.

Chilean workers as individuals were spread over a wide ideological range. The power division at the beginning of their penetration into the trade unions was divided quite disadvantageously for the Christian Democrats. A study conducted in the early 1960's revealed that 23 percent of the presidents of industrial union were Christian Democrats, and only twice as many (43 percent, still less than one half) were Socialists and Communists.²¹ The long term goal for most of the union's presidents was economic improvement of their members rather than awakening of political conscience of the workers. They had not been involved that much in the politics and the political situation was not influencing their decisions much.

²¹ Henry A. Landsberger and Tim McDaniel, *Hypermobilization in Chile 1970 -1973*, (World Politics, Vol. 28, No.4, Jul. 1976), 510

In 1953, CUT, *Central Única de Trabajadores*, the major workers' union in Chile, whose aim was to emancipate workers for their rights to reach socialism, was created by a unification of two workers' unions. The CUT was hegemonized by the Socialist and Communist parties, the other parties were very weak, almost without any power. It was representing will and interests of the leftists' parties. CUT called for five general strikes during the Frei administration in order to weaken the government. It cost the Frei administration a lot of energy to withdraw the leftist influence from the union. And only in 1969 they signed a contract with the government.

The mobilization of people during the Frei presidency was connected with the growing political awareness of the working class and with the greater level of education among people together with growth of immigration into the cities. No political party had a big influence over it, even though the Popular Unity was openly supporting the strengthening of worker's movement and the Christian Democrats facilitated the process with the right legislature.

In 1965 the simplification of legal procedures allowed the countryside union to grow much faster. In 1967 Frei administration legalized peasants' unionization, providing both legal status and financing for peasant unions that had emerged during the previous years, which helped the raise even more. By the end of 1967, over 50,000 campesinos had been organized into 21 state-recognized provincial federations. By the end of Frei administration, some 50 percent of the rural workforce had been incorporated into some kind of labor organization.²² The balance of the power in the countryside was shifting thanks to the growth of the agricultural minimum wage to the urban level and the number of strikes was declaring it.

The number of strikes, as the best indicator of active labor, was increasing rapidly. While in 1959 there were only 204 strikes involving 82 188 workers taking place. In 1969, almost at

²² Timothy R. Scully, *Rethinking the Center* (Stanford University Press, Stanford, California, 1992), 155

the end of Frei's administration there were 977 strikes with 275,406 workers involved. The total number of Man-Day lost increased by 62 percent from 869 728 in 1959 to 1 414 313 in 1969. Important note is, that the percentage of legal strikes to the total strikes had dropped steadily: from 33 percent in 1960 to 21 percent in 1969.²³

The consequence of the mobilization was not positive for Frei's administration. Even though it felt the need to support workers and provide them with the possibility to participate actively in the processes, the situation turned against it. The assumption that workers, whom they supported and defended, will also support them was wrong. Soon after the government started with effective implementation of the unionization and mobilization of workers the left parties followed the strategy and developed their own rural networks, supporting workers.

During the election year 1970, there were many strikes and violent protests. On July 8, 1970 the CUT organized a strike in order to support the candidacy of Allende.

3.3. Agrarian reform

In mid 1960s the agrarian reform became an important issue in Chile, especially after numerous strikes, which were taking place in the agrarian field much more often than in the others. The need for agrarian reform was more than urgent, while in 1930s Chile was an exporter of agricultural products; in 1960 the difference between import and export was more than \$80 million. The land was held by a very small number of people. Only 10 000 people owned 78 percent of all land and the rest was divided among 140 000 medium and small-size agriculturists.

²³ Henry A. Landsberger and Tim McDaniel, *Hypermobilization in Chile 1970 -1973*, (World Politics, Vol. 28, No.4, Jul. 1976), 520

Frei administration reflected this reality and proposed one of the biggest changes ever in Chile. After winning the presidency in 1964, the Christian Democrats enacted ambitious agrarian reform legislation. They promised to transfer landownership to 100,000 peasant families during the six year of their administration. The new reform law was giving preference to peasants, who had worked at the property at least three of the last four years prior to the expropriation agreement. The aim of the reform was to collect the top stratum of the peasantry and make them benefit from the new social order in the countryside.

Eduardo Frei in his ambitious national economic development program called for modernization of agriculture through the Agrarian reform. He hoped for separation of landowners and the industrial bourgeoisie. The basis for creation of alliance of industrialists, peasants and urban marginal against traditional rural oligarchs' were sought. The step towards the agrarian reform was seen by the Christian Democratic Party as a tool for increasing electorate votes in the rural areas. Christian party leaders were aiming at creating a new class of farmers, the small independent farm holders.

Only in 1967, after two years of negotiations, the law about the agrarian reform was approved. According to the law the land, which was abandoned or not farmed plus 80 hectares of irrigated areas was to be deprived. In most of the cases the land was to be given to peasants or to co-operations. Landowners, who had mostly connections to the Liberals and the Conservatives protested against the reform as they did not find their land abandoned nor not farmed. Those who were expecting to receive land could not wait and the tension between both groups brought violent occupation of land and conflicts. According to Frei calculations the reform was supposed to create over 100 000 new owners of land, at the end it was only a

quarter. During three years 1408 farms of the total area of 3 500 000 ha were deprived.²⁴

The agrarian reform did not contribute to the productivity, the effect was rather negative, and thanks to the uncertain land situation of many farmers the productivity decreased.

3.4. Mining industry

In 1964, before Frei administration entered the office, 40 percent of National Gross Domestic product was created by state owned companies. The mining industry had a long tradition in Chile.

During nineteenth century the Chile's mining industry grew rapidly. The main articles were nitrates, which were used as fertilizers and explosives, followed by silver and copper. The industrialization contributed to the changing of the social structure of Chile in a significant way. A new social group created by mines owners was established and enlarged the group of owners of land and manufactures.

At the beginning of the twentieth century there was a decline in production of nitrates, the main exporting article of the Chile's economy in the late nineteenth century and it was replaced by copper. Copper export increased especially after the First World War in the 1920s with the invention of the smelting process. The industry needed a large amount of capital, which was not present in Chile. The major contribution to the development of modern mining came from abroad.

By 1920 the industry was dominated by only three companies, known from their initials as “the ABC”: Andes Copper, Braden Copper and the Chile Exploration Company – *Chuquicamata*. The first and third belonged to Anaconda, while Braden was a subsidiary of

²⁴ Jiří Chalupa, *Dějiny Argentiny, Uruguaye, Chile* (Nakladatelství Lidové noviny, 2002), 426

the Kennecott Corporation.²⁵ The copper industry was concentrated in the hands of American companies only. The mining industry did not bring many employment places for Chilean population, as most of the work was done by machines. The inclusion of local manufactures was also only minimal because the technology was brought from abroad. The money earned from the mines was in majority not invested back in Chile, but returned to the company assets.

The first problems came with the great instability of copper prices on the world market in 1930s and the world crisis, which made it extremely difficult to anticipate the dollar amount of foreign exchange earnings for Chile. The whole economy of Chile was closely interconnected with the copper industry, which created more than half of the country's export.

President Alessandri (1958-1964) believed in free enterprise economy and the open door foreign investments policy. His government attacked the serious inflation with an orthodox IMF²⁶-style stabilization policy: budget cutting, devaluation (to a fixed exchange rate), and an appeal for new foreign investment.²⁷ The efforts of the administration were failing on the copper mines, so the government tried to convince the U.S. Copper companies not to export copper from Chile for processing it elsewhere, but to connect mining with processing and only than export it as product, not as mineral. The effort of the government did not influence the companies in their decision and the situation remained unchanged.

The system as it was established in the 1960s in many ways reminded the colonial times, as the only involvement of Chile government in the mining business were taxes and percentage of profit, everything else was led by American investors. Chile seemed to be completely

²⁵ Thomas E. Skidmore and Peter H. Smith, *Modern Latin America* (New York; Oxford : Oxford University Press, 2001), 110

²⁶ International Monetary Fund

²⁷ Thomas E. Skidmore and Peter H. Smith, *Modern Latin America* (New York; Oxford : Oxford University Press, 2001), 122

dependent on the will of its main investors Kennecott and Anaconda and their business plans at this time.

One of the pillars of the Frei administration was nationalization of the copper mines. Frei hoped that if state would own the mines, the profits from them would help to increase its productivity. His aim was to increase participation of government in the ownership and management of the copper industry. The majority of the social reforms planned by government were dependent on the nationalization. In 1966 the law about nationalization of copper mines was approved. Frei's administration was very careful as they were aware of the lack of professionals in the copper industry and they did not want to discourage the U.S. investors who wanted to invest over \$700 millions into innovation of the technology. The administration was trying to come to the conclusion with the companies, so none would lose and each side would be satisfied.

The Frei administration was looking for a centrist solution. The nationalization with compensation would be too expensive for the government as the payments would have to be paid in US Dollars. The opposite solution to make US companies invest more money into the mining industry did not make sense as it would only mean, greater control of US companies over mining and that was exactly what the administration wanted to prevent. The result was that the Chilean government would buy into part ownership of the companies with the aim of expanding the companies' externalization also to processing. The plan was to double the production by 1970.

Realization of the plan was to be done by Codelco, *Corporación del Cobre de Chile* an autonomous government corporation, which was given supervisory and regulatory power over the copper industry. Codelco had the power to establish mixed mining companies, where the corporation would own at least 25 percent of capital. In 1966 the administration signed a

contract with Kennecott Copper Company by which Kennecott created El Teniente, a new copper company. The Chilean government bought 51 percent of the new company for \$80 million. Similar practice was applied on the negotiation with Anaconda Copper Mining Company where the government bought 25 percent of company.

The United States was watching the course of events around copper mines with great dislike. The war in Vietnam created a big demand of copper and the United States could not allow Chile, which was hoping that with increase of prices it would get more money for the social programs, to raise prices of copper more than 2 cents per pound. The strategy of stick and carrot was applied.

These were the possible sticks, which were supposed to help the United States.

- (1) Pending \$ 80 million loan program.
- (2) Hold-up on investment guarantees for \$ 80 million Kennecott loan to Chile and \$ 135 million new Anaconda investment with the result that there would be no expansion.
- (3) Hold up on pending Ex-Im Bank applications for \$ 135 million of loan to companies operating in Chile.
- (4) Uses of 700 000-ton U.S. stockpile to break world copper market.
- (5) Use of government incentives to promote substitution of aluminum for copper.²⁸

The Chilean administration agreed on offering, the United States a special discount, while selling copper to Europe for higher price or the price they wish.

In 1969 Frei administration announced the successful nationalization of the copper mines. The proposal for semi-nationalization of copper companies was attacked by the left wing parties.

²⁸ Lubna Z. Quresi, *Nixon, Kissinger, and Allende, U.S. involvement in the 1973 Coup in Chile* (Lexington Books, 2009), 35

The only party which sharply was standing against the strategy of government was the Marxist party, who did not agree with the compensation for the American companies and wanted nationalization without agreements and compromises.

During the Christian Democrats even incomes from export copper industry increased, thanks to the rise of copper price in the world market, in six years from \$1,148 million to \$2800 million, the production rose only by 10 percent. The results of the action were not very positive and gave strong arguments to the left.

The total nationalization of copper mines by the Chilean government would mean for the U.S. that they would have no power to influence prices of copper anymore, which was in the middle of the Cold war quite disagreeable and would have weakened their power.

3.5. Results of the Christian Democratic rule

The direction taken by Frei's government was a good one, through taxation and Chilenization the government was trying to reduce the percentage of poor people in the society as well as to increase the educational level or health care. In 1965 after one year of being in the office, 25 percent of the national wealth was held by 5 percent of the population, 2,5 percent by the poorest 20 percent. In 1970, when he was terminating his term the slice controlled by the richest declined to 20 percent and the amount owned by poor increased to 5 percent. Unluckily the progress was not fast enough.

During their rule, the Christian Democrats tried to hegemonize the entire party system. As the centrist party they could easily reach out both left and right. On the other side, their action in the rural areas brought them a wrath of rural oligarchy and sped up a reorganization of political forces on the right. The parties of the left also tried to protect themselves from the

Christian Democrats as they were representing a threat of deprivation of their historical electoral base. The left movement moved itself even more leftwards. The hegemony of the Christian Democrats was not the only reason for doing so. The socialist party was very much influenced in its action by development in revolutionary Cuba, demonstrating it as the only real road for reaching the socialist society.

The factor, which destroyed much of the Frei trying, was inflation. The Frei's administration planned to decrease it by 5 percent per year. From year 1968 the inflation regardless to the administration's regulation was uncontrollable.

Even though Frei's administration worked hard and brought improvement in many areas, the situation in Chile at the end of Frei's administration was not very positive. The inflation was high (in 1969 was 30,44 percent and in 1970 32,48 percent) and no government regulation was able to decrease it, unemployment reached 8 percent of economically productive people, loans in international organizations had grown in last years thanks to Frei's need of money for social expansion.

