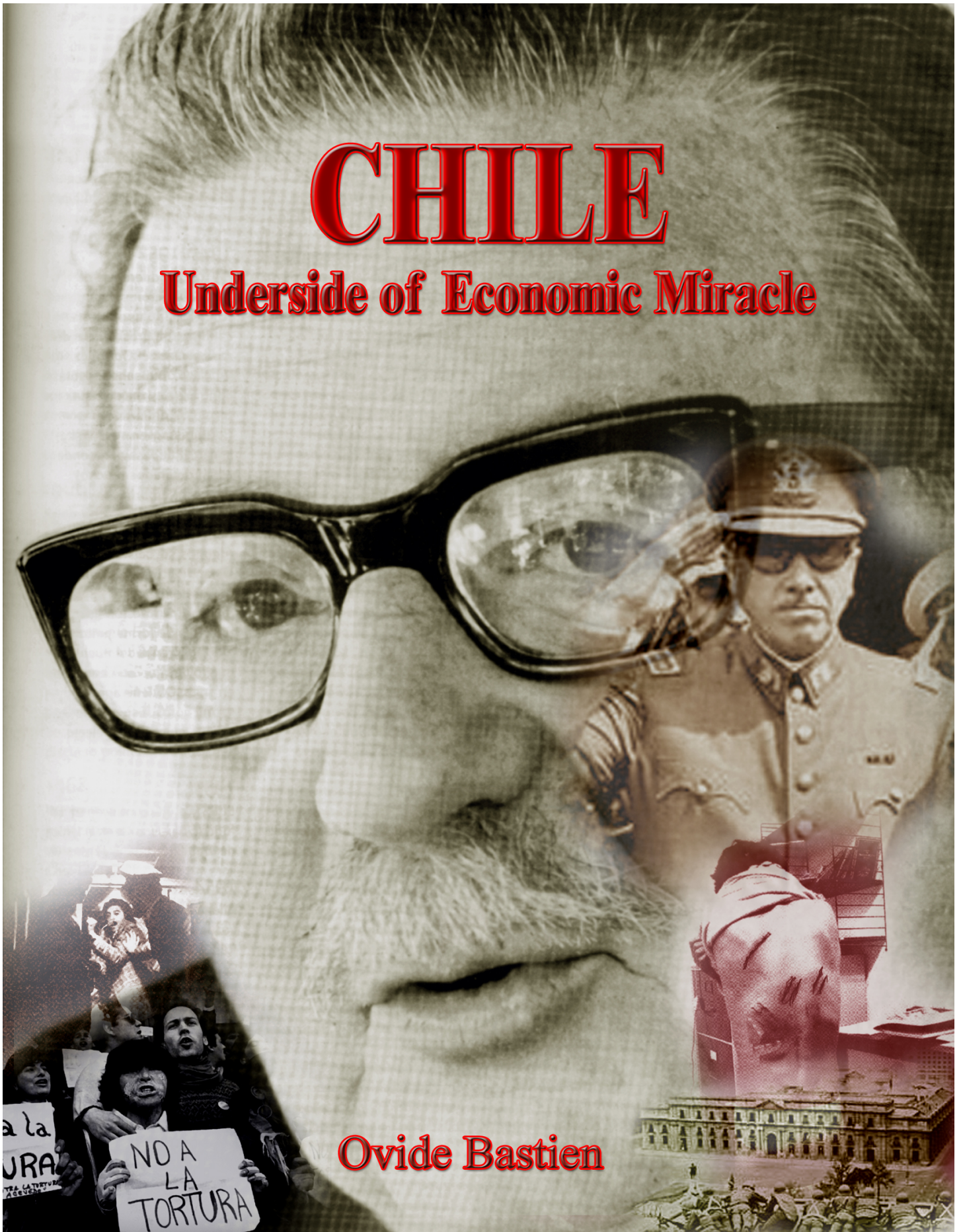


# CHILE

## Underside of Economic Miracle



Ovide Bastien

# **CHILE**

## **Underside of Economic Miracle**

**Ovide Bastien**

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## About the Author

I was born and raised on the farm in the region of Windsor, Ontario, part of a large French Canadian Catholic family. My hardworking parents had little formal education: Dad had only one year of schooling and Mom had not completed grade school. Pursuing an ideal that was very powerful at the time—becoming a priest and missionary—I spent eight years in the seminary of the Oblates of Mary Immaculate, two of these in Rome. After leaving the seminary at the end of 1968, I taught philosophy at the “Cégep de Rouyn-Noranda”, did volunteer work for the solidarity NGO, SUCO, and then left for Chile in the summer of 1973 in order to pursue my studies on developing country issues.

The experience of the coup d’État of September 11, 1973 that ousted Salvador Allende plunged me into a profound, life-altering crisis. I discovered that the United States, a country whose presidents constantly repeat that their nation is the best in the world—God bless America—readily uses economic sabotage, propaganda, assassination and torture to defend its interests. I discovered that the Canadian Ambassador, Andrew Ross, while openly welcoming the military takeover, was accepting only a dozen of the thousands of Chileans who, desperately trying to escape imprisonment, torture and possibly death, were knocking on his door. I discovered that the Catholic Church, which I had always identified with a universal love that prioritized the marginalized, was clearly siding in Chile with the military by accepting, a mere one week after the coup d’état, to pray with the military junta in a ceremony that was being broadcast throughout the country thanks to the only television station to have survived the coup, Channel 13 of the Catholic University of Chile!

After returning to Montreal in the summer of 1974, I published “Chili: le coup divin”, a scathing criticism of the complicity of the Chilean Catholic Church in the military coup and participated in a very intense speaking tour. Convinced that one must first understand the world in order to change it, I then pursued my study of developing country issues, focussing on that area which I felt I knew less about: economics.



As I had a growing family and needed to earn a living, I accepted, before writing my master's thesis, a job teaching economics at the college level, a career that I ended up pursuing until my retirement. Not surprisingly, how and what I taught in economics was deeply affected by my experience in Chile. Students, I felt, must experience reality in order to understand it. To this end, I created, with colleagues at Dawson College, the North South Studies profile which included a one-month field trip to Nicaragua. Founded in 1993, this profile still exists and, after my retirement in 2011, I am still collaborating with it on a volunteer basis by managing small development projects in Nicaragua.

“Chili: le coup divin” was published by “Les Éditions du Jour” in September 1974, in Montreal, Canada. I republished it as an ebook on Amazon in 2014.

To see the talk I gave on Chile during the Social Forum that was held in Ottawa, August 22, 2014:

<https://www.youtube.com/watch?v=LJqi5bSLN0c>

To listen to the half-hour radio interview on the Chilean Coup that Christ Dayo from the CHRY News Collective gave me in late September 2014:

<https://www.mixcloud.com/discover/ovide-bastien/>

# Why I am Publishing

In the last few days I have been wondering what is moving me to publish *Chile: Underside of Economic Miracle*, a manual that I used for several years in my teaching at Dawson College in Montreal, Canada.