The polarization of Chilean political life was becoming more evident with the upcoming presidential elections. President Frei was in the early 1969 pressured by the leftists to make two significant steps. As the first he cancelled a visit by Governor Nelson Rockefeller, who was on the tour of Latin America and as second, almost in the same time Frei insisted on renegotiation of agreements with the American copper companies, which were signed by his administration two years earlier and had acquired a substantial share of ownership of the mines. The demand of the Frei administration was a majority interests and the progressive acquisition by Chile of the remaining American stock.

4. Chilean presidential elections and involvement of the United States

After investing so much into the Christian Democratic Party government, the United States administration together with the Secret services hoped that the autumn elections will confirm the political situation and elect the candidate of Christian Democratic Party. To their surprise the left was getting more powerful and even they were not expecting it, they had to act. The action however came to late to change the pro-communist mood in the society. The chapter four describes the development of the situation before the 1970 presidential elections and how the United States administration reacted to it.

4.1. The development before elections

In April 1969 the U.S. administration was informed by the CIA that radical left stood a chance of winning presidential elections, but the White House was by that time occupied by more serious and urgent international and domestic issues. Relations with Vietnam and the Soviet Union, China initiative combined with the domestic turmoil, were more than enough for Nixon administration to take care of. The prognoses of the Chilean presidential situation development were divided. Along with saying, that Communists will reach power they were saying that the situation might improve and the consequences of elections will not be so dramatic. Some advisors were suggesting to support Frei candidacy as it was done in 1964, others, who were aware of his weaknesses and left orientations, were for support of former president Jorge Alessandri. Alessandri's disadvantage was his insufficient progressiveness and Latin America Bureau was refusing him.

According to the CIA, there were various reasons why to believe, that election of Allende would not mean alliance with the Soviet Union. One of them was strength of nationalist sentiment in population, which would not allow to subordinate Chile to Moscow tutelage. Another was a trust of the CIA, that security forces would not respect fast and far movement of the political direction and would unseat the government. And the last of the major reasons, was that neither of the surrounding countries nor the United States would have allowed it.

There was a dichotomy in relations to Moscow in the Popular Unity, while the Communist Party was in favor to cooperate with the Soviet Union, the Socialist part, not so much. The very good example is their reaction concerning the invasion to Czechoslovakia in August 1968. While the Communist party welcomed this step of the Soviet Union, Allende was in opposition to it.

The more important reason to prevail Allende's election was to keep the U.S. empire in Latin America intact.

There were possibilities how to prevent Allende's election, but the U.S. administration was too busy with other problems and left the problem to be. The fact, that Chilean presidential elections had lower priority on the Nixon administration agenda is visible on the number of meetings of the 40 Committee²⁹, which considered the subject only four times during entire twenty-one months before elections. One of the reasons was, that no experts on Latin America were sure how much dangerous is the candidacy of Salvador Allende, nor if it was possible for him to win the elections.

²⁹ The 40 Committee a successor of the 303 Committee was a top secret committee of the State Department, which supervised intelligence operations in Chile on behalf of White House. It was chaired by Henry Kissinger, the supervisory body was comprised of Attorney General John Mitchell, the CIA Director Helms, the chairman of the Joint Chiefs of Staff, and the deputy secretaries of state and defense. [Henry Kissinger, *White House Years* (Boston: Little, Brown, 1979), 660]

The expectations of the decline of power of Frei's administration were confirmed in the congressional elections in 1969, where vote for the Christian Democratic Party was reduced by 11 percent. And the majority of the Senate was occupied by Allende's supporters. The US administration did not take any action, as the nominees for presidency were unknown.

At the end of 1969 the Christian Democratic Party appointed Radomiro Tomic as their presidential candidate - a representative of their left wing, who was sincerely dedicated to the democratic process. The Conservatives nominated Jorge Alessandri and the coalition of Socialists and Communists united in the Popular Unity nominated after internal negotiations Salvador Allende. The fact that the Popular Unity first introduced its program and only after that its presidential candidate, brought it many supporters, as this act meant for many people, that the party is more concerned about its program, than representatives. A Communist party slogan during 1969 and 1970 was clearly showing its intentions. *Nacionalizando cobre, dejaremos de ser pobres* (By nationalizing copper / We shall cease to be poor) was a warning for the United States industry.

Profiles of the Candidates

Radomiro Tomic, candidate of the Christian Democratic Party, was former ambassador to the United States (1965-1968), 56 years old father of nine children. He openly criticized Eduardo Frei for his move from "Chilenization" (51 percent ownership) to full nationalization.

Jorge Alessandri Rodriguez, the independent candidate (his candidacy was secured by the Conservatives), a former president of Chile (1958-1964) and a son of a president Arturo Alessandri (1920-1925, 1932- 1938). He was a conservative Liberal, later moderate Conservative. He presented himself at the age of 74 years.

Salvador Allende, candidate of the Popular Unity. He was the founder of the Socialist Party. He presented himself as a left candidate for the first time in the elections in 1952, where he was representing Socialists, from then on he presented himself as a presidential candidate every elections and always ended as the second. He was a president of the Senate since 1966. In 1970 elections he presented himself for the fourth time at the age of 61.

The 40 Committee non-actions were based on the polls which were pointing at Alessandri as the leading candidate among the three candidates. The ignorance of the situation was based on the false expectations of the 40 Committee that after investing in Chile during the last decade the population should be aware of a communist danger.

The only one who was demanding action was the Ambassador Korry. He was warning Washington in his numerous telegrams that Allende's victory would mean overtaking power by the Communists and transformation of Chile to another Cuba. The State Bureau disagreed with Korry, arguing that Allende would never win and that's why there was no danger to be considered³⁰. The CIA, even though it was agreeing with Korry, did not ask the White House to solve the situation, as it could not operate without the State Department support. In December 1969, after the nominees were known, the CIA together with the Embassy submitted proposal for campaigning against Allende and the report of this agreement was prepared and given to the 40 Committee.

Only in March 1970 the 40 Committee decided that action is necessary, otherwise the Popular Unity would win and allocated negligible money for propaganda and support of the Christian Democratic Party. *The action consisted of American assistance for the preparation of posters, leaflets and advertisements opposing Allende without supporting Alessandri. The grant sum of*

³⁰ One of the main reasons why Washington did not trust Korry was his liberal Democratic politics, not accepted by President Nixon. He was considered as not reliable person for secret information. Nixon asked Kissinger to replace him.

*\$135,000 was recommended and approved.*³¹ The sum comparing with the resources used during the previous campaign in 1964 were much lower, only 15 percent. The grant was conditioned by the State Department that money used during this activity cannot be used to support another candidate, otherwise they will withdraw them. The funds reached Chile only four weeks before elections, in August 1970, when no big changes could be expected to happen due to the campaign. The 40 Committee decided that there was no space and time for other actions before elections.

The pressure on the U.S. government from the companies was increasing with the upcoming elections. The fear that they might lose their profits increased with the raising probability of the Popular Unity's success in the elections. The copper mines were terrified by nationalization, which was proclaimed by Allende. Donald Kendall, the chief executive of Pepsico accompanied by Augustine Edwards, the right-wing proprietor of Chile's leading newspaper *El Mercurio* visited president Nixon to share with him their preoccupations. Pepsico owned a bottling plant in Chile and did not want the Communist government to expropriate it. The fear of the Pepsico was connected also with possible consequences of Allende government on other countries in the region. As the 19 percent of Pepsico revenues were coming from foreign operations their arguments were reasonable.

In June 1970 both the CIA and the State Department concluded that Allende might win, even if not elected thanks to his supporters in the Congress, even though the polls were still showing Alessandri as the winner by that time. Ambassador Korry asked, under these circumstances for a two- phase program, one part included already approved action of campaign against Allende and the other would be funds to influence the congressional vote. Korry's suggestions were arising from the fact, that according to the Chile's constitution if no

³¹ Henry Kissinger, *The White House years* (Boston: Little, Brown, 1979), 666

candidate wins the majority of votes it will be the Congress who decides between the two top candidates fifty days later, on October 24.

The CIA respecting the order of the 40 Committee did not support any of candidates. The major objective was to divide left and create conditions for a non-Marxist candidate to win the election. On 27 June 1970 the Station was directed to focus the “spoiling operation” more directly against Allende’s candidacy. The plan was to alert the Chilean people to the dangers of a Marxist regime under Allende.³²

The 40 Committee met at the beginning of August to review the development in Chile and reaffirmed the decision made in June. As the elections were too close and it was not possible to do many things, the committee discussed the second point of Korry's program. As there were more cons and risks than pros and pluses in the second part of the program, the 40 Committee decided not to run the action. The possible compromising of the United States administration discouraged committee from any action. The only thing which could be done in August was to wait for the election results.

The reaction of the United States to the political situation in Chile during first months of the year 1970 was one might say unprofessional. It almost seemed as neither the 40 Committee nor the State Department would know about the Congress's to decide the presidential candidate in case no candidate received majority of votes. If they would realize this fact, they would have to act much faster and the U.S. support would be much higher, as the known fact was that Allende supporters created a majority in the Congress after the 1969 elections.

The United State was not the only country involved in the elections and leading a campaign. Cuba together with the Soviet Union played their role too. The Soviet Union supplemented a

³² Intelligence Agency, CIA Activities in Chile, September 18, 2000, <https://www.cia.gov/library/reports/general-reports-1/chile/index.html#15> (accessed March 28, 2009)

Cuba donation of \$350 000 to the Popular Unity³³.

The CIA covert action during the election year 1970 focused on a spoiling campaign against the Popular Unity coalition supporting Allende. There were two major objectives in the campaign to teak Allende and strengthening opposition forces. To reach the objectives the CIA used six covered action project. The biggest part was done through the massive propaganda campaign. The right wing women group and civic action group were subsidized by the CIA to ensure their loyalty. As in 1964 elections the negative image of the Soviet Union was used. Others were a newsletter mailed to two thousand journalists, academicians, politicians and others; a booklet showing what life would be like under an Allende presidency; distribution of chronicles of opposition to the Soviet regime; posters and sign-painting teams.³⁴ The CIA purchased El Mercurio as one of the most influential newspaper in Latin America. Two thousand journalists, academicians, politicians and others were petting newsletters about how the situation would look like under Allende presidency.

4.2. The Elections

On September 4, 1970 Salvador Allende won the presidential election and with 36,29 percent became president of Chile. Salvador Allende won the presidency with a narrow margin, receiving smaller share of votes than in the previous unsuccessful candidatures. In the numbers Allende received 1 066 372 votes, followed by Jorge Alessandri with 1 050 863 votes (35.76 percent). As the last one from the top three candidates' ended the candidate of the Christian Democratic Party, Radomiro Tomic, with 821,350 votes (27.95 percent).³⁵

³³ Lubna Z. Quresi; *Nixon, Kissinger, and Allende, U.S. involvement in the 1973 Coup in Chile* (Lexington Books, 2009), 53

³⁴ McGehee, Ralph, A model operation - Covert action in Chile: 1963-1973, 8 January 1999, <http://www.hartford-hwp.com/archives/42a/123.html> (accessed May 15, 2009)

³⁵ Economic Expert. Com, <http://www.economicexpert.com/a/1970:Chilean:presidential:election.htm>

The loss of the Christian Democrats in 1970 had more factors contributing to it. An important element to the non-success of Tomic was the split of the Catholic Church support between the Christian Democratic Party and the Radicals. A second important factor which influenced the elections was the leftward trend of the Christian Democrats, which basically meant that the party was not providing a significant alternative to the leftist parties and in the same time thanks to this changed position in the political spectrum was not able to ally with other parties as it was the case in 1964 elections. The last important factor of failure was that Frei was barred by the Chilean Constitution from succeeding himself.

Ironically, however, the rapid and spectacular success of the Christian Democratic mobilization strategy contributed to the party's failure to arrive at a stable governing formula.³⁶

Competitive politics became unworkable in Chile during the late 1960s and 1970s mainly as a result of the ambitious mobilization strategy adopted by the Christian Democratic party, the rapidly expanding electoral universe in which it evolved, and, as a consequence, the failure of alternative, potentially stable governing coalition between and among sectors of urban and rural population.³⁷

4.3. After elections

The reaction on the election results varied from interest group to interest group. Where the socialist and communist supporters were looking forward to the change, the pro-business oriented groups were leaving country.

³⁶ Timothy R. Scully, *Rethinking the Center* (Stanford University Press, Stanford, California, 1992), 154

³⁷ *Ibid.* 165

4.3.1. The Chile's reaction

While among low-working class and left minded intellectuals the election of Salvador Allende provoked euphoria, the business, farmers and inhabitants in the cities it was a reason for fear of the future. The financial capital was leaving the country together with people fast. Discredit of government among inhabitants and companies influenced the market prices on the stock market were falling down. It did not help much that Allende was trying to explain that there were no reasons for such action, that all changes are well prepared and all will be done according to the Constitution, not the way it was done in Cuba. The banks lost more than 920 million escudos and the savings and loans associations 340 million escudos, which was more than \$87 million only in the first month .

*Fearful of a stampede of scared investors, the Santiago stock market closed for a day for the first time since 1938, and depositors withdrew massive funds from Chilean banks. The black-market rate for the escudo soared to as high as 50 to the U.S. dollar – as compared with 14,5 at the official rate and 21 at the unofficial pre-election level.*³⁸

*Almost 14,000 Chileans left the country during first 24 days of September, causing long lines at passport offices and ticket counters; hundreds of others bought open one-way air ticket for themselves and their families to Buenos Aires, Miami or New York and tucked them away in bureau drawers, just in case.*³⁹

On the Chilean political platform election of Allende provoked many controversial reactions. The supporters of Jorge Alessandri indicated that they would not accept Allende's victory.

³⁸ TIME, Chile: The Making of a Precedent, Sept.21, 1970,
<http://www.time.com/time/magazine/article/0,9171,942273,00.html> (accessed April 15, 2009)

³⁹ TIME, Chile: Expanding Left, Oct. 19, 1970,
<http://www.time.com/time/magazine/article/0,9171,944137,00.html> (accessed April 15, 2009)

4.3.2. Allende and Cuba

After his election Salvador Allende asserted that he will not support one party system in Chile. Allende also announced that he would retain Chilean membership in the Organization of America States (OAS), even though in the election program the Popular Unity claimed to denounce membership of Chile in OAS. And he said that he will ask the United States for rescheduling of Chile's outstanding of \$800 million debt.

Three days after his election, on September 7, Allende met with President Frei and agreed on consultation of economic issues.

In the interview for TIME Allende commented the comparison of Chile with Cuba in the following way: *"We are not the mental colonists of anyone. What the Cubans have done is admirable; they have been able to turn their country from a floating house of prostitution into a land where there is a deep national feeling. But Chile is very different. Chile is the most politically developed country in Latin America. We have some problems similar to those of Cuba, but the methods we have chosen are very different. In Cuba there was a civil war. In Cuba there was a dictatorship. Here there is an elected government. I have been a candidate three times, and I have always accepted the results of the elections."*⁴⁰

After the victory of Allende, which was not at all expected by Fidel Castro, Castro sent to Allende, through Allende's daughter who visited Cuba, an advice consisting of five points how to act and what to care about. First point was to keep copper export in the US dollars. Second was related to the first one and suggested prevention of an escape of Chilean copper-industry technicians out of the country. The third advice was to abandon or at least to decrease the revolutionary rhetoric, as it might not be understood by everyone. The last two

⁴⁰ TIME, "Sovereign Right of Revolution", Sept.21, 1970, <http://www.time.com/time/magazine/article/0,9171,942274,00.html> (accessed April 15, 2009)

recommendations were to keep good relationship with the military and not to break off relations with the United States.

Allende, after the warning, tried to explain to journalists, what being socialist meant to him. *“For you to be a Communist or a Socialist is to be totalitarian. For me no. I believe man is free when he has an economic position that grants him work, food, housing, health, rest and recreation. I am founder of the Socialist Party, and I must tell you that I am not totalitarian, and I think Socialism frees man.”*⁴¹

4.3.3. Reaction of the U.S. administration

The United States reacted to the victory pessimistically. The U.S. Ambassador in Chile, Edward Korry, wrote a letter to Washington, where he reported, that Chile made a choice to become a communist country freely, as the only state in the world. This choice was made by only one third of all voters, the opposition to Allende created together 62,7 percent and its effect on the whole Latin America could be expected.

The former Ambassador in Chile Ralf Dungan had the opposite reaction than Ambassador Korry, he insisted on Allende's commitment to the constitutional rule. Dungan dismissed talks of a chain reaction throughout the region as “ill-informed non-sense. Foreign and especially the U.S. should adopt an attitude of studied neutrality towards South America and let them work things out for themselves.”⁴²

Henry Kissinger commented the situation in his book as follows: *In any circumstances, Allende's election was a challenge to our national interest. We did not find it easy to reconcile*

⁴¹ TIME, Chile: Expanding Left, Oct 19, 1970, <http://www.time.com/time/magazine/article/0,9171,944137,00.html> (accessed April 15, 2009)

⁴² Ibid.

*ourselves to a second Communist state in Western Hemisphere.*⁴³ The fear of anti-American policies as well as the Chile's alliance with the Soviet Union and Cuba was painful for the U.S. administration. The pain was even bigger as Chile had, as one of a few Latin American states with long democratic history.

As the two previous U.S. administrations also the Nixon administration came to the conclusion that government of Salvador Allende would be against fundamental American interests.

One of the reasons why the United States administration believed in the possibility that Allende will create an authoritarian regime, were reports from Ambassador Korry. He informed Washington that the information channels were in hands of the Communists. From three television channels in Santiago, one was totally controlled by the Marxist-Leninists of the University of Chile, the second by very left wing Christian Democrats and third was in hands of the state, which meant Allende. The United States therefore decided to help the democratic parties to maintain competing radio and television outlets and newspapers.

Henry Kissinger declared: *Nixon was beside himself. For over decade he had lambasted Democratic administrations for permitting the establishment of Communists power in Cuba. And now what he perceived – not wrongly – as another Cuba had come into being during his own Administration without his having been given the opportunity to make a decision.*⁴⁴

President Nixon blamed the State Department for underestimating the situation in Chile. On September 8, the 40 Committee met to consider the decision of the Chilean Congress.

There were two possible ways to follow in order to prevent Allende being president. First one,

⁴³ Henry Kissinger, *The White House years* (Boston: Little, Brown, 1979), 654

⁴⁴ *Ibid.* 671

known as Track I was to discourage the Congress from approving Allende, which was almost unworkable and the other one was to together with the Chilean security forces organize a military coup, which would displace Allende in case of his affirmation. The other option, also known as Track II was facing one crucial obstacle, the Chilean Commander in Chief General Rene Schneider, who was respecting democratic elections and on the top was considered by the CIA to be a supporter of Allende. For these two reasons it was decided, that he had to be replaced by any means.

4.3.4. Reaction of the military

Chile with its long democratic history was probably the only country in Latin America where no military coup could be expected. The expenditures during Alessandri's and Frei's administration fell sharply, but still the army was receiving a lot of respect from their administrations. Even though there were various problems in the late 1960s and some officials left the army (in 1968 some eighty trainee staff officers presented their resignation), the military forces remained loyal to the government.

Thanks to the Military Aid Program Agreement from 1952, the United States became the biggest patron of the Chilean Army and maintained this status for the whole previous decade. Unlike in their other programs, Washington did not require the payment of its contributions.

The reaction of the Chilean army on the election was not monolithic. The armed forces were extremely stratified and reflected the division within the Chilean society. The vast majority of officers was coming from privileged families, while the non-commissioned officers were from peasantry or urban working class background. Many officers, thanks to their personal experience preferred the social inequality. General Rene Schneider was an exception. The non-commissioned officers, who were coming from poor conditions, wanted a change and a

better future for their families.

To prevent problems the soldiers were told, that workers were the enemies together with unions and other forces who were trying to build a new Chile. This approach helped to indoctrinate many of those who were in favor of the new government. In general, the Chilean military officers were in opposition to Allende.

The army, represented by Commander-in-Chief, General Rene Schneider and chief of staff, General Carlos Prats, declared that the army will not intervene in the electoral process. In the same time the army announced, that it will demand guarantees from Allende's government that it will not be politicized. General Schneider stated: *"The Armed Forces cannot stop the changes. An important group of Chileans is not willing to let others snatch away from them a victory which they believe will change the course of their lives...Allende has given us his assurance that he will stay within the Constitution and laws. He has personally told me something that I agree with: at this moment a government like the one of Mr. Allende is the only one that can stop a violent popular insurrection"*⁴⁵

One day before Allende's election was to be ratified, General Schneider was shot. The action was according to first official information done by right wing radicals. The radical group most probably hoped that removing General Schneider from the scene would block the election of Salvador Allende by the Congress. After the attack, when it was obvious that the situation is urgent, Army Division General Prats called an emergency meeting of chief commanders and Sergio Ossa Pretot, the minister of defense in Frei's administration. The conclusion of the meeting was that the attack on Schneider attempted to destabilize Chilean democracy by provoking military authorities. General Schneider died two days after ratification of Allende's

⁴⁵ Novello, Marcello, *La clase obrera y el gobierno de la Unidad Popular*, (1998), po.org.ar/edm/edm19/laclase.htm (accessed May 15, 2009)

government.

4.3.5. Reaction of the U.S. companies

The U.S. direct private investment in Chile in 1970 stood at \$1.1 billion, out of a total estimated foreign investment of \$1.672 billion ... the bulk of U.S. private investment in Chile [was] in the mining and smelting sector (over 50%). The balance was directed primarily into consumer-type activities and manufacturing. However, U.S. and foreign corporations controlled almost all of the most dynamic and critical areas of the economy by the end of 1970: machinery and equipment (50%); iron, steel, and metal products (60%); petroleum products and distribution (over 50%); industrial and other chemicals (60%); rubber products (45%); automotive assembly (100%); radio and television (nearly 100%); and advertising (90%). Furthermore, U.S. corporations controlled 80% of the production of Chile's only important foreign exchange earner: copper.⁴⁶

The negative reaction of the U.S. companies to election of Allende was expected. The fear from announced total nationalization compelled the companies to pressure the U.S. government to act in order to protect the U.S. investments in Chile.

International Telephone and Telegraph (ITT) Corporation pressured the U.S. intelligence before election, as they were worried about possible expropriation of Chilteco if Allende became the president. He already did complain about the fact, that Chilteco was providing services only in the wealthier areas of Santiago. Another eyesore was their revenues, which were reaching some \$ 13 million. Salvador Allende supported nationalization, as it would bring cheaper and more efficient services, for more people.

⁴⁶ Harold R. Kerbo, *Foreign Involvement in the Preconditions for Political Violence: The World System and the Case of Chile* (The Journal of Conflict Resolution, Vol. 22, No. 3, (Sep., 1978), 377

ITT had a good reason to expect, that Nixon administration would help them. Similarly as Pepsico, ITT was one of the clients in Nixon previous law firm and they were maintaining good relation since then. The corporation was prepared to spend a large sum of money to not allow Allende overtake power in Chile. John McCone, the former director of the CIA and ITT corporate director, admitted that ITT offered to the CIA one million dollars to be spent against the Popular Unity. Even though the CIA did not accept the money directly; they were at the service of ITT. The amount of one million dollars was through a CIA secret channel sent to a Chilean recipient. At least \$ 400 000 went to Jorge Alessandri's National Party. It was not the first involvement of ITT into the CIA covered actions, already in 1964 during the presidential campaign the ITT served to the CIA as an intermediary for passing money to the Christian Democratic Party.⁴⁷

The telecommunication industry was not the only one involved in the propaganda and support of anti-Allende movement. The copper industry got involved as well for the very same reason as ITT, the nationalization. The nationalization of copper industry was promised by two candidates, Salvador Allende and by the Christian Democrats' candidate Radomiro Tomic. Jay Parkinson, the chairman of Anaconda board, asked Ambassador Korry, if there was any possibility how to lobby on Jorge Alessandri's behalf. Korry did not seem very happy with the fact that Anaconda would help only one candidate explaining it might hurt the third candidate Tomic. Parkinson agreed to support both in order to prevent Allende.

The financial help was necessary especially for bribing the Chilean Congress. *Representatives warned Washington that the purchase of congressional votes would cost up to \$ 500 000. At*

⁴⁷ McGehee, Ralph, A model operation - Covert action in Chile: 1963-1973, 8 January 1999, <http://www.hartford-hwp.com/archives/42a/123.html> acceded May 15, 2009)

*least, \$250 000 were ultimately offered to the Chilean Congress by the U.S. government.*⁴⁸

The United States Embassy in Chile together with a CIA station in Santiago was trying to convince the Christian Democrats to support Alessandri, as he received greater support than Tomic. Jorge Alessandri was seen as a lesser danger than Allende. The arguments did not work out, so the United States hoped, that the power of money would and the U.S. corporate interests very likely favored this approach.

⁴⁸ Lubna Z. Quresi, *Nixon, Kissinger, and Allende, U.S. involvement in the 1973 Coup in Chile* (Lexington Books, 2009), 71

5. The United States prevention measures

The United States could not let Chile fall into the Communists hands. There was too much to lose. To permit the only country, which was for so long a bright example of democracy and development for whole Latin America, to become “red” would devastate all the previous efforts of the United States.

It was more difficult to prevent affirmation of Allende here in Chile, than it would be in any other country. For long time democratic Chile would not allow the United States to interfere in their internal matters. The people were used to the democratic principles and not willing to permit others to dictate them what to do. Chile was a strong and a powerful country with well trained military and enough of mineral wealth with good international relations.

The situation was more complex when it is seen from the perspective of importance for whole Latin America. Latin America was since the Second World War the basin of resources for American industry. The example of Chile might have had as a consequence, that other countries in the region would follow and the United States would definitely lose its influence in the Western Hemisphere and consequently influence in the world, as the Soviet Union would spread its power to Latin America and create its sphere of influence even bigger.