This morning I found the answer. As I was waking up I suddenly remembered the retirement letter that I wrote on March 7, 2011 to the students and faculty of North South Studies<sup>1</sup> at Dawson College:

*“I am retiring from teaching at Dawson and from leading North South Studies.*

*“However, I am not retiring from being revolted by a world where torture is used. Used by governments that proclaim to be defending democracy and freedom in the world. By governments that, in the name of noble values, do not hesitate to repress in blood and terror efforts made by people to overcome poverty, to have access to better education and healthcare.*

*“I am not retiring from wanting others to know what happened in Chile. To know in order to understand how our world works, but also and more importantly, to change, through individual and collective efforts, that which needs to be changed in order to*

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<sup>1</sup> North South Studies is a profile or grouping of students in the Social Science Program of Dawson College. Initiated in 1993, it consists of courses that focus on the relations between the rich countries (North) and the poor countries (South) and includes a one-month-long field trip to Nicaragua.

*make our world more human, more respectful of life and our home, the environment.*

*“I am not retiring from wanting to live a full and meaningful life, from wanting to learn ever more, to love and to be loved.*

*“I am very grateful to have been able to spend so many beautiful moments with such wonderful students and teachers. When I attempt to find words to express what I have experienced in North South Studies over the past seventeen years, I am at a loss. I feel as if I were viewing a remarkable sunset, one whose beauty is so multifaceted and profound that no word, no color could ever convey it.*

*“I will never forget the numerous talking circles, the encounters with individual students, the hugs, the moments of conflict and how we always managed to resolve them, the discussions on what needs fixing in the world, the very moving experiences that students had with their host families in Nicaragua, the small development projects that we financed, for example to help families have access to potable water...*

*“May North South Studies continue for a very long time allowing students to discover facets of the world that are often absent from schools and the media. Facets that may sometimes appear shocking or even depressing but that need to be addressed if we are to cut through the façade of noble sounding leaders who do not hesitate to torture and kill. May it continue to do so in a spirit of dialogue and openness.”*

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As I was inserting the above words, I heard a sound on my laptop alerting me that I had just received an email; I checked it. It was from a friend who spent several years in Chile as a missionary. Attached to the email: a very moving testimony of Victor Maturana Burgos, a Chilean who was tortured more than forty years ago in the weeks following the coup d'état of September 11, 1973 that ousted Salvador Allende. What follows is a brief summary of this testimony. It was written just two days ago in Temuco, which is located in the southern part of Chile:

*“Last week the ex-military officer Alfonso Podlech and five other ex-members of the military were arrested and imprisoned in Temuco after being charged for the assassination of my friend Jaime Eltit Spielmann. This extremely important event made me relive a traumatic experience that I will never forget until my very last breath and inspired me to write this homage to my friend Jaime.*

*While Jaime and I were imprisoned in Temuco we were interrogated and tortured for several consecutive days. One scene I remember very vividly. It was the beginning of October 1973. I was removed from prison and brought to the Tucapel regiment where I was blindfolded and led to the gymnasium, the place used for torturing. After a few hours of torture and interrogation I was taken—it was about noon and I was in very bad shape—to a special cell where prisoners were temporarily held. After a little while I saw the cell door suddenly opening and a person being thrown on the floor by the military. I immediately recognized Jaime and helped him sit up next to me. He was in an awful state and it was obvious he had just been tortured. With the little strength that we had left, we held each other’s hand. This handshake, in this dramatic moment, I will never forget: we said nothing and yet we said everything. It was both a greeting and a goodbye. We chatted for a while and he whispered in my ear: ‘they’re going to kill us. They questioned me a lot about you’. Then we sat there for a long time both wrapped up in our inner world, thinking about our friends, our families and the people we loved. Later that afternoon, I was again taken to the gymnasium for yet another torture session. When I was returned to the cell, Jaime was no longer there. That was the last time I saw Jaime. The day that he was executed is the very same day, October 13, 1973, when Alfonso Podlech declared my death sentence in the War Tribunal.”*

Victor only escaped his death sentence thanks to the intervention of a friend in the Chilean police. To read his entire testimony in Spanish, see, p. 473, Appendix 6 “El Criminal Siempre Vuelve al Lugar del Crimen”.

\*\*\*\*\*

Jaime and Victor were tortured forty years ago. However, it is important to remember that torture is not merely a thing of the past and does not always originate from dictators. The Chilean military who tortured Jaime and Victor had, according to several sources,<sup>2</sup> received training and support from the same CIA that collaborated in torturing people after the other Tuesday, September 11 tragedy that occurred in New York in 2001. “*After years of inquiry, \$40m in expenses and an unprecedented clash with the Central Intelligence Agency, the Senate intelligence committee voted on Thursday to declassify portions of a study into the agency’s use of torture on detainees suspected of being involved in terrorism*”, wrote Spencer Ackerman in the Guardian on April 3, 2014.<sup>3</sup> “*Based on what has so far been made public, at least 136 individuals were subjected to this barbarity (enhanced interrogation), aided and abetted by 54 foreign governments, including Britain, (...) The CIA has done its level best to frustrate the process, infamously destroying video tapes of the “enhanced interrogations” in 2005 and now, through redactions and revisions, delaying the declassification of a report that was first approved by the intelligence committee over a year ago,*” commented Peter Foster in the Telegraph on March 22, 2014.<sup>4</sup>

\*\*\*\*\*

This ebook edition of *Chile: Underside of Economic Miracle* is identical except for minor details to the last printed edition that I published at Dawson College in 2006. One novelty: an epilogue—*Challenges Facing the New Majority Coalition*—in which I describe the evolution of Chile in the last few years and

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<sup>2</sup> See, for example, Dinges, John and Saul Landau, *Assassination on Embassy Row*, Pantheon Books, New York, 1980, p. 126 and Constable, Pamela and Arturo Valenzuela, *A Nation of Enemies*, (Chile Under Pinochet), WW Norton & Company, New York, 1991, Paperback, 1993, p. 91.

<sup>3</sup> *Senate committee votes to declassify parts of CIA torture report*, <http://www.theguardian.com/world/2014/apr/03/senate-votes-declassify-cia-torture-report>, consulted on June 6, 2014.

<sup>4</sup> *History of CIA torture after 9/11 must be confronted or risks being repeated*, <http://www.telegraph.co.uk/news/worldnews/northamerica/usa/10716211/History-of-CIA-torture-after-911-must-be-confronted-or-risks-being-repeated.html> consulted on June 6, 2014.

## Why I am Publishing

discuss the challenges facing the newly inaugurated (March 2014) president Michelle Bachelet.

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In April 2014 a fire devastated 2,900 houses in a very poor area of Valparaiso, Chile, leaving 12,500 people homeless. The royalties obtained from this book will be donated to these victims.

\*\*\*\*\*

Many thanks to my ex-wife, Wynanne Watts, who has proofread most of this book.

Montreal, June 6, 2014

\*\*\*\*\*

This printed version of my book includes a brief evaluation of the first year of the New Majority Coalition government of Michelle Bachelet.

Ovide Bastien  
Montreal, August 12, 2015

## **Three senior officials lose their jobs at APA after US torture scandal**

The Guardian, Tuesday 14 July 2015

“The torture scandal consuming the US’s premiere professional association of psychologists has cost three senior officials their jobs, part of a reckoning that reformers hope will lead to criminal prosecutions.