The security of the United States was in danger and the action had to be taken. All means had to be used to prevent confirmation of Salvador Allende as a president. To intervene was still much less dangerous than to let it be.

Even though Henry Kissinger in his memoires declared, the following; *“Our concern with Allende was based on national security, not on economics. Nationalization of American-owner property was not the issue. We never challenged the principle of international law that*

*permits nationalization for public purposes, although we did emphasize our interest in prompt, adequate, and effective compensation (also required by international law)*⁴⁹, the reaction of the United States was influenced by the economical interests.

5.1. The 40 Committee actions

The situation got a bit of a positive touch when on September 9 Jorge Alessandri announced that he will not withdraw himself from the congressional race after all. He promised that if he is elected by the Congress he will resign and force new elections. These elections would most probably repeat the contest from 1964, as Frei would be allowed to candidate after one presidency passed and thanks to that he shall be eligible to run for office. The forecasts were saying that Frei would certainly win.

The 40 Committee decided that Alessandri's suggestion was in line with the US interests and the support will be necessary. The 40 Committee agreed on a sum of \$250.000 to support the project. Ambassador Korry was authorized to explore the possibility and in the same time asked to intensify contacts with the Chilean military to assure the independence of army in case of Frei's re-election.

*Henry Kissinger commented the situation in his book White House year: "Nixon told Helms⁵⁰ that he wanted a major effort to see what could be done to prevent Allende's accession to power. If there was one chance in ten of getting rid of Allende we should try it; if Helms needed \$10 million he would approve it. Aid to Chile should be cut; its economy should be squeezed until it "screamed".*⁵¹

⁴⁹ Henry Kissinger, *The White House years* (Boston: Little, Brown, 1979), 656

⁵⁰ Richard McGarrah Helms, director of the Central Intelligence 1966-1973

⁵¹ Henry Kissinger, *The White House years* (Boston: Little, Brown, 1979), 673

The desire of President Nixon was not concrete he just expressed a desire to solve the situation in Chile as soon as possible and according to the US interests.

Reactions and solutions differed between President Nixon and the 40 Committee. While the committee was more realistic and careful in its reaction, President Nixon was spontaneous and not considering all facts.

5.2. The Chilean Task Force

On September 15, 1970 the CIA was directed to try to prevent Allende from accepting presidency on November 3. The Chilean Task Force was created three days afterwards independently to other activities, which were developed or were acknowledged by the 40 Committee, Department of State and Ambassador Korry. During the period between its creation and the presidential confirmation by the Congress the Chilean Task Force undertook various actions in order to fulfill its mission. The Chilean Task Force activities were containing following actions - preparation of possible military coup, political action to make the Congress vote against Allende, a propaganda campaign and provision of support from the Catholic Church.

The military coup

A special communication channel was set up between Santiago, Chile and Buenos Aires, Argentina to handle the traffic for the Task Force. Four CIA officers were called from Europe, each with a different language and national knowledge to perform independently in secrecy. Their task was to establish contacts in order to promote a military coup. The provocation of a military coup was being prepared independently on Frei's confirmation. This option became even more probable after Frei expressed his doubts about his re-election. The anti-Allende's

currents in military were immobilized during the period between elections and affirmation by the Congress. Even though many of the top officials were friendly with the idea of the coup, it was not possible to take any action as long as General Schneider was the head of the Army.

Political Action

The political action of the Task Force was to prevent Allende's election by the Congress. In the same time with the coup planning, the plan for seducing the Congress to vote against Allende was being developed, but as the supporters of Allende were occupying majority of the Congress it was rather impossible. The United States was prepared to provide support to Frei in case of his re-election. For some time Eduardo Frei was willing to consider and advocate a constitutional solution, the Frei re-election gambit. But even with his realistic view of Allende government, "*Chile has a very short future and after 4 November I will only have a past*"⁵², at the end he moved away from the plan as he did not want to damage his prestige.

Propaganda campaign

Another action developed by the Task Force was a propaganda campaign in different areas. First area was Chile itself, where the task was to make people think about the possible future of Chile represented by Eduardo Frei. To achieve it, the key elements represented by political elites and military had to be in favor of this step. Another area of propaganda was the foreign press, which until then was only presenting Allende as a first democratically elected Marxist president in the world. Here it was necessary to conciliate the world press on the side of anti-communists. The turn happened after it became clear that Allende's government was forcing Chilean information media to cooperate under threats of violence. The target was the most prestigious newspaper in Chile, El Mercurio. The information about suppressing the freedom

⁵² Report on the CIA Task Force Activities, 15 September to 3 November 1970, p.4
<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/nsaebb8.htm> (accessed February 10, 2009)

of media made the work; leading newspapers of Latin America as well as the world press to express its support to El Mercurio and criticized the winner of the elections. Thanks to this reaction, the CIA was able to place other secrets agents in Chile, who were pretending to be journalists from all over the world.

A program of journalists – actual agents and other – travelling to Chile for on-the-scene reporting. (By 28 September, the CIA had in place in, or en route to Chile 15 journalist agents from 10 different countries. This cadre was supplemented by 8 more journalists from 5 countries under the direction of high level agents who were, for the most part, in managerial capacities in the media field.)⁵³

On October 19, 1970 the Time magazine provided by information from the CIA publicized a cover story with a title on the front page “Marxist Threat in The Americas”, where they connected Allende's success with his alliance with Chile's communists and their links with the Soviet Union support and predicted the turning of Chile to the left.

Allende as a reaction to the world opinion became more circumspect and the pressure on press partly disappear, however he made his point. El Mercurio, after the experience, never gained its respect back and stayed silent.

Even the external propaganda worked out well, many tasks were made by the internal CIA sources. Direct mail distribution with underground and international press was done through agents. The disadvantage of this action was that the CIA could not be sure with the dissemination of the press and the multiplication process of the information.

⁵³ Report on the CIA Task Force Activities, 15 September to 3 November 1970, p.8
<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/nsaebb8.htm> (accessed February 10, 2009)

Catholic Church support

Representatives of the Catholic Church were sending personal messages to Frei to put up with pressure and fight for freedom. Mrs. Frei was receiving messages from women's groups from Latin American countries.

5.3. Track II

Apart from the Chilean Task Force another initiative led by the CIA was taking place. The Track II or the military coup was planned in Washington. As the possibility that the Congress would reject the decision of the people's vote was every day more improbable and it became clear that the Congress, where the majority of seats was held by the leftist parties would approve Salvador Allende. The only possibility which remained was the military coup and with that connected displacement of Commander in Chief General Rene Schneider.

Washington had to choose the right and responsible person from the military that would have a well-known name and relevant and strong connections with the military forces. There were two possible candidates - General Roberto Viaux, the veteran of the 1969 Tacna mutiny and General Camilo Valenzuela, who commanded the Santiago garrison.

Even though the U.S. intelligence had doubts about General Viaux, as he was connected with an extremist anti-Allende *Patria y Libertad*⁵⁴ and was known for certain mental disability he was made responsible for kidnapping of General Schneider to Argentina. The plan was several times postponed as Washington did not trust in a success of the operation.

On October 16, 1970 in secret cable, CIA deputy director of plans, Thomas Karamessines, conveys Kissinger's wrote to CIA station chief in Santiago, Henry Hecksher: "It is firm and

⁵⁴ *Partia y Libertad* was a semi military nationalistic group in 1970s in Chile

continuing policy that Allende be overthrown by a coup. It would be much preferable to have thus transpire prior to 24 October but efforts in this regard will continue vigorously beyond this date. ... After the most careful consideration it was determinate that a Viaux coup attempt carried out by him alone with the forces now at his disposal would fail. Thus, it would be counterproductive to our (part of text is missing) objectives. It was decided that (part of text is missing) get a message to Viaux warning him against precipitated action.”⁵⁵

The first attempt at abduction of General Schneider was made on October 19, 1970. The CIA noted: “Valenzuela will then announce to the Generals that Schneider had disappeared and that General Carlos Prats will succeed him as a Commander-in-Chief”⁵⁶ At the same time, on October 19 a special delivery of untraceable guns with no serial number from the CIA in Washington was sent via secret channel. Disappointment from the unsuccessful operation created pressure on the CIA and they finally delivered the order to General Viaux to proceed in his task.

General Schneider was aware of what was going on and he was prepared to be kidnapped, but it did not serve him much. On October 22 his car was hit by another car and a group of five men withdrew him from the car and one of them fired at him. He died three days later.

The CIA disavowed itself from the assassination in its report in 2004: “The U.S. Government and the CIA were aware of and agreed with Chilean officers’ assessment that that the abduction of General Rene Schneider, the Chilean Army’s Commander in September 1970, was an essential step in any coup plan. We have found no information, however, that the coup

⁵⁵ CIA, Operating Guidance on Coup Plotting, October 16, 1970, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/nsaebb8.htm> (accessed February 10, 2009)

⁵⁶ Lubna Z. Quresi, *Nixon, Kissinger, and Allende, U.S. involvement in the 1973 Coup in Chile* (Lexington Books, 2009),63

plotters' or CIA's intention was that the general be killed in any abduction effort."⁵⁷

The death of Schneider had consequences on further development of the U.S. plans in Chile. All plans to prevent Allende's ascent to power disappeared.

5.4. National Security Option Paper

On September 12, 1970 eight days after Allende's election Henry Kissinger called the 40 Committee as he did not want to let Chile go down the drain.

As the situation on the Chilean political scene was becoming more complicated and results of the September elections were obviously not going to change, the US government had to plan its future relationship with Chile. On October 29, 1970 at the Senior Review Group, Henry Kissinger asked the National Security Council to prepare an option paper for the situation in Chile. In five days, on November 3, 1970 the National Security Council introduced the paper to him.

The option paper was in its first part assuming the possible actions of Allende government on the internal as well as external political scene.

The greatest fear of the United States, the danger of communism was put on the first place. Chile was showing all the signs that in next two years Allende's government would turn in the direction of communism, following the Marxist principles. The nationalization of all industry was predicted; the control of all security and armed forces of Chile and domination of public information media was to follow.

The authors of the text were suggesting that the change will be gradual, not immediate. The

⁵⁷ Central Intelligence Agency, CIA Activities in Chile, September 18, 2000, <https://www.cia.gov/library/reports/general-reports-1/chile/index.html#15> (accessed March 28, 2009)

political scene will be in the first years still enough open for opponent parties, but with upcoming years the Communist party would drive out the other parties and would slowly concentrate all power in its hands. The action however had to be done rapidly, to prevent danger of military reaction.

A prove of Allende's support by public would be the National Election on April 1971, what would be the first occasion for people express their will.

The position of Chile's government concerning external relations was seen also very pessimistic. The option paper divided the possible danger into three categories. Collaboration of Chile against the U.S. interests in the Western Hemisphere and the rest of the world connected with the misuse of the U.S. money for Chile's self interests through OAS. The second threat was the collaboration with other communist countries in the world, especially the Soviet Union and the close trading relationship with Castro's Cuba. As the last fear Chile's positive international image was pointed, which Allende's government would want to maintain as the false facade of its domestic policies and it would open Chile the entrance into the regional and multilateral organizations.

The establishment of another communist government in the Western Hemisphere was considered as a threat for the United States. The Department of Defense recommended to consider the following U.S. objectives towards Chile: *(1) The prevention of establishment of an authoritarian Marxist regime by the Allende government, prevention of the regime's falling under communist control, and prevention of its influence on the rest of Latin America to follow it either as a model or through its external policies; (2) action as a counterpoise to the Soviet influence; (3) protection of the U.S. Economic interests, and (4) protection of the U.S.*

*Security interests.*⁵⁸

The suggestions of the Defense Department were basically following the Mann doctrine. The restrained attitude towards Chile was advised, as it was the best way to maintain the U.S. influence in Chile and gain time for consideration of the next steps and in the same time having a possibility to provoke friction between the moderate and radical parts of Allende's coalition.

The option paper gave 4 options to the administration from which to choose. Each option contained the aim and steps to reach it together with possible problems.

Option A

*Treat Chile as we do Communist Nations that seek Independence of the USSR*⁵⁹

The option A would be used in case of not having sufficient forces in short term period to prevent Allende government from maintaining itself in short run and in case it would be favorable to keep the U.S. presence and influence in Chile. This option suggested not take any actions which could isolate the U.S. from Chilean people and that would probably force Chile to cooperation with the Soviet Union. The course of action in this case should include maintaining the correct official relationship with Allende government with the minimum official presence in the country. The only reaction on the development of the situation against the U.S. interests would be cutting or cancelling the financial aid. Under this option the United States would consult the surrounding states in the area to check if the situation in Chile is moving in the direction consonant with their views.

⁵⁸ National Security Council, Option Paper on Chile (NSSM97), Nov. 3, 1970, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/nsaebb8.htm> (accessed February 10, 2009)

⁵⁹ Ibid.

Option B

*Maintain an outwardly correct posture, refrain from initiatives which the Allende government could turn to its own political advantage, and act quietly to limit the Allende government's freedom of action.*⁶⁰

The option B would be followed in case Allende's government, while pursuing the Marxist goal, would get into economical or political problems to achieve them and the help of the United States would contribute to its (the U.S.) political advantage. The U.S. aid would limit Allende's government in its actions against the United States. The quiet diplomacy and carefully measured actions would weaken the position of the Communists.

The course of actions in the Option B in order to lightly affect the development in Chile would consist of keeping correct relationship with Allende's government, suspending replacements for Peace Corps, continue the NASA tracking station and the scientific operations, slowly terminate aid programs and keep supporting the pipeline as a circumstances warrant. At the same time the U.S. administration should check the debts of Chile and try to keep the negative image of possible investments into the country as well as to get compensation for the nationalized U.S. property.

Under the option B good and effective relations with military should be maintained together with continuation of the trainings and material assistance on a selective basis. Discreet encouragement of anti-communist parties together with propaganda of the government's weaknesses should be supported by the U.S.

⁶⁰ National Security Council, Option Paper on Chile (NSSM97), November 3, 1970, p.7
<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/nsaebb8.htm> (accessed February 10, 2009)

Option C

*Maintain an outwardly correct posture, but making clear our opposition to the emergence of a communist government in South America; act positively to retain the initiative vis-a-vis the Allende government.*⁶¹

The option C is the most developed and most concrete in the recommendation of actions and steps.

The option C should be used in case that there is no possibility to avoid confrontations and it is in the U.S. interests to act to prevent over-reaction and maintain flexibility as well as make a clear opposition of communism in Chile as well as in whole Latin America, the Soviet Union and in the world. The option C did not recommend to take full range of the course of actions immediately after Allende's inauguration, it recommended that the steps should be taken according to Chile's development.

The actions suggested by option C are divided according to the target of the actions. Regarding the Allende government the option C recommended the expression of disapproval of the U.S. government with steps taken against its interests and those that would destroy peace in the Hemisphere. This expression should be done through official ways, through the United States Congress and the diplomatic contacts. If the property of the U.S. is nationalized by Chile without any compensation, option C recommended insisting on such compensation and doing everything possible to make Chile's government fulfill it, by different possible steps, using the United States power and influence at the international level. Preview possibilities were not supporting rescheduling Chile's debt, putting veto on Chile's requests for loan in international banks or discouraging other countries from investing in Chile. The

⁶¹ National Security Council, Option Paper on Chile (NSSM97), November 3, 1970, p.11
<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/nsaebb8.htm> (accessed February 10, 2009)

option C highly recommended encouragement to the U.S. labor companies to support labor movement as prevention from communist control. The tourists willing to travel to Chile were supposed to be informed about the political situation and suggested another destination. In case of Chile entering into commercial relations with Cuba, no help should be provided to it.

Option C similarly with option B highly recommended keeping effective relations with the military, to show them, that the U.S. government is willing to cooperate with Chile, but it depends on the position of Chile towards the United States. The option C went even further in the detailed planning of possible responses of Chile to the U.S. security forces. There was no middle way possible in the relationship between the United States and Chile, either Chile would reaffirm the U.S. assistance military program or not. In case of not, all the previous agreements would be terminated. In case of willingness to cooperate with the Soviet Union, the United States would inform the military that as this action affects the U.S. security; it will have to recall the nine U.S. vessels on lease and will dramatically increase the security cooperation with other Latin American countries.

In case of Non-Marxist political forces and public, the option C suggested the continuation of the support for anti-Allende parties and publication of the anti-democratic restrictions, as restriction to personal freedom, done by Allende's government.

As the option C dealt with the direction of actions in case Allende government would act against the U.S. interests it considered as very important the cooperation with other Latin American countries. Under this option, even greater emphasis on effective opposition to communism had to be put. The utilization of the Organization of American States (OAS) to oppose Chilean violation of OAS charter and resolutions.

Option D

*Maintain an outwardly correct but adversary posture, make clear our opposition to the emergence of a communist government in South America; adopt without delay economic, political and diplomatic measures designed to prevent Allende from consolidating his position; act positively to retain the initiative vis-a-vis the Allende government.*⁶²

Option D dealt with the possibility that there would be no time to react to Allende government action and the U.S. administration would have to face confrontation and to act without delays to deny the Communists/ Socialists to consolidate the power. The option D reflected the reported evaluation of situation by ex-president Frei.

The courses of action proposed in Option D were only with slight differences in wording the same as those proposed in Option C. The major stress was put on clear statement of the United States, which would express its position towards the spreading of communism in the Western Hemisphere. It listed ways how the United States would prevent the connection between Chile and other communist countries, especially the Soviet Union, Cuba and Northern Vietnam. Option D pointed the possibilities of usage of its economical power to obtain its interests in Chile and the secret anti-propaganda of communism financed by the United States was named as an option of weakening the regime from inside.

Option C was chosen by President Nixon and the next steps were taken according to the advice in the option paper.

⁶² National Security Council, Option Paper on Chile (NSSM97), November 3, 1970, p.17, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/nsaebb8.htm> (accessed February 10, 2009)

5.5. The Chilean Congress Decision

Despite the United States willing to help Frei to achieve the presidency and providing him with the means to trigger a constitutional crisis he did not put much effort into it.

Eduardo Frei did nothing against the endorsement of Allende by the Congress on October 24, 1970. Paradoxically the Christian Democratic Party voted in favor of Allende, as neither their members' platform nor students did agree with the support of Alessandri. Allende had to accept conditions of the Christian Democrats, promising he would respect the freedom of speech, press, education, etc. Allende had to sign a status of democratic guarantees, in which he confirmed that he will respect the Chilean constitution.

The act of approving Allende as a president by the Congress meant the end of the United States effort of trying to change the results of elections as well as the whole situation in Chile. The strategy developed during the last month was no more useful and new approach towards Chile and its representatives was needed to be created.

The U.S. reaction came too late and was too small to prevent the situation in advance. The clear message was needed to be composed, which would distinguish between democratic and totalitarian forces.

6. Development in Chile after the Congress decision

On October 24, 1970 the Chilean Congress authorized Salvador Allende as president of Chile.

Henry Kissinger commented the reaction of the 40 Committee in his book White House years: "On September 29 the Committee met, in my absence, under the chairman of Under Secretary of State Johnson and concluded that the Chilean military would move forward a new election only if they feared an economic crisis and the cutoff of United States military aid if they did not move."⁶³

Importantly, Allende sought to avoid the violence and repression of the Russian and Cuban revolution: "We make the claim, and I say this in all modesty, that we are creating a different way and demonstrating that it is possible to make the fundamental change on which the road to revolution is built. We have said that we are going to create a democratic, national, revolutionary and popular government which will open the road to socialism because socialism cannot be imposed by decree."⁶⁴

Allende created his new Cabinet from the representatives of the Popular Unity. His own Socialistic Party had four posts, Interior, Foreign Relations, Housing and Secretary of Presidency. Three key posts were taken by the Communists Party, the crucial ministries of Finances, Public Work and Labor and the seven remaining went to other radical or splinter parties.

Together with nationalization of mining and telecommunication industry, the administration would manage the energy and transportation system. A broadening of agrarian reform,

⁶³ Henry Kissinger, *The White House years* (Boston: Little, Brown, 1979), 675

⁶⁴ Lubna Z. Quresi, *Nixon, Kissinger, and Allende, U.S. involvement in the 1973 Coup in Chile* (Lexington Books, 2009), 72

expropriating large farms into collective ones, was one of the main aims for the new government. One of the plans was replacement of the bicameral Congress with a unicameral one. The whole field of industries was standing and waiting for the next development. Sales were dropping down. In September the sales of automobiles dropped by 75 percent, the furniture and appliances by 80 percent and the textile by 30 percent.

The government started to act in order to decrease unemployment and encourage the economic growth; as such results were the only thing that could calm down the first days' panic. The first step taken was raising salaries by 40 percent and the prices of food were frozen by the presidential level. In January 1970 the salaries of the workers with the lowest incomes were raised by 100 percent.⁶⁵ Other step was the enlargement of social network. These measures functioned in the short term perspective, the money gave to the people the power of consumption and they used it. The market was able to sell and consume much more than before and this of course had an impact on the production growth. The bigger production created space for employing more people, so the unemployment decreased to 3.8 percent. In the first year of Allende's government the economic results were more than positive, GDP increased by 8.3 percent, the production by 12 percent and the cost of living only by 22 percent, which was a significant change comparing with 34.9 percent from previous year. This positive trend was unluckily for Allende administration not possible in long term run. Thanks to the not well developed industry and manufactures, the national production was soon not able to cover all the demands of the market, the necessity of import uncontrollable. As the public was demanding more money government printed more escudos, but thanks to its devaluation and the lack of goods on the market, people were forced to buy on the black market, where everything was much more expensive. Because inflation was still not under control and affecting savings, many people were trying to exchange escudos for foreign

⁶⁵ Jiří Chalupa, *Dějiny Argentiny, Uruguaye, Chile* (Nakladatelství Lidové noviny, 2002), 431

currency, especially for the U.S. Dollars, which again only deteriorated the inflation. The black market was subverting the authority of state and official economy.

The official relationship with Cuba was announced by Allende's administration on November 12, 1970 which meant breaking the resolution of the OAS of 1964. The new administration was careful with strengthening relations with Moscow and tried to maintain independence from the Soviet influence. Relations with Western Europe and Japan stayed the same, as both were importing Chilean copper.

The United States was sure that the new Chilean government, proclaiming anti-imperialism and anti-alignment would not transform Chile into a Soviet satellite. The anti-communist feelings in the Chilean society were too high to be provoked by alliance with the Soviet Union. One of the signals that Chile will remain independent were tensions between the socialist and communist parts of the Popular Unity. While Communists were willing to cooperate with the Soviets from ideological reasons, the socialist party had neither sentimental nor other attachments with Moscow and their approach towards the Soviets was pragmatic. Allende was only looking for alternative to Washington to aid the country's development. Although the administration was not willing to depend on the Soviets and tried to avoid it, the relations with the Soviet Union, Cuba and other socialist countries were to be established for the pragmatic reasons.

Chile wanted to maintain correct relations with the United States as well. Castro was recommending to Allende's government not to become so dependent on the Soviets and keep their dollar market open as long as possible. The Soviets were suggesting to Allende not to listen to Castro.

The United States even though hoping that Chile would not become ally of the Soviet Union,

started to act according to the Option C and followed the instruction. And as finances were the easiest and the most efficient tool to enforce an opinion, they started from them.

Before Allende took office, Chile had the second highest foreign debt in the World.⁶⁶

Already in 1970, the World Bank, Inter-American Development Bank, Agency for International Development, and the Export-Import Bank either cut their programs or cancelled their credit for Chile.

Chile's foreign-exchange reserves fell from \$335 million in November, 1970 to \$ 100 million by the end of 1971, and in August 1972, Chile became the first country in the International Monetary Fund to completely exhaust its Special Drawing Rights.⁶⁷

As it was planned the economical boycott did not included Chilean military. The military aid to Chile, comparing with the previous four years period, doubled between 1970 and 1974. The support of military was not only financial, Chilean military officers were getting trainings either directly in the United States or in the Panama Canal Zone.

As for the bilateral United States aid programs, grant aid was terminated in 1968 while Frei was still President . The loan programs had dropped to some \$40 million in 1969 and \$70 million in 1970. Even under Allende the exception for humanitarian programs resulted in authorization of \$16.8 million in Food for Peace programs, some \$250,000 in special disaster relief, and favorable US action on Inter-American Development Bank loans of \$ 11.5 million to two Chilean universities in January 1971. And the Peace Corps remained. While Allende was in office, the United States also authorized over \$42 million in military assistance, agreed

⁶⁶ Harold R. Kerbo, *Foreign Involvement in the Preconditions for Political Violence: The World System and the Case of Chile* (The Journal of Conflict Resolution, Vol. 22, No. 3, Sep., 1978), 377

⁶⁷ Daniel Brandt, U.S. Responsibility for the Coup in Chile, November 28, 1998, <http://www.namebase.org/chile.html> (accessed March 28, 2009)

to the rescheduling of loans, and honored previous aid commitment amounting to some \$25 millions. Thus Chile under Allende remained one of the largest recipients of official American aid per capita in Latin America. Altogether, Allende received new credits of nearly \$950 million from all sources, including well over \$600 million from communist sources.⁶⁸

The communal elections in 1971 confirmed the power of the Popular Unity, after the election the UP held more than a half of the power in the parliament.

⁶⁸ Henry Kissinger, *The White House years* (Boston: Little, Brown, 1979), 682

Conclusion

The United States administration in cooperation with Secret Services was influencing the Chilean political scene from the early 1960s. The influence was however done only through the Secret Services wires in cooperation with the U.S. Embassy in Santiago to maintain Chile democratic. Chile was one of the major suppliers of copper and other raw material to the United States and it was not wanted to lose the resources.