As the American Psychological Association copes with the damage reaped by an independent investigation that found it [complicit in US torture](#), the group announced on Tuesday that its chief executive officer, its deputy CEO and its communications chief are no longer with the APA.

All three were implicated in the [542-page report](#) issued this month by former federal prosecutor David Hoffman, who concluded that APA leaders “colluded” with the US department of defense and aided the CIA in loosening professional ethics and other guidelines to permit psychologist participation in torture.”

# Foreword

From May 19 to May 21, 1995 students and faculty from North-South Studies<sup>5</sup> at Dawson College spent a weekend together at my cottage in the Laurentian Mountains. The idea was to get to know one another, have fun together, and spend some time discussing North South Studies, its purpose and the meaning of our forthcoming trip to Nicaragua.

It was truly a wonderful experience! Many of us got very little sleep, but it was great to witness all the sparks of communication that ignited and rapidly turned into fire. Friday night, there was a discussion about North South Studies and an evaluation of how our group had been doing so far. It was followed by several additional hours of spontaneous conversations about everything under the sun: God, religion, good people versus bad people, can we judge people, etc. Conversations that went on till late in the night, sitting on the dock, somewhat freezing but plunged into the beauty and quiet of the sounds of silence: water, stars, and a full moon... Saturday night, we sat around a fire munching little goodies and telling wild stories...

As a result of this weekend, I felt good inside. In harmony. I remember giving a one-hour course of yoga to Bianca and Caroline outside, under a warm sun. Peace, harmony. The discovery of new worlds....

As our experience was unfolding, I suddenly felt the desire to write a class manual for the paired course: *Economic Development* and *Research Methods*. Perhaps I was inspired

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<sup>5</sup> North South Studies is a profile or grouping of students in the Social Science Program of Dawson College. It includes courses that focus on the relations between the rich countries (North) and the poor countries (South) and a one-month long field trip to Nicaragua.



because I already felt close to the group of students to whom I was going to teach.

When I got home after the weekend I sat at my computer and rapidly jotted down the ideas that were rushing through my head. It is amazing, I said to myself, to see just how many questions the students raised throughout the weekend. They have a terrific capacity to question and a wonderful 'sens de l'émerveillement'. This summer, I pondered, instead of getting involved as usual in some construction project and relaxing in this manner, perhaps I could spend my time writing a class manual. I could create a series of texts that would serve as pedagogical tools.

Each text could focus on a country or a theme. There would be several possibilities. Since I have a lot of information on Chile, one text could deal with this country. Since we are going to Nicaragua, another one could focus on this country. I have considerable information on the ecological crisis, more specifically on its relation to Third World debt: that could be another theme. I have done quite a bit of reading on the free trade issue, more precisely on the North American Free Trade Accord (NAFTA) between Mexico, Canada and the United States, and the possible extension of this accord first to Chile, and then, as it was agreed upon at the Summit of the Americas in Miami in December 1994, to all nations of both Americas. I could also write on one of my pet themes: what makes the world go round, love or money? I already have a text on this originating from a long classroom discussion a few years ago. Finally I could write a paper on the World Bank. Bruce Rich's recent book on the history of this institution, *Mortgaging the Earth*,<sup>6</sup> is excellent and for those who will not have the opportunity of reading it, I could summarize the main points and relate them to other things I have read.

The idea would be, I continued wondering to myself, to write in a very free, therapeutic manner. Somewhat like our conversations and discussions on the weekend. The texts would focus on economic analysis but would also consider other inextricably

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<sup>6</sup> (The World Bank, *Environmental Impoverishment, and the Crisis of Development*), Beacon Press, Boston, 1994.

## Foreword

related dimensions: history, political science, sociology, philosophy, or just plain personal life experiences. They would of course have some degree of organization, but not that which one finds in a typical class manual. Sometimes I would write lots on a topic, sometimes very little; the important thing would not be to make the exposé complete and thorough but rather to turn students on to intellectual pursuit: arouse their curiosity, their search for meaning, their passion to discover. Possibly these reflections would also help them to find their own research question for the *Research Methods* course.

A few weeks later, this inspiration became reality. I brought my computer to the cottage and got down to work. Instead of several texts, however, I ended up producing just one, on Chile. I was not surprised as I always underestimate the time my projects will take. Even though I worked hard I enjoyed it so much that most of the time it felt more like a hobby than work. I hope you enjoy it as well!

August 1995

\*\*\*\*\*

The 2005 edition of *Chile: Underside of Economic Miracle* includes what is now known internationally as the Pinochet Affair. In October 1998, 83 year-old Augusto Pinochet, the dictator who ruled over Chile for nearly 17 years, traveled to England for medical consultations. A few days later, a Spanish judge, Baltasar Garzón, asked the British government to place Pinochet under house arrest. Acting on the grounds of an agreement binding all nations of the European Economic Union regarding crimes against humanity, the British government complied and Pinochet was arrested. International human rights organizations throughout the world hailed Pinochet's arrest as a spectacular breakthrough. Finally, they asserted, the world will stop allowing massive human rights abusers to get off the hook just because they once acted as head of their country's government. However, conservatives in Chile and elsewhere in the world perceived this arrest as an encroachment on national sovereignty. In their view, it created a very dangerous and totally

unwarranted precedent in international law. In early 2000, after a very long and complex legal and political battle that cost both Pinochet's defense and his opponents millions of dollars, Pinochet was allowed to return to Chile. His release was justified on the grounds of serious health problems. Once in Chile, accusations against Pinochet kept increasing. After a Chilean judge managed to have the Supreme Court of Chile remove Pinochet's diplomatic immunity, hopes were once again very high. However, in July 2001 all cases against Pinochet were dropped. The reason given: his mental health.

Public attention was again drawn to the Pinochet Affair when it was discovered, in March 2005, that Augusto Pinochet had hidden some \$13 million in 125 accounts in U.S. banks throughout the world. In the Riggs Bank alone, Pinochet had opened 28 accounts totaling \$8 million. It was revealed that he used false names and passports to open some of these accounts.

It is my hope that this manual will help students become intellectually alive and committed to the struggle for social justice and a better world.

Ovide Bastien,

August 2005

## Object and Methodology

To a large extent, this analysis is based on my experience in Chile from July 1973 until July 1974. However, I will also discuss the period preceding the 11 September coup d'état and that following this historical military takeover. More precisely, I will cover Chilean history from 1964 until 2001 with a special emphasis on the 11 September 1973 coup d'état and the subsequent seventeen-year Pinochet dictatorship. Given the present worldwide trend towards neoliberalism, the economic policies of Pinochet and their implications on various key sectors of Chilean society will be examined in considerable detail. Not only was Chile one of the very first countries in the world to adopt the neoliberal economic model; in doing so, it produced a much-touted economic miracle, one that, quite impressively, continued from 1985 to 1997.

This study does not purport to be exhaustive. I have not spent time carrying out a complete review of the literature nor have I examined all the relevant works and articles. Although I have gathered a considerable amount of new material and carried out a fair amount of research, my initial intention in writing this class manual was merely to bring together several texts, practically all of them in French<sup>7</sup>, which I had previously written. Once the project was underway, however, I got more and more involved. The section covering the seventeen-year dictatorship of Pinochet thus became fairly long, partly because I considered the material I was discovering very relevant, partly because I could not bring myself to make short summaries. When I attempted such summaries, they seemed to leave out so much that one was left with general and abstract affirmations.