In order to prevent the Communists Party to overtake power as well as the protection of the United States corporation interests in Chile, the United States government had to act. The trend of the aid was from the beginning very correct and the U.S. government supported candidates with democratic background. The programs of support were designed primarily to assist the parties in attracting larger followings, improve their organization and effectiveness, and influence their political orientation to support U.S. objectives in Chile. The 303 Committee as well as the 40 Committee had as their objective to support the opposition candidates of Allende. Another important receiver of the U.S. aid were media, which were supported to The fact that the situation in Chile was not developing as the U.S. Secret services and the U.S. administration were hoping was not fault of the any of them.

The social changes started by Eduardo Frei during his presidency were aiming to help to equalized the society and create same conditions for everyone were not proceeding as fast as the Chilean public was expected. The division of the society and a big difference between rich and poor created tension, with which the Frei government was not able to deal. The pressure on the Frei administration from left wing parties, together with the failure in the 1969 congressional elections divides the Christian Democratic Party.

The newly formed Popular Unity was promising to the public all the Frei government did not

accomplish. A hundred percent Chilean industry, the equal division of wealth, better social programs were the main attractions of the Popular Unity.

The United States government reaction on the development in Chile was late. The measures took by the 40 Committee had almost not influence on the 1970 Chilean presidential elections. Even the 40 Committee together with Nixon administration and United States corporations were searching for not violent and smooth solution, the development of the situation did not give them another option, than to act as they did.

The kidnap of General Rene Schneider and his unfortunate death was caused by the contribution of the CIA; still the main responsibility is on the kidnapers, as the order was just to kidnap General to Argentina, not to assassinate him.

The Track II option was used only after all democratic ways were proved and there was no other possibility to prevent the Popular Unity candidate Allende from gaining the presidency. The United States administration did not want to use the non democratic tools to reach its goals, but it had no other option. In order to prevent the interests of the U.S. companies and prevent the Latin America to turn left it had to act. Neither the decision nor the action was easy to do, but as the war in Vietnam was occupying the majority of the U.S. administration energy, they chose the best option and continued for three long years in their effort to overthrow Allende, until they did succeed.

The United States had not many options from which to choose. It is very probable then any state in their position would react in the same way in order to protect its interests and interests of its companies.

Summary

The aim of this thesis was to describe involvement of the United States administration in the Chilean political scene and how it influenced its development in the second half of 1960s and early beginning of 1970s.

The United States were influencing the Chilean political scene during the whole decade either directly or indirectly. It was involved both in the presidential elections in 1964, where they sponsored the campaign for then elected President Frei and in the congressional elections in 1965, where they supported campaigns of various candidates of the Christian Democratic Party. During 1960s Chile was a receiver of various aid programs from the United States.

The successful Chileanization of the mining industry was an agreement between Chilean government and the American companies. It was advantageous for both sides, the companies maintained partial influence over the mining and the Chilean government the power to decide about the direction of the companies, access to mining technologies together with assurance, that the companies will invest into their modernizations.

At the end of 1960s the United States had felt, that the situation in Chile is developing in the right direction and did not pay much attention neither to the Congress elections, where the Socialists together with Communists won, nor to the campaign for the 1970 presidential elections.

The United States underestimated the developments in Chile before elections in 1970. It was hoped by Nixon administration that the previous efforts and support of Chile during 1960s was adequate and the situation was going in the direction of the open market and liberal democracy.

The State Department realized very late that the Socialists and Communists parties were getting stronger and public supported their ideology. Only in Spring 1970 the first steps were made, which was already too late to prevent the left wing parties from gaining the election victory.

The Chilean public was not satisfied with changes made by Frei's administration, which was by them considered slow and not fulfilling its promises. The situation in Chile was made even worse by the opposition, which was protesting almost against all steps done by the Christians Democratic Party. The administration in its six year term significantly changed and improved the social system, health care system, helped to the development of unions and actively involved workers into the political life. They started the agrarian reform and decreased the amount of land owned by the richest part of society and increased the number of the poor, which were given land. Still the changes were by most of the population seen as insignificant. The reform which brought the biggest discussion was Chilenization of the foreign companies, the compromised done between the government and the mining companies were considered as negative for Chile and too liberal for the U.S. companies. The left was promising the total nationalization of copper mines without any compensation and the Chilean public liked this approach as it would mean more money for Chile. Not many of them paid attention to the fact that technologically Chile was depending on the foreign know-how. With the time more Chileans desired a new social, economic and political order offered by the leftist Popular Unity.

The unclassified CIA documents clearly show that the 40 Committee and the CIA were covering the whole action to overthrow Allende. One of the men besides the curtain was Henry Kissinger who proclaimed the division of the sphere of power and its adherence by all.

The CIA in cooperation with other secret services was prepared for all the possible

developments of the situation in Chile. The secret services in cooperation with the State department supported by the U.S. companies tried to convince the Congress to give an approval to a second candidate.

The strong propaganda campaign run by the United States secret services wanted to create a negative image of Allende and his government. The campaign was done on many levels and in each of them succeeded. The international media provided with information from the secret services published various articles stressing the non-democratic approach of Allende government and his connections with Cuba and the Soviet Union. Because the Chilean media were controlled by the government supporters the secret services were printing and distributing underground newspapers, leaflets and pamphlets pointing at the non-respect to human right and danger for the population from the new Allende's government. The negative image of Allende produced by media later helped the United States to improve their image on the world public scene.

The United States' main argument in the Chile operation was the respecting of the Monroe Doctrine, which was giving them the power to intervene in foreign country matters in order to keep the whole Western Hemisphere safe.

The solution of the situation in Chile was a precedent. It showed to all the countries in Latin America, what is the United States able to do to protect its interests. And pointed the direction of the U.S. policy towards Latin America in the coming period.

Literature analyses

The topic of involvement of the United States in Chile during the 1960s and the early 1970s is not tackled in many books. The majority of the literature deals with later development in Chile and describes the consequences of the Allende elections from year 1970 to 1973 and the military coup. Availability of the literature the Czech Republic is limited and that is why I used internet versions of books as well on-line sources.

I would divide books which I used into two categories. First one is created by books, which deal with the internal development on Chilean political scene and second by books which focus on the United State foreign policy and the United States interests in Chile.

To the first category belongs book written by Timothy R. Scully, *Rethinking the Center, Party Politics in Nineteenth and Twentieth Century Chile*. Timothy R. Scully, Director of Institute for Educational Initiatives and Professor of Political Science at the University Notre Dame describes very precisely the development of the political situation in Chile. The book explains the main shifts on the political scene, their causes and consequences. The whole political spectrum description is based on the development of preferences of the Chilean public from one election to another completed with tables with election results. As the main reason for the change on the political scene Scully points the change in the legislation in 1958 and legalization of Communist Party. This was a crucial point for the future development and polarization of the Chilean politics. With the political development in Chile deals in sixth chapter *The failure of presidential democracy. Volume 2, The case of Latin America* by Arturo Valenzuela. The perspective on the problem of Valenzuela is more theoretical and analyzed the situation from the point of view of interests groups.

To topic of the American investments in Chile is tackled in various books. A brief introduction

with the basic information about the development of the U.S investments in mine industry is provided by authors Thomas E. Skidmore and Peter H. Smith, *Modern Latin America*, Oxford, 2001. The information about copper nationalization I compile from the internet sources and from other books, as the topic of Chilenization is mentioned in almost all of them.

The changes in the United States policy towards Latin America are summarized and explained in *Talons of Eagle: Dynamics of the U.S.-Latin America Relations* by Peter H. Smith. The book guides its reader through the evolution of the relations from the nineteenth century to the end of twentieth, providing the view into the diplomatic as well as foreign policy history. The international system, distribution of power or the perception of one side by the other is divided into three different three parts, the Imperial Era, the Cold war and the Age of Uncertainty, each including various chapters.

As a complementary book to the previous one I used a book *Latin America and the United States: A Documentary History* by Robert H. Holden and Eric Zolov, which consists of texts with small commentaries at their beginning relevant to the development of the U.S. – Latin America relations. The texts used in the book are different documents, parts of official acts, letters, poems or poetry, which reflect the situation of the relation from the perspective of the United States, International organizations and the Latin America.

The situation in Chile is only touched together with other important events in the Latin America, no deep analyses are provided. Both books are very valid for understanding of the mutual relations between the United States and Latin America and create a compact picture of the situation.

The book *Nixon, Kissinger, and Allende; U.S. Involvement in the 1973 Coup in Chile* by Lubna Z. Qureshi unites the previous books. With brilliancy connects the situation on the

Chilean political scene with the U.S. foreign policy and the interests of the U.S. corporations in Chile put them into relation and explains. The book focuses on the involvement of the United States in Chile before the election in 1970 and especially on its consequences for Chile and the role of the Secret services. Qureshi describes the measures taken by the United States government to protect its interests, the degree of involvement of the corporations, their connection to the U.S. government together with how much money were willing to pay to overthrow Allende. The situation on the Chilean political scene is described with all its main characters and their attitudes towards new elected president. The role of different interests groups, their gains and losses are outlined. Qureshi does neither criticize nor judges, the book is written with consideration of all perspectives of the complicated situation.

History of Chile 1808-2002 by Simon Collier and William F. Sater devotes to the Chilean transition from democracy to socialism two chapters. Both chapters very similarly to the book of Lubna Z. Qureshi describes the development of the situation, A History of Chile provides more complete picture as it also mentions other than political and international information. The role of unions in the election results and the military involvement are mentioned.

More than on books I focused on primary sources from the period of 1960S and the year 1970. Specifically I search for information in declassified documents of CIA, contemporary TIME articles and I used the biography of Henry Kissinger.

While describing the involvement of Secret services on the situation in Chile I used various primary sources. The main source were declassified documents from year 1970 to 1976 published on George Washington University website. The documents, even though not very readable and with some important information hidden provided me with the overview of the secret action of the State Department and CIA. An important source for following the development in the 1970 before and after presidential elections was secret telegraphs sending

by Ambassador Korry to Washington. The secret documents show that the Secret services were having a perfect overview of the situations and planned all their steps carefully.

To provide the whole picture of the situation in 1970 I used articles from TIME magazine from 1970. TIME magazine has database of all its articles available for public on its website with very easy search engine. The articles have a testifying ability to describe the situation from the 1970s America point of view, which was very useful for catching the atmosphere in the society during the 1970 election.

As a very good source of information served me book written by Henry Kissinger, *The White House year*, where he with details (properly chosen by Kissinger according to his needs), describes the reasons for the United States reactions as well as the book opens to door to secret meetings. The chapter seventeen is dedicated to Chile development on the turn of decade. It provides an explanation why the United States underestimated the development of situation in Chile together with the reason for disbelief towards Allende. Even though the book is definitely subjective and only few mistakes on the United States side are accepted in it, still it provides information valid information with background details. The book *The White House years* was mentioned in all important sources I used.

Bibliography:

Books:

CHALUPA, Jiří, *Dějiny Argentiny, Uruguaye, Chile*, Nakladatelství Lidové noviny, 2002

COLLIER, Simon and SALTER, William F., *A History of Chile 1808-2002*, Cambridge Latin America Studies University Press, 2004

CONNIFF, Michael L., *Populism in Latin America*, University of Alabama Press

HOLDEN, Robert H. and ZOLOV, Eric, *Latin America and the United States: A Documentary History*, Oxford, 2000

LINZ, Juan J., VALENZUELA, Arturo, The failure of presidential democracy. Volume 2, The case of Latin America, Chapter 6, *Party Politics and the Crisis of Presidentialism in Chile: A Proposal for a Parliamentary Form of Government*, John Hopkins University Press, 1994

QURESHI, Lubna Z., *Nixon, Kissinger, and Allende; U.S. Involvement in the 1973 Coup in Chile*, Lexington Books, 2009

SCULLY, Timothy R., *Rethinking the Center, Party Politics in Nineteenth-and-Twentieth-Century Chile*, Stanford, California, 1992

SKIDMORE, Thomas E. and SMITH, Peter H., *Modern Latin America*, New York; Oxford : Oxford University Press, 2001

SMITH, Peter H., *Talons of Eagle: Dynamics of U.S.-Latin American Relations*, New York : Oxford University Press, 2000

Academic databases:

BROMHEIM, David, *Relations between the United States and Latin America*, International Affairs (Royal Institute of International Affairs 1944-), Vol. 46, No. 3 (Jul., 1970), pp. 501-516, <http://www.jstor.org/stable/2613226> (accessed February 10, 2009)

CONNELL-SMITH, Gordon, *Latin America in the Foreign Relations of the United States*, Journal of Latin American Studies, Vol. 8, No. 1 (May, 1976), pp. 137-150, <http://www.jstor.org/stable/156208> (accessed February 10, 2009)

ERICKSON, Kenneth Paul and PEPPE, Patrick V., *Dependent Capitalist Development, U.S. Foreign Policy, and Repression of the Working Class in Chile and Brazil*, Latin American Perspectives, Vol. 3, No. 1, Imperialism and the Working Class in Latin America (Winter, 1976), pp.19-44, <http://www.jstor.org/stable/2633251> (accessed April 6, 2009)

EVANS, Alona E., "*Anaconda Company and Chile Copper Company v. Overseas Private Investments Corporation, Case No. 16 10 0071 72*", The American Journal of International Law, Vol. 70, No 1 (Jan., 1976), pp.135-138, <http://www.jstor.org/stable/2200571> (accessed February 10, 2009)

KEBRO, Harold R., *Foreign Involvement in the Preconditions for Political Violence: The World System and the Case of Chile*, The Journal of Conflict Resolution, Vol. 22, No. 3 (Sep., 1978), pp. 363-391, <http://www.jstor.org/stable/173723> (accessed March 28, 2009)

LANDSBERGER, Henry A. and McDaniel, Tim, "*Hypermobilization in Chile, 1970-1973*", *The World Politics*, Vol. 28, No. 4 (Jul., 1976), pp 502-541, <http://www.jstor.org/stable/2010065> (accessed February 10, 2009)

MICHAELS, Albert L., *The Alliance for Progress and Chile's "Revolution in Liberty," 1964-1970*, *Journal of Interamerican Studies and World Affairs*, Vol.18, No.1 (Feb.,1976), pp. 74 -99, <http://www.jstor.org/stable/174817> (accessed March 28, 2009)

TULCHIN , Joseph S., "*The United States and Latin America in the 1960s*", *Journal of Interamerican Studies and World Affairs*, Vol. 30, No 1 (Spring 1988) pp 1-36, <http://www.jstor.org/stable/165788> (accessed February 10, 2009)

STEENLAND, Kyle, *The Coup in Chile, Latin American Perspectives*, Vol. 1, No. 2, *Chile: Blood on the Peaceful Road* (Summer, 1974), pp. 9-29, <http://www.jstor.org/stable/2633976> (accessed February 10, 2009)

SWANSBROUGH, Robert H., *The Mineral Crisis and U. S. Interests in Latin America*, *The Journal of Politics*, Vol. 38, No. 1 (Feb., 1976), pp. 2-24, <http://www.jstor.org/stable/2128959> (accessed March 28, 2009)

Other online sources

BRANT, Daniel, "*U.S. Responsibility for the Coup in Chile*", November 28, 1998, <http://www.namebase.org/chile.html>. (accessed March 28, 2009)

NOVELLO, Marcello, "*La clase obrera y el gobierno de la Unidad Popular*", 1998, <http://po.org.ar/edm/edm19/laclase.htm> (accessed May 15, 2009)

MCGEHEE, Ralph, *A model operation - Covert action in Chile: 1963-1973*, Thu,

7 Jan 1999, <http://www.hartford-hwp.com/archives/42a/123.html>

(accessed May 15, 2009)

Central Intelligence Agency, *CIA Activities in Chile*, September 18, 2000,

<https://www.cia.gov/library/reports/general-reports-1/chile/index.html#15>

(accessed March 28, 2009)

The National Security Archive, Chile 1964: CIA covert support in Frei election

detailed; operational and policy records released for first time, September

27, 2004, <http://www.gwu.edu/~nsarchiv/news/20040925/index.htm>

(accessed March 28, 2008)

Economic expert. com,

<http://www.economicexpert.com/a/1970:Chilean:presidential:election.htm>

m (accessed May 10, 2009)

Primary sources:

KISSINGER, Henry, *The White House years*, Boston: Little, Brown, 1979

Chile and the United States: Declassified Documents relating to the Military
Coups, 1970-1976,

<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/nsaebb8.htm> (accessed

February 10, 2009)

CIA, Report on CIA Chilean Task Force Activities, 15 September to 3
November 1970, November 18, 1970

CIA, Operating Guidance on Coup Plotting, October 16, 1970

Department of State, U.S. Embassy Cables on the Elections of Salvador
Allende and Efforts to Block his assumption of the Presidency,

September 5-22, 1970

National Security Council, Option Paper on Chile (NSSM97),

November 3, 1970

Selected Documents on the 1964 Election in Chile from Foreign Relations, 1964-1968, Volume XXXI, South and Central America; Mexico, Released by the Office of the Historian, U.S. State Department, Documents 245-278, <http://www.gwu.edu/~nsarchiv/news/20040925/docs.htm> (accessed February 10, 2009)

TIME magazine's articles:

Crucial decision, Sept. 7, 1970,

<http://www.time.com/time/magazine/article/0,9171,902705,00.html>

(accessed April 15, 2009)

Difficult Choices, Sept. 14, 1970,

<http://www.time.com/time/magazine/article/0,9171,902759,00.html>

(accessed April 15, 2009)

Chile: The Making of a Precedent, Sept. 21, 1970,

<http://www.time.com/time/magazine/article/0,9171,942273,00.html>

(accessed April 15, 2009)

“Sovereign Right of Revolution“, Sept. 21, 1970,

<http://www.time.com/time/magazine/article/0,9171,942274,00.html>

(accessed April 15, 2009)

Chile: Expanding Left, Oct. 19, 1970,

<http://www.time.com/time/magazine/article/0,9171,944137,00.html>

(accessed April 15, 2009)

The Fretful Neighbors. Oct. 19, 1970,

<http://www.time.com/time/magazine/article/0,9171,944138,00.html>

(accessed April 15, 2009)

Chile: Victory and Violence, Nov. 2, 1970,

<http://www.time.com/time/magazine/article/0,9171,909682,00.html>

(accessed April 15, 2009)

Allende's Hundred Days, Feb. 22, 1970,

<http://www.time.com/time/magazine/article/0,9171,902819,00.html>

(accessed April 15, 2009)

List of appendices:

1. Harold R. Kerbo, *Foreign Involvement in the Preconditions for Political Violence: The World System and the Case of Chile*, *The Journal of Conflict Resolution*, Vol. 22, No. 3 (Sep., 1978), 377
2. Robert H. Swansbrough, *The Mineral Crisis and U. S. Interests in Latin America*, *The Journal of Politics*, Vol. 38, No. 1 (Feb., 1976), 5
3. Robert H. Swansbrough, *The Mineral Crisis and U. S. Interests in Latin America*, *The Journal of Politics*, Vol. 38, No. 1 (Feb., 1976), 7
4. Kenneth Paul Erickson and Patrick V. Peppe, *Dependent Capitalist Development, U.S. Foreign Policy, and Repression of the Working Class in Chile and Brazil*, *Latin American Perspectives*, Vol. 3, No. 1, *Imperialism and the Working Class in Latin America* (Winter, 1976), 25
5. Chile: Expanding Left, Oct. 19, 1970,
<http://www.time.com/time/covers/0,16641,1101701019,00.html> (accessed April 15, 2009)
6. Timothy R. Scully, *Rethinking the Center, Party Politics in Nineteenth-and-Twentieth-Century Chile*, Stanford, California, 1992, 137
7. Timothy R. Scully, *Rethinking the Center, Party Politics in Nineteenth-and-Twentieth-Century Chile*, Stanford, California, 1992, 143
8. Timothy R. Scully, *Rethinking the Center, Party Politics in Nineteenth-and-Twentieth-Century Chile*, Stanford, California, 1992, 145
9. Timothy R. Scully, *Rethinking the Center, Party Politics in Nineteenth-and-Twentieth-Century Chile*, Stanford, California, 1992, 153
10. Thomas E. Skidmore and Peter H. Smith, *Modern Latin America*, New York; Oxford : Oxford University Press, 2001, 111

Table 1:

Foreign Aid to Chile From Selected U.S. Agencies
and International Organizations

| | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 |
|---------------------------------------|-------------------|-------|------|------|------|------|------|------|
| U.S. AID | 93.2 ^a | 15.5 | 57.9 | 35.4 | 18.0 | 1.5 | 1.0 | 0.8 |
| U.S. Food for Peace | 14.4 | 7.9 | 23.0 | 15.0 | 7.2 | 6.3 | 5.9 | 2.5 |
| U.S. Military Assistance | 10.2 | 4.2 | 7.8 | 11.7 | 0.8 | 5.7 | 12.3 | 15.0 |
| U.S. Export- Import Bank | 0.1 | 212.3 | 13.4 | 28.7 | -- | -- | 1.6 | 3.1 |
| World Bank | 2.7 | 60.0 | -- | 11.6 | 19.3 | -- | -- | -- |
| Inter-American Development Bank | 62.2 | 31.0 | 16.5 | 31.9 | 45.6 | 12.0 | 2.1 | 5.2 |

SOURCE: Petras and Morley (1975: 166-167), and Senate Select Committee (1975b: 34).

a. Figures in millions of dollars.

COMPARISON OF U.S. PRIMARY MINERAL DEMAND WITH U.S. PRIMARY
1970, 1985, AND 2000 (THOUSANDS OF UNITS)

| Mineral | Units | 1970 ^a (Actual) | | | 1985 ^b (Projected) | | |
|-----------|-------|-------------------------------|---------------------|-----------------|----------------------------------|---------------------|-----------------|
| | | Primary Demand | Primary Product. | Percent Dif. | Primary Demand | Primary Product. | Percent Dif. |
| Antimony | st | 14.7 | 2.1 | -86% | 26.5 | .4 | -100 |
| Aluminum | st | 3,951 | 583 | -85 | 11,500 | 490 | -96 |
| Beryllium | st | • | • | • | .8 | .1 | -93 |
| Manganese | st | 1,327 | 66 | -95 | 1,770 | 0 | -100 |
| Mercury | fl | 54 | 27 | -50 | 66 | 37 | -44 |
| Tungsten | 1b | 16,200 | 8,105 | -50 | 34,200 | 4,500 | -87 |
| Tin | 1t | 53.0 | • | • | 70.0 | <.1 | -100 |
| Zinc | st | 1,302 | 534 | -59 | 1,820 | 500 | -73 |
| Lead | st | 829 | 572 | -31 | 1,090 | 420 | -61 |
| Copper | st | 1,572 | 1,720 | +9 | 2,900 | 1,910 | -34 |
| Nickel | 1b | 311,400 | 30,600 | -90 | 492,200 | 60,000 | -88 |
| Cobalt | 1b | 16,190 | • | • | 20,000 | 0 | -100 |

^a Compiled from U.S. Department of Interior, *First Annual Report of the Secretary of the Interior on the Policy Act of 1970 (P.L. 91-631)*, Washington, D.C., March 1972, p. 3.

^b Projections based upon the past 20 year trend, 1951-70. These projections do not consider technological, environmental, political, and social factors which may alter the supply-demand trend for or an interrelated commodity.

* Information withheld to avoid disclosure of confidential company data.

Table 3:

U.S. MINERAL IMPORTS, 1969-1972 AVERAGES

| Mineral | Percent Imported ^a | Imports from Western Hemisphere ^b (Percentage of total mineral imports) | |
|------------------------|-------------------------------|---|-----------------|
| | | Major Latin American Sources | Canada |
| Antimony | 95% | Mexico (20%), Bolivia (17%) | Insignificant % |
| Aluminum ^c | | | |
| Bauxite | 90 | Jamaica (54%), Surinam (23%), Guyana (7%), Dominican Republic (7%) | |
| Alumina | 35 | Jamaica (22%), Surinam (18%) | 0 |
| Beryllium | 53 | Brazil (64%), Argentina (7%) | Insignificant |
| Manganese ^c | 98 | Brazil (33%) | Insignificant |
| Mercury | 83 | Mexico (17%) | 59 |
| Tungsten ^c | 40 | Peru (9%), Mexico (5%) | 61 |
| Tin ^c | 100 | The U.S. imported 99% of tin concentrates from Bolivia. Most metal imports came from Malaysia and Thailand | Insignificant |
| Zinc ^c | 68 | Mexico (24%), Peru (8%), Honduras (4%) | 60 |
| Lead ^c | 36 | Peru (21%), Mexico (12%) | 29 |
| Copper ^c | 15 | Peru (27%), Chile (22%) | 31 |
| Nickel ^c | 90 | No significant Latin American imports. (Cuba accounted for 6% of the world nickel production in 1973) | 82 |
| Cobalt | 100 | No significant Latin American imports. (Cuba accounted for 6% of the world cobalt production in 1973) | 6 |

^a Congressional Research Service, Library of Congress, *U.S. Raw Material Resources Production, and Demand: Imports from Abroad*, Congressional Record (daily ed.) Vol. 120, April 22, 1974, S6009.

^b Compiled from U.S. Department of Interior, *Commodity Data Summaries, 1974, Appendix I to Mining and Minerals Policy* (the Third Annual Report of the Secretary of Interior under the Mining and Minerals Policy Act of 1970), Washington, D.C., 1974.

^c Included in the list of the "basic 13" industrial raw materials needed by a highly industrialized society.