One year after the September 11, 1973 coup d'état in Chile, I published a book<sup>8</sup> in which I criticized the role played by the

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<sup>7</sup> Unless otherwise indicated, all the translations from French to English and from Spanish to English in this book will be mine.

<sup>8</sup> *Chili: le coup divin*, Éditions du Jour, Montréal, 1974, 254 p. For the eBook

Chilean Roman Catholic hierarchy in this military takeover. After returning from Chile I critically evaluated, in the context of my studies in economics at McGill University, the economic policies pursued by the Chilean governments from 1964 until 1975.<sup>9</sup> When I was teaching economics at Cégep de Maisonneuve I prepared class notes on Chile for my students.<sup>10</sup> In 1980, I wrote an article for solidarity groups in which I argued that Canada was actually pioneering foreign investment in the brutal Chilean dictatorship; it was subsequently published in *Le Devoir*.<sup>11</sup> In spring 1994 I examined, in a Montreal journal that specializes on Latin America, the underside of the Chilean economic miracle that is now under way.<sup>12</sup> Following a two-week visit to Chile in December 1998, I published articles in Montreal dailies on the Pinochet Affair (*The Gazette*, February 13, 1999; *La Presse*, March 20, 1999; *Le Devoir*, March 23, 1999).

Besides pooling and adapting the information contained in the material just mentioned, I will incorporate into this class manual extracts of the diary that I kept when I was in Chile from July 1973 to July 1974 as well as some of the letters<sup>13</sup> that my then wife and I wrote from Chile to friends in Quebec. I will also include extracts of the diary I kept during my two-week stay in Chile at the end of 1998 in the heart of the Pinochet Affair.

The course for which this manual is written is multidisciplinary. While economic analysis will be emphasized, it will be interpreted in a broad manner; much of the discussion will go beyond the narrow confines of what is generally recognized as

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edition published in May 2014 see : <http://www.amazon.com>.

<sup>9</sup> *Chile: the Economic Policy and Realizations of Frei (1964-1970), Allende (1970-1973) and the Military Junta (1973-1975)*, McGill University, February 1977.

<sup>10</sup> *Chili: le coup d'état du 11 septembre 1973* (son origine, ses conséquences), avril 1979.

<sup>11</sup> *Le Canada, pionnier de l'aide au régime militaire du Chili*, le 23 septembre 1980.

<sup>12</sup> *Les dessous du 'miracle' économique chilien*, in *À l'heure latino-américaine*, printemps 1994, no. 15-16, p. 13-20.

<sup>13</sup> After returning from Chile in 1974, I planned to write another book on my day-to-day experiences in Chile. My friends returned me the letters I had written to them when I was in Chile and accepted that I use them in the book. This project, however, never materialized.

economics. Considerable attention will be given to history, political science, sociology, and philosophy. Much of what will be said will be closer to humanities than to the social sciences. Furthermore, the object of the manual is not the study of Third World countries taken as a whole, but a detailed case study of one developing nation in a critical moment of its history.

### **Why this Methodology**

I am adopting this particular methodology—economics, but with a strong emphasis on the contribution of other social sciences and even literature, and a one single country approach as opposed to an introduction to the Third World countries as a whole—for the following reasons:

1. In this text, I am addressing myself to college students from 18 to 21 years old. It has been my experience that such students search for meaning and purpose more than for knowledge. In fact, abstract knowledge divorced from concrete life experience often appears to them as uninteresting and boring. Embedding economic analysis in a concrete story told with the help of excerpts from a diary and personal letters will hopefully be more appealing and meaningful. Accepting to be more personal and to disclose as a teacher one's one experience, discoveries and questions might help students become closer to themselves, to their own personal experiences, thoughts and feelings, a closeness which is fundamental in intellectual pursuit.
2. I am convinced that there is no such thing as an economic analysis that is not simultaneously and intrinsically historical analysis, sociological analysis, political analysis, philosophical and religious thinking. Thus to say that I am stepping outside the narrow confines of economics is not the right way of putting it. Trying to carry out a serious economic analysis without referring to those variables which have an essential impact on human economic behavior, seems absurd. It is impossible, for example, to understand the present economy of South Africa without delving into that country's history, without addressing political issues, without considering the behavior of social groups in their ethnic, class and religious dimensions. Understanding reality, even in its

so-called economic dimension, does not mean slicing it up into neat one-discipline-oriented pieces; it obviously calls for the combined light of several disciplines or ways of knowing.

3. If the course is about developing nations, then why concentrate so much on only one of these? Why focus on Chile? Does knowledge of the many not provide a lot more than knowledge of the particular? Antoine de Saint-Exupéry emphasizes the importance of knowledge of the particular: “*L’important, c’est la rose*”.<sup>14</sup> In other words, what matters the most is how I connect to the world. I cannot obtain a good understanding of the world simply by categorizing things. The businessperson may reduce reality to profit opportunities. The power-thirsty ruler may reduce reality to subjects to be dominated. The scientist may see numbers and abstract categories wherever he or she looks. However, I can really connect to the world, argues Saint-Exupéry, only when I can develop a relationship with someone in such a way that I am receptive to that person’s uniqueness. I can discover more about flowers in the world by relating in depth, with an attitude of openness and receptivity, to one single flower, than by trying to study all the flowers in the world through some particular abstract category.

In other words one may learn more about Third World countries by an in-depth discovery of Chile than by the abstract knowledge of all of the Third World countries, perceived through the narrow lenses of certain categories. This does not mean that examining categories is a worthless enterprise. One does learn a lot from the study of each country’s gross domestic product (GDP), rate of investment, population growth, etc. and by making inter-country comparisons in this respect. Indeed, this task remains important and fundamental. But the point is that unless you connect in a holistic, emotional, and poetic fashion to that which is down to earth and concrete, knowledge of the general remains partial and shallow. That which is most important,

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<sup>14</sup> In English: “What matters is the rose”. See his book, *Le Petit Prince*, Editions Gallimard, 1946.

insists Saint-Exupéry, escapes the eye: *“L’essentiel est invisible. Connaître, c’est apprivoiser...”*

4. Teaching what you know a lot about is easier and more rewarding than teaching what you know less about. One of my colleagues here at Dawson who gives a course on Third World History often speaks of India in her lectures. I rarely do. India means a lot to her because she has lived there for several years. I prefer speaking about Chile because my experience there has made this country an intimate part of my life.

Similarly, doing research on something you can easily relate to makes for more exciting, motivating work. I have noticed that students from immigrant families who write an essay on their country of origin often invest considerable time and effort in their research. Digging into one’s roots seems to be very meaningful.

5. In this course students are expected to carry out a research project. In many ways, my experience in Chile represents a concrete example of social science research. It is true that the context was not particularly academic in the usual acceptance of this word. I was literally plunged into a whirlwind of events where emergency situations seemed to be the rule, not the exception. I was seeking answers to questions that were very meaningful to me. Books, magazine articles, newspapers, radio and TV programs, personal testimonies, conversations during social encounters, observations of the way several reporters were carrying out their task, diaries, letters to friends, the big and small events of daily life: all this was research material. The capacity to read into events only that which conforms to a particular world-view or political option; to recognize only that which fits into a personally held value or prejudice and to exclude all else; the tendency to use research and propaganda to achieve a particular purpose; all this, which in fact relates directly to social science methodology, was present in Chile. The fact that I myself, as the researcher, had a very strong commitment to certain values and certain types of political and social analyses inevitably colored all my perceptions. Observing all this,



examining the effect of one's values and beliefs on what one perceives, will undoubtedly help students gain a critical perspective.

6. Many of the students registered in this course are part of the North-South Studies profile which involves not just academic study but also a field trip component. Students will live for four weeks in Nicaragua during the coming Christmas break. Through my experience in Chile recounted in this class manual, it is my hope that they will develop some idea of what a field trip can be like. Of course, all necessary precautions will be taken to assure that they do not visit a country undergoing as much turmoil and instability as Chile did in 1973. Nevertheless, the impact of such a trip on students can be immense, and in unexpected ways. Nicaragua has an amazing history and if one observes, talks to people and listens, there is a whole exciting world to discover! The students in North South Studies will be invited to keep a diary and write down their reflections during their trip as they live in their Nicaraguan host family, attend conferences and participate in community projects. It is obvious that my experience in Chile would have been totally different had I not constantly tried to understand what was going on by committing my thoughts and feelings to paper.
7. Occasionally returning to one's roots, trying to discern and comprehend them, to bestow meaning on what otherwise appears as a great multitude of diverse facts and events, is something both very useful and gratifying. Especially when one has the opportunity as I do this summer of doing so in a beautiful setting: a cottage overlooking a beautiful lake, surrounded by the peace and quiet of mountains, trees, birds, and chipmunks... I feel the need to bring a fresh, new vision to my past analyses of Chile. Since the events of 1973, Chile has changed immensely. So has the world in which we live and so have I.

When I was writing in the 1970s, capitalism, and especially that type known as American imperialism, was undergoing considerable criticism. This criticism originated from intellectuals both in the Third and First World countries.

These intellectuals were committed to an alternative economic system, socialism, although most of them remained very critical of the then existing socialist economies. Especially after my experience in Chile, I felt very much part of this movement.

### **A Changing World**

The world has indeed experienced momentous changes in the last decade. After 1990, practically all the then existing socialist economies experienced a crisis. In the Soviet Union, this crisis emanated from changes initiated from the top echelons of society. Under the leadership of Mikhaïl Gorbachev, the Soviet elite, in the mid-1980s, energetically started implementing a profound reform, known as the 'perestroïka'. Invited by American editors to present the nature of this reform to the American public, Gorbachev published a book in which he was very explicit: reforming and renewing socialism, not converting to capitalism, was what the reform was basically all about.<sup>15</sup> However, future events proved that he was wrong. Under the impetus of a wave of surprisingly rapid and peaceful revolutions that swept all the other Eastern European countries, and that clearly consisted in the rejection of socialist planning and the adoption of capitalism, the Soviet Union itself not only experienced a market-oriented revolution but, caught in a contagious splurge of nationalism, actually fell apart as a country.

### **Leftist Thinking in Crisis**

This momentous historical change in turn triggered other changes, in some ways already under way, among progressive or leftist intellectuals throughout the world:

- Many of these intellectuals totally abandoned socialism and their traditional scathing criticism of capitalism. In fact, they even adopted, especially in the Eastern European countries themselves, views usually associated with the most conservative elements of market economies, and wholeheartedly espoused capitalism.

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<sup>15</sup> *Perestroïka. Vues nouvelles sur notre pays et le monde*, Mikhaïl Gorbatchev, Flammarion, Paris, 1987

- Other progressive intellectuals maintained their criticism of capitalism, but in a watered-down and less categorical version. Before they wanted to overthrow capitalism and its market-oriented economy and replace it, by force if necessary, with socialism and its centrally planned economy. Now they simply focused their energy on questioning a particular type of economic policy implemented in market economies, a policy known as neoliberalism. In a world where neoliberalism increasingly called on governments to downsize by selling off state-owned firms, by cutting taxes and reducing its spending on social security, health and education, these progressive intellectuals maintained the importance of maintaining a strong public sector capable of reducing the gap between the haves and the have-nots. Being a progressive or leftist intellectual thus came to mean advocating a social-democratic type of market-oriented economy.<sup>16</sup>

This intellectual revolution was particularly acute among Latin American intellectuals. Once the heart and soul of radicalism and revolution, most of these seem to have experienced a rapid, perestroika-type conversion to the virtues of capitalism. Transnational corporations (also known as multinationals) and the capitalist system, once viewed as the heart of the problem for Third World countries, now appear as the solution.

However, the problems that gave birth historically to the Latin American left have not disappeared, as the well-known Mexican political scientist, Jorge Castañeda, recently pointed out<sup>17</sup>. In many ways they are actually getting worse. Poverty, a scandalously gross inequality of wealth and income, the

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<sup>16</sup> In May 1997, the Labour Party won the elections in Great Britain and the Socialist Party won the elections in France. Thus progressive (left-leaning) parties now govern the majority of the countries in the European Economic Community. However, not one of these parties rejects capitalism or the market-economy. Not only do they all accept such an economy, but also they have actually incorporated into their political platform some of the policies traditionally associated with the right.

<sup>17</sup> Jorge G. Castañeda, *Utopia Unarmed* (The Latin American Left After the Cold War), Vintage Books, New York, 1994, 498 p. (See the introduction). Castañeda was named Mexico's Minister of Foreign Affairs by the new president of Mexico, Vicente Fox, elected in 2000.

economic marginalization of the masses which renders their recent access to political freedom merely formal and bitterly disappointing, poor or non-existent access to health, education and a decent standard of living, as well as the rapid depletion of natural resources and substantial environmental degradation—all these realities are still alive and kicking in Latin America today. The spectacular Mexican peso crisis of late 1994 and early 1995 represents a grim reminder of this.

### **Mexican Peso Crisis of December 1994**

Throughout the 1980s, deeply indebted Mexico had been a good disciple of the neoliberal economic policies strongly encouraged by the First World leaders, via the structural adjustment programs of the World Bank and the International Monetary Fund (IMF). The average salary had dropped by more than 50%, the government was massively selling off state-owned enterprises, abandoning protectionism for its home industries and welcoming with open arms foreign investment. Then President Salinas was constantly asking Mexicans to understand the importance of present sacrifices resulting from this modernization and promising a brighter future for all, and very soon. By January 1, 1994 the North American Free Trade Agreement between the United States, Mexico and Canada (NAFTA) was officially implemented. It deepened the structural adjustment programs already being implemented, and President Salinas once again promised his people a brighter future. However, the indigenous people in the Chiapas region of Mexico did not share their president's views regarding NAFTA. The very day it came into effect, on January 1, 1994, they militarily occupied several cities in sign of protest. The population of Mexico gave these natives, who called themselves Zapatistas, a surprisingly strong support, thus sending social shock waves throughout Mexico.

At the end of 1994, the newly elected government again promised Mexicans that economic restructuring and its crowning achievement, NAFTA, would be the key to increased prosperity and economic stability. However, whatever illusions may have been entertained in this respect have been shattered by the spectacular crash of the Mexican peso! From December 1994 until late January 1995, the peso lost half its value, interest rates

tripled and reached an amazing 90% and, despite an expected rate of inflation of 42% for 1995, salaries only increased by 10%. Some 500,000 workers lost their jobs in the first months of 1995. Many of the new jobless had little choice but to turn to the informal sector<sup>18</sup> for survival, a sector that already represented 50% of the total Mexican labor force.

Practically overnight, the much-touted Mexican economic miracle had thus been transformed into a nightmare! Despite a loan package of \$50 billion rapidly put together under the leadership of the United States, Mexico's economy remained ridden with problems. In 1996, 10 percent of the 100 million Mexicans were earning 70 percent of the national income while the other 90 percent had to get by with the rest. Of the 37 million workers constituting the labor force, 21.5 million did not have a steady job; the great majority of the others who did earned less than \$3 per day! In July 1996, *Forbes* came out with the list of the fifteen Mexicans who were billionaires; all of them were the happy beneficiaries of the massive sale of the state-owned enterprises, sales carried out in very fraudulent conditions.<sup>19</sup>

Not long after the collapse of the Mexican peso, the powerful Chase Manhattan Bank suggested in one of its newsletters that the Mexican government should “*wipe out*” the rebels in Chiapas. It further advised the government to ‘fix’ state elections in that region “*by denying opposition victories if fairly won at the ballot box*”.<sup>20</sup>

To make matters worse, a series of scandals incriminating ex-President Salinas, the heroic leader of Mexico's modernization

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<sup>18</sup> The informal sector has been growing rapidly, not only in Mexico, but also throughout Latin America in the 1980s. This sector represents economic activities taking place outside of the official or formal sector: selling pencils on street corners, repairing cars on the side of a street, fixing products such as toasters, stoves, etc. that wealthy people throw in the garbage and then reselling them. In the formal sector, the income received by workers is declared and taxes are paid to the government. In the informal sector, wages are undeclared (paid under the table), government regulations are not heeded and no taxes are paid. In Canada, flea markets and garage sales, for example, represent the informal sector.

<sup>19</sup> Jaime Avilés, p. 4

<sup>20</sup> Harper's, May 1995.

scheme, erupted. Salinas' brother is now in jail. Salinas himself, discredited, has quietly fled abroad.

### **Overview**

Part I explains the personal evolution that made me decide to travel to Chile. It recounts the six first weeks I spent in Chile: the work stoppage, the black market, and the increasing polarization in the country. It then goes back and provides historical background. A few highlights of Chilean history are presented, followed by a discussion of Frei's Revolution in Liberty from 1964 to 1970. Then the first three years of the Popular Unity government are examined: the policies pursued, the CIA's involvement in Chile, the growing economic paralysis, and the events immediately preceding the coup d'état.

Part II recounts my day-to-day experience of the coup. This experience is communicated nearly exclusively through excerpts of my diary and some of the letters my then wife and I wrote to friends in Quebec. It covers the period going from the coup itself on September 11<sup>th</sup>, 1973 to September 1974. The last part deals with my return to Montreal.

Part III moves away from the more personal, letter and diary-approach, and provides a historical overview of the entire period of the Pinochet dictatorship, from September 1973 until March 1990. It examines Pinochet's secret police force, the DINA; critically evaluates the Chilean legal establishment; traces the birth and evolution of the growing opposition to the dictatorship: students, unions and popular movements, media and political parties. It explains how the opposition forces were able to unite and were victorious in the plebiscite of 1988 as well as in the elections of 1989.

Part IV focuses on the neoliberal economic revolution implemented by the Chilean military government (known as the Junta). First, the economic policies themselves are presented, along with their historical roots and underlying philosophy. Then the five key economic periods of the Pinochet-dictatorship are described. Finally, the concrete application of these policies in key sectors of Chilean society, as well as their effects on the ordinary lives of Chileans, are examined in considerable detail:

privatization, health, schooling, housing, public transport, the economic boom in the fruit, forestry and fishing industries.

Part V starts out by examining the nature and impact of the economic and social policies implemented by the three civilian governments—known as the Concertación—after the end of the dictatorship in 1990. Then, the evolution of the human rights situation in Chile is presented, with a special emphasis on what is known as the Pinochet Affair. Finally in the last chapter, a summary of the paper's findings is presented. A parallel is drawn between Chile's free-market economic miracle and the workings of the world economy.



Map of Chile and Surrounding Countries

Source: Microsoft

## **PART I**

# **Chile before the Coup**





# Chapter 1

## How I Ended Up in Chile

*Writing on Chile is both easy and hard for me.*

*It is easy because Chile is very much a part of my life. In that country I have lived some of the most exciting and intense moments of my life. I have made friends whom I will always remember. There I discovered an ocean of meaning.*

*It is hard because the Chilean experience is by far one of the most disturbing and unsettling one in my life. Being close to death, torture, concentration camps, repression, fear; living under a brutal dictatorship where everything is absolutely controlled—TV, radio, newspapers, magazines, universities, colleges, etc.; communicating with the underground, with people who introduce themselves to you using a false name<sup>21</sup>, who give you information on the situation in the country on pages no larger than two by three inches and with printing so small that it requires a magnifying glass to decipher... all that is not exactly pleasant. Writing about it may be therapeutic, but it brings back memories closer to darkness and anguish than to light and happiness.*

Having studied several years to become a priest and missionary, I left the seminary at Christmas 1968 to teach philosophy at the

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<sup>21</sup> If a person in the network were captured by the military and submitted to torture, he or she could eventually give in and accept to talk. However, because of this tactic, the names revealed would never be the real ones, therefore the underground would remain safe.

Cégep de Rouyn-Noranda in North-Western Quebec. Not long after my arrival in Rouyn-Noranda, I was offered another responsibility. Would I accept to be the regional director of Canadian University Service Overseas (CUSO-SUCO)? This was purely volunteer work and would be parallel to my paid job as a philosophy teacher. After some reflection, I accepted.

CUSO-SUCO is a national organization funded by CIDA (Canadian International Development Agency). CUSO represents the English sector and SUCO the French one, but both sectors operated in 1970 under a single Board of Directors. This non-governmental organization has two basic goals or mandates.<sup>22</sup> The first and primary one: to send young Canadians — doctors, nurses, agricultural experts, and teachers — to work in developing countries for a two year period. The second one: to educate and sensitize the Canadian public to the causes of underdevelopment in developing countries.

Besides my work as regional director, I was soon elected to the Board of Directors of CUSO-SUCO. That meant several meetings, one every two months in Ottawa for the board, and another every two months in Montreal for the French sector. For someone in his late twenties, this work was very gratifying. CUSO had a budget of more than \$6 million, the equivalent of approximately \$30 million today. At every board meeting, we had simultaneous translation similar in quality to that that took place in the House of Commons in Ottawa. I always traveled by plane and stayed in very comfortable hotels very close to the parliament buildings. All expenses paid, of course. Developing countries were our business and we felt we had a mission. The regional directors and the members of the Board of Directors were volunteers but CUSO-SUCO had several fully paid employees. During the board meetings we discussed the general orientation of the organization, whether to open new programs in Chad, in Bolivia, etc., or whether to close them in countries

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<sup>22</sup> In the late 1970s SUCO and CUSO split into two different organizations. Not long after the split, SUCO's budget was radically reduced while CUSO continued much as before. If CIDA hit SUCO so hard, it was clearly because the latter was much more involved in public awareness campaigns identified as leftist political activism.

undergoing considerable political upheaval. CUSO-SUCO had programs in about twenty developing countries.

I soon discovered, through the long hours of debates both within the formal meetings and during meals and social encounters, that CUSO-SUCO was divided into two currents of thought: On the one hand, there were those who thought that the organization, by sending Canadian volunteers to developing countries, was fulfilling a real need and was contributing to better the fate of the people in these countries. The developing countries, they claimed, are far behind both in knowledge and technology. Sending Canadian experts there can only help increase their level of expertise and eventually lead to a better, richer country. A doctor, a nurse, an agronomist, or a teacher can only help.

Then there were those who expressed an opposite view. They claimed that more often than not, our organization basically served the narrow economic interests of Canada. How and in what way? Many Canadian volunteers, when they returned from Africa, wondered just how much they had really helped. For example, the Canadian who taught the kids in Mali, Africa, not their own history but that of France, and not in their own native language but that of the colonizer—French—wondered what role he really played in Mali during his two-year stay. And his bewilderment only increased when he discovered that Canadian and other foreign companies operating in Mali were making big, fast bucks but causing little positive long-term impact on the country while often depleting the nation's natural resources. Are Canadian volunteers, they asked, actually serving the needs of Canadian businesses instead of those of the population in the developing countries? Do they not merely pave the way for Canadian businesses? For example, when Canadian volunteers spend two years in Bolivia, they help create bonds of friendship between this country and Canada and the Bolivian government comes to see Canadians in a positive light; later, when Canadian firms arrive there to search for business opportunities, Bolivia more readily welcomes them. Does CUSO-SUCO, they thus argued, despite its good intentions and hard working people, not simply end up perpetuating relations of domination and exploitation? Under colonialism, the major capitalist powers

clearly exploited, through political, cultural, military and economic domination, the colonized countries. Now that the latter have achieved their political independence, the First world, according to this current of thought, continues its domination and exploitation through trade and commerce. CUSO-SUCO performs a precious role in all this, akin to that played by missionaries in the time of colonialism.

What is, then, the solution? According to this second point of view, CUSO-SUCO, instead of prioritizing the sending of Canadian volunteers to developing countries, must emphasize public awareness.<sup>23</sup> It must sensitize people, both in the developing but especially in developed countries; allow them to perceive the real causes of poverty and deprivation in developing countries. Doing this may be a delicate and highly political task. However, abstaining from this course of action boils down to simply putting Band-Aids on wounds without ever coming to grips with that which, in the first place, is causing these wounds.

The debate was very hot. The first viewpoint, which saw the sending of volunteers in a very positive light, was clearly dominant in CUSO-SUCO. The second one, which thought that public awareness was the key thing and that sending volunteers might actually be detrimental to the developing countries, was clearly marginal. In the Quebec French delegation, however, this latter viewpoint was rapidly gaining momentum, especially under the leadership of Michel Blondin.<sup>24</sup> Even though my mind was really not made up on this issue, I increasingly felt sympathetic to the viewpoint that downplayed cooperation or the sending of Canadian volunteers and emphasized the need for public awareness.

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<sup>23</sup> Public awareness means helping to develop an understanding of the underlying political and historical causes of underdevelopment. An understanding that does not remain purely abstract and theoretical, but leads to political involvement.

<sup>24</sup> Note added to 2014 edition: see Michel Blondin, Yvan Comeau, et Ysabel Provencher, *Innover pour mobiliser: l'actualité de Michel Blondin*, Presses de l'université du Québec, 2012, pp. 83 to 96.

### **Teaching Philosophy**

Although I spent many hours working for CUSO-SUCO, most of my time, of course, was taken up by my regular paid job, teaching philosophy at the Collège de Rouyn-Noranda. I really enjoyed lecturing. As do most College teachers when they are just starting out in their profession, I taught students what I myself had learned when I was studying at university. However, I did make an effort to be close to students, and to their own life experience.

What is love? What does it mean to love? To love, I argued, is wanting a person as a good, as an end in himself or herself, and wanting that this person fully develop her or his potential. It is capturing what is absolutely unique and special about a person. It is coming into contact with that which is essential and yet very simple. It is experiencing the absolute in the finite: *"To me, you are the entire world... If you leave me, my life will no longer have any meaning"*. In some respects, love is unpredictable, spontaneous, and ever creative. In other respects, love requires commitment, transparency, and faithfulness.

What is freedom? Are we really free or is freedom simply an illusion? To be free, I pointed out, is learning to love. Being free does not imply the total lack of constraints, of determinism. A blank page. Rather it involves recognizing one's basic nature or constraints, welcoming them with an open heart. And, at the same time, realizing and accepting that life is not basically what it is, but what I will make it become. Certain basic things about the world and myself I cannot but accept. Yet, fundamentally, I can make myself happen, become. I can be my own creator.

What is evil? Is there such a thing as an evil person? What is goodness? Beauty? Justice and injustice? What does it mean to know you? To know the world? Can I ever attain truth? Is everything purely relative, each person being right in his or her own way? Even though one is saying white and the other black in the same moment in time and about the same thing?

With my eight years of training to become a priest, and then my master of philosophy thesis first on the French philosopher, Aimé Forest and then the American psychotherapist Carl Rogers, I felt

prepared to discuss these matters with students. Years of personal reflection and prayer made me feel that I could help students find their way. Help them see the light in the darkness. Help them learn to discard that which is not worthwhile and to stick to that which really is. Values. Sincerity. Beauty. Generosity and spontaneity. To learn to be happy. Not to go from one disappointment to another but to learn from experience, to learn to see.

I taught all these ideas with great enthusiasm and I really enjoyed the discussions with young, inquisitive minds. Yet, I increasingly felt that something, somehow, was missing in my reflection. One problem, in particular, sort of haunted me: poverty in the world. Why? What are its causes? Where are the solutions? To be honest, I really did not know. The problem, I felt, was very important, one of the most important of the 20<sup>th</sup> century, and yet, despite my many years of university training, first in philosophy, then in theology, I felt empty handed. Of course I had learned that poverty comes from hatred and domination, or, at the very least, from the lack of love in the world. Indifference. Apathy. The lack of solidarity. No desire to share the world's immense wealth. But what then? What's the solution? To go about telling people to avoid doing evil and do good? To preach against selfishness and in favor of solidarity and sharing?

This kind of grand, universal reasoning left me increasingly dissatisfied. Not only in my teaching, but also in my work in CUSO-SUCO. I somehow felt that the causes of world poverty were elsewhere, and that my philosophical discourse, despite its generosity and apparent depth, was terribly shallow and, to say the least, confused. I also wondered whether what we did in CUSO-SUCO was of help to the population of the developing countries or more of a hindrance. I felt that the answer to some of my questions might be found in the social sciences, an area in which I had practically obtained no training at all. I wanted to get out of the very abstract world of philosophy and theology. I wanted to develop a more down to earth, concrete vision.

### **Decision to Go to Chile**

It is in this context that Wynanne – my wife at the time – and I left for Chile in July 1973. We sold our house in Rouyn-Noranda and our automobile, gave most of our furniture to our parish priest so he could distribute it to the needy, and left other belongings with some of our friends.

Why did we choose to go to Chile? We could have gone to the University of Montreal or to McGill University or again to some reputable university in the United States. After all, some of the best social scientists in the world lecture in these universities. Two factors influenced us in our decision.

For one thing, we both felt a deep distrust of knowledge cut from reality. One can study poverty in a wealthy, reputable First World university or one can actually travel to a developing country, live with the poor, and study poverty in that context. The latter, to us, seemed far superior to the former. Experience can teach you things that lectures and books simply cannot. Furthermore, First World universities are more likely, we felt, to adopt the worldview of the dominating and not of the dominated and marginalized.

Secondly, Chile in the 1970s was greatly admired in Quebec and throughout the world and seemed to inspire great hope for the population of the developing countries. Why? Because a great historical experiment was taking place there.

In September 1970, a coalition of progressive political parties called the Popular Unity won the national elections. It was headed by an experienced and well-respected politician, Doctor Salvador Allende. First elected in 1937, Allende had served as Minister of Health from 1939 to 1942, became a senator in 1945, and served as President of the Senate from 1966 until 1970. The main objective of the Popular Unity government was to rid Chile of its chronic problem of poverty and underdevelopment.

Chile, in 1970, was facing several major problems:

- Land concentration was extremely high; less than 4.2% of the population owned the arable land, most of it divided into huge estates.



- Two percent of the population received 46% of national income whereas 60% received only 17%.
- Copper mining, in the hands of American transnationals (also known as multinationals), represented 85% of foreign exports and created huge profits — \$1,500,000 per day. Practically all of these profits were expatriated, that is simply returned to the US.
- Population growth since 1945 was constantly outstripping increases in local food production.
- The Chilean foreign debt stood at more than \$4 billion, the second highest per capita debt in the world.
- The peasant workers received only one fifth the pay of the urban workers who in turn were making very small wages.
- In the capital city of Santiago, 600,000 people lived in makeshift, emergency homes.
- Plain earth constituted the floor in 66% of the homes of the peasants and only 10% of them had electricity.
- 600,000 children were retarded because of protein deficiency developed in the very first months of their lives;
- 1,500,000 children were malnourished and of these, 25,000 below the age of one died every year.
- Some 60% of all Chileans were born without any medical assistance.
- In the countryside, only 52% of the school age-children actually went to school.<sup>25</sup>

How would the Allende government tackle such enormous problems? By radically redistributing income from the haves to the have-nots and substantially restructuring the economy. More precisely, by:

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<sup>25</sup> *Chile: Libre Negro*, Editado por Hans-Werner Bartsch, Martha Buschmann, Gerhard Stuby y Erich Wulff, First published in German by Pahl-Rugenstein in 1974, Translated in Spanish, 3rd edition 1974, Editora Tailler, Republica Dominicana, p.20-23.

## How I Ended Up in Chile

- Nationalizing (in other words, the State takes over private firms) the extremely wealthy American owned copper mining companies operating in Chile;
- Breaking up the large land estates, called *latifundios*, owned by the wealthy Chileans and allocating them to the landless peasants traditionally used as cheap labor;
- Nationalizing the most strategic areas of the Chilean economy and developing an economy geared to the needs of the many and not to the privileges of the wealthy and powerful few.
- Ridding the country, gradually and by peaceful and democratic means, of capitalism and implementing a new, alternative, socialist and state-planned system.

And so it was, that because of a deep distrust of abstract knowledge far removed from the reality it addresses and because of an enthusiasm for what was then considered as a very promising developing country experiment, my then-wife and I arrived in Chile on July 23, 1973.



## Chapter 2

### First Days in Chile

#### **Letter: August 2-3 (First Impressions)**

*Dear Mom, Dad and family,*

*We are now in the middle of winter, still alive and kicking, trying to get rid of a cold that really hit us hard as soon as we arrived here on July 23<sup>rd</sup>. Since two days we are living in a small apartment situated in the heart of Santiago, equipped with electric heating, hot water, and a kitchen about half the size of your bathroom! Before that we were living in a relatively inexpensive hotel. No heat, no hot water, no windows in our room, about 50° to 56° Fahrenheit. A very nice place to get rid of a cold.*

*From Mexico City we flew straight to Santiago, Chile. We had previously planned to stay one week in Lima, Peru, but after those two very busy weeks of camping — we traveled over 4,000 miles from Windsor to Mexico City! — we decided we just wanted to get settled down as soon as possible.*

*August 3<sup>rd</sup>: Tonight we have been invited to the Sheraton Hotel to have supper with the Director of External Affairs of the province of Quebec who is visiting Chile for three days. Those from Quebec who are now in Santiago have all been invited. The purpose of the meeting is to discuss ways in which Quebec can cooperate with Chile. (...)*

*Food here in Chile, like many other things, is rare. We are told that the average worker earns approximately four to five thousand escudos a month. An apple can cost from 15 to 30 escudos depending on its size. A shirt can cost 2,000 escudos. The smallest portable typewriter costs 88,000 escudos. Our*

*apartment costs 30,000 escudos per month and most of them ranged from 60,000 to 200,000! (...)*

*People will wait in line up to one hour and a half in order to get lunch at a reasonable price. Yesterday, Wynanne and I stood one full hour in line to get an inexpensive lunch at 35 escudos. And we arrived early. When we left, there were at least 300 people still standing in line. Their ages ranged from 16 to 70 years old.*

*If you want to buy bread, you also have to stand in a long line. The same goes for sugar — when it is available —, tea, cigarettes and many other things. Right now gas is rationed; people have the right to buy only so much.*

*Yesterday, when Wynanne was shopping, she noticed about ten men walk into the store, enter a room at the back and come out armed with sticks — the kind used to fight mobs in the street.*

*The buses in Santiago are incredibly overloaded. There are very often three or four people standing on the steps of the bus, their bodies completely out of the bus, just holding on to one of the bars or somebody else!! Sometimes there are very few people on the bus and the driver somehow decides to go right by the bus stop. I am told that most of the buses are privately owned and therefore quite independent.*

*Monday, if all goes well, we should be registered at the Centro del Estudio de la Realidad Nacional (CEREN) of the Catholic University of Chile. Classes only begin about the middle of August so from now until then we will keep on trying to find some food — we are fairly well organized now — and give Spanish another go. So far we have been so taken up by the basics that we have had no time for Spanish.*

*Last night we watched TV. We bought ourselves a second hand TV and radio. We don't understand much but I am sure that within a couple of months we will. (...)*

*Hope you are all well. Hasta la vista! Wynanne & Ovide*

*N.B. Letters often don't make it, we are told. If you feel we are slow in answering your letters, it might mean one of them got lost.*

### **Inflation, black market**

Wynanne and I left for Chile in early July. We traveled by car from Windsor, Ontario, to Mexico City with a colleague from the Collège de Rouyn, Michael Hartney. After spending a week in Mexico, we