Table 4:

*Basic Salary (Sueldo Vital) and Per-Capita
National Income in Chile, 1950-1969*
(Index Numbers, 1950=100)

| | Per-Capita National Income | Basic Salary | Basic Salary as Proportion of Per- Capita National Income |
|------|-------------------------------|--------------|--|
| 1950 | 100.0 | 100.0 | 1.00 |
| 1951 | 101.1 | 100.5 | .99 |
| 1952 | 110.8 | 107.4 | .97 |
| 1953 | 114.6 | 105.9 | .92 |
| 1954 | 123.6 | 104.2 | .84 |
| 1955 | 120.0 | 93.7 | .78 |
| 1956 | 116.4 | 82.8 | .71 |
| 1957 | 121.1 | 83.7 | .69 |
| 1958 | 119.3 | 79.8 | .67 |
| 1959 | 116.4 | 78.7 | .68 |
| 1960 | 116.9 | 81.1 | .69 |
| 1961 | 118.7 | 81.5 | .69 |
| 1962 | n.a. | 80.8 | |
| 1963 | n.a. | 71.5 | |
| 1964 | n.a. | 71.2 | |
| 1965 | n.a. | 76.5 | |
| 1966 | n.a. | 78.3 | |
| 1967 | n.a. | 77.6 | |
| 1968 | n.a. | 74.7 | |
| 1969 | n.a. | 73.2 | |

Source: For 1950-1961, Pinto, 1964:40; for 1962-1969, ODEPLAN, 1971:453.

Table 5:



Table 6:

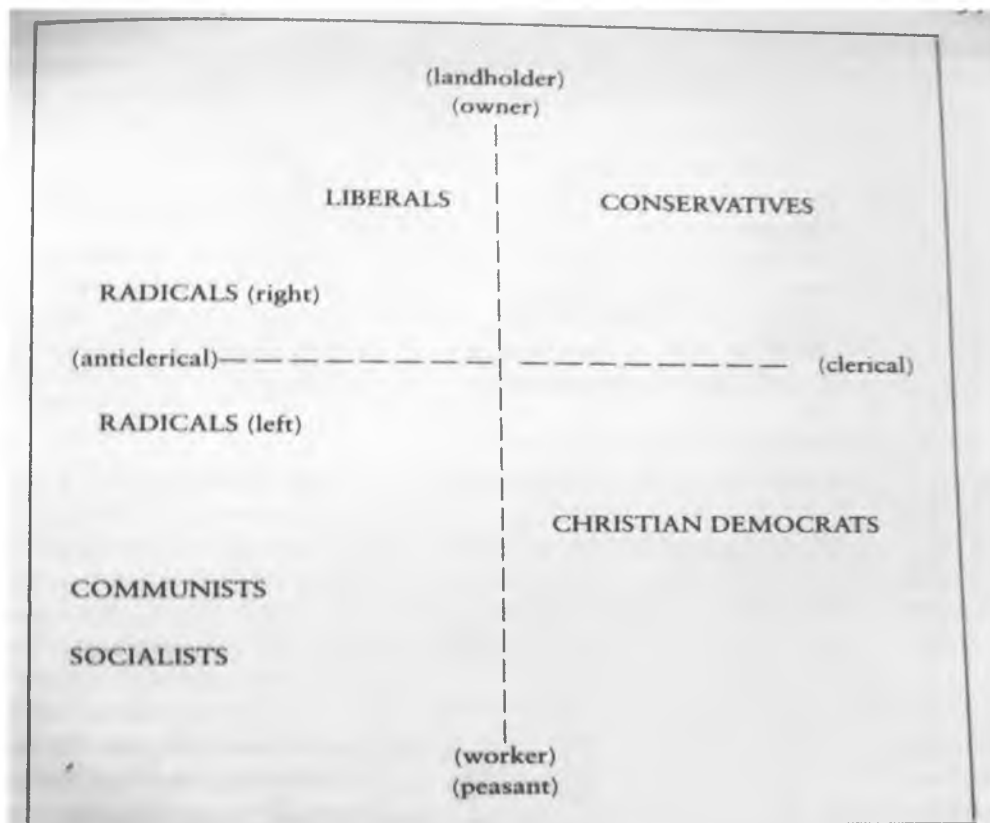


Figure 4.1. The Transformation and Polarization of the Party System, 1952-58: The Clerical-Anticlerical Cleavage and the Class Cleavage in the Urban and Rural Sectors.

Table 7:

The Size of the Electorate in General Elections in Chile, 1924-73

| Year | Type of election ^a | Total population | Number of registered voters | Registered voters as pct. of total population |
|------|-------------------------------|------------------|-----------------------------|---|
| 1924 | C | 3,874,000 | 302,000 | 7.8% |
| 1925 | P + C | 3,929,000 | 302,000 | 7.7 |
| 1927 | P | 4,033,000 | 302,000 | 7.5 |
| 1931 | P | 4,429,000 | 389,000 | 8.8 |
| 1932 | P + C | 4,495,000 | 430,000 | 9.5 |
| 1935 | M | 4,700,000 | 379,000 | 5.3 |
| 1937 | C | 4,842,000 | 475,000 | 9.8 |
| 1938 | P + M | 4,924,000 | 613,000 | 12.4 |
| 1941 | C + M | 5,149,000 | 576,000 | 11.1 |
| 1942 | P | 5,244,000 | 582,000 | 11.1 |
| 1944 | M | 5,440,000 | 700,000 | 12.8 |
| 1945 | C | 5,541,000 | 642,000 | 11.6 |
| 1946 | P | 5,643,000 | 631,000 | 11.1 |
| 1947 | M | 5,748,000 | 658,000 | 11.4 |
| 1949 | C | 5,962,000 | 592,000 | 9.9 |
| 1950 | M | 6,073,000 | 834,000 | 13.7 |
| 1952 | P | 6,303,000 | 1,105,000 | 17.5 |
| 1953 | C + M | 6,462,000 | 1,100,000 | 17.0 |
| 1956 | M | 6,962,000 | 1,185,000 | 17.9 |
| 1957 | C | 7,137,000 | 1,284,000 | 18.0 |
| 1958 | P | 7,326,000 | 1,498,000 | 20.4 |
| 1960 | M | 7,689,000 | 1,762,000 | 23.0 |
| 1961 | C | 7,858,000 | 1,859,000 | 23.6 |
| 1963 | M | 8,217,000 | 2,570,000 | 31.3 |
| 1964 | P | 8,319,000 | 2,915,000 | 34.7 |
| 1965 | C | 8,584,000 | 2,921,000 | 34.0 |
| 1967 | M | 9,100,000 | 3,074,000 | 33.7 |
| 1969 | C | 9,566,000 | 3,245,000 | 33.9 |
| 1970 | P | 9,717,000 | 3,540,000 | 36.4 |
| 1971 | M | 9,879,000 | 3,792,000 | 38.3 |
| 1973 | C | 10,200,000 | 4,510,000 | 44.1 |

SOURCE: Cruz Coke 1984, p. 38; Heise González 1982, p. 204.
^aC = Congressional; M = Municipal; P = Presidential.

Table 8:

| <i>The Participation Rate of Registered Voters in General Elections, 1925-73</i> | | | | | |
|--|--------------|---------------|--------------|-----------|--------------|
| Presidential | | Congressional | | Municipal | |
| Year | Percent | Year | Percent | Year | Percent |
| 1925 | 86.4% | 1925 | 86.6% | 1935 | 83.4% |
| 1927 | 75.6 | 1932 | 76.1 | 1938 | 79.2 |
| 1931 | 73.5 | 1937 | 86.6 | 1941 | 69.2 |
| 1932 | 80.0 | 1941 | 78.2 | 1944 | 65.1 |
| 1938 | 73.2 | 1945 | 70.2 | 1947 | 84.0 |
| 1942 | 80.7 | 1949 | 73.0 | 1950 | 74.4 |
| 1946 | 75.9 | 1953 | 70.8 | 1953 | 68.6 |
| 1952 | 86.4 | 1957 | 68.4 | 1956 | 58.4 |
| 1958 | 84.5 | 1961 | 74.5 | 1960 | 69.5 |
| 1964 | 86.8 | 1965 | 80.6 | 1963 | 80.5 |
| 1970 | 83.5 | 1969 | 74.2 | 1967 | 74.3 |
| | | 1973 | 81.1 | 1971 | 74.8 |
| <i>Ave., 1925-73</i> | <i>80.6%</i> | | <i>76.8%</i> | | <i>73.8%</i> |
| <i>Ave., 1952-73</i> | <i>85.3%</i> | | <i>75.0%</i> | | <i>71.0%</i> |

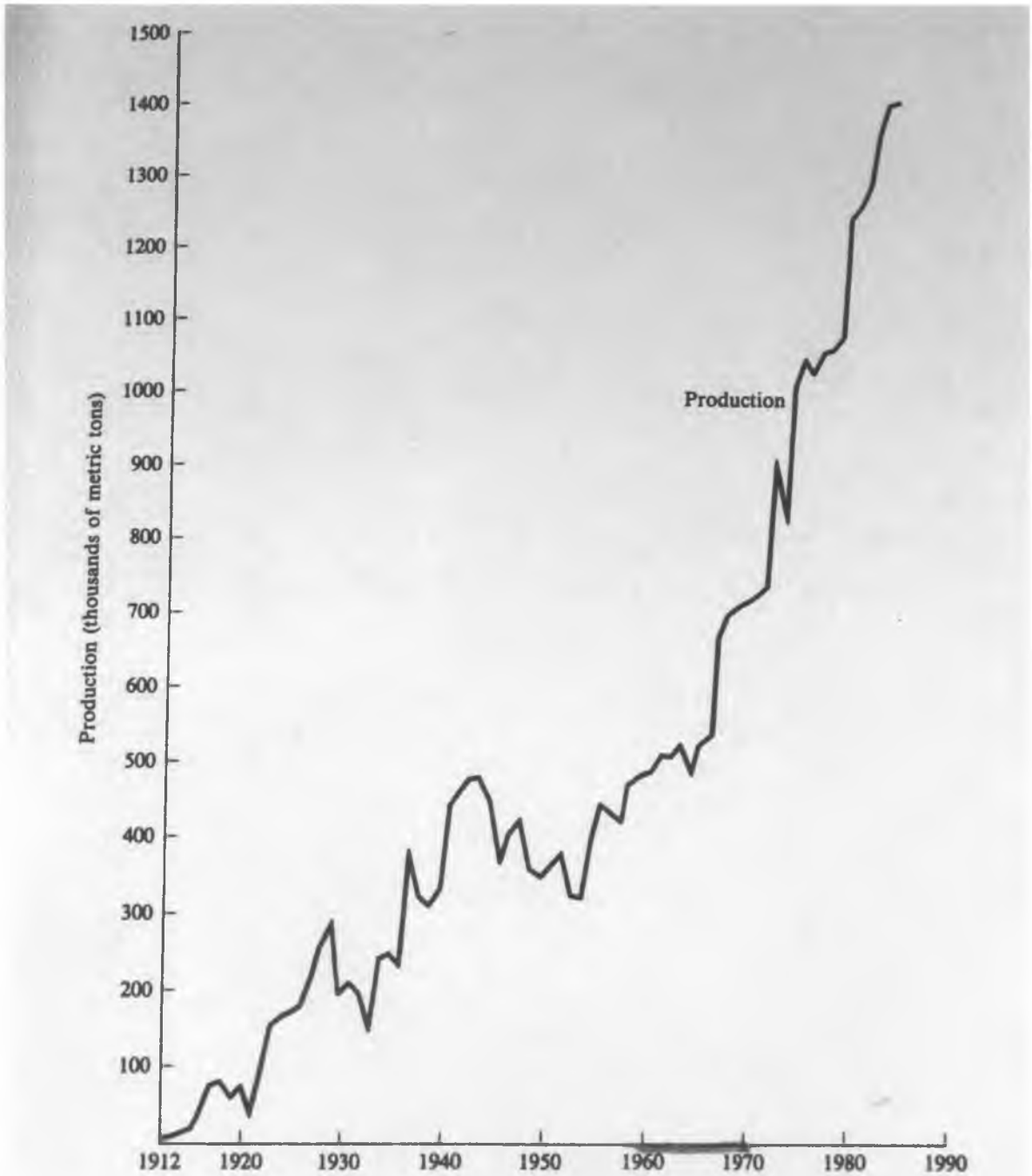
SOURCE: Adapted from Cruz Coke 1984, p. 41.

Table 9:

| <i>Strikes in the Agriculture, Mining, and Manufacturing Sectors in the 1960s</i> | | | |
|---|---------|---------|---------|
| Sector | 1960-64 | 1965-66 | 1967-69 |
| Agriculture | 54 | 508 | 1,821 |
| Mining | 285 | 162 | 306 |
| Manufacturing | 642 | 324 | 1,364 |

SOURCE: Pizarro 1986, p. 152.

Table 10: Chilean Copper production, 1912- 1987 (Major Companies)



Sources: Markos Mamalakis and Clark W. Reynolds, *Essays on the Chilean Economy* (Homewood, Ill.: Richard D. Irwin, 1965), pp. 371-72; Ricardo Ffrench-Davis, "La importancia del cobre en la economía chilena," in Ffrench-Davis and Ernesto Tironi, eds., *El cobre en el desarrollo nacional* (Santiago: Universidad Católica de Chile, 1974), Cuadros 2, 7; Manual Lasaga, *The Copper Industry in the Chilean Economy: An Econometric Analysis* (Lexington, Mass.: D. C. Heath, 1981), p. 10; International Monetary Fund, *International Financial Statistics*, various years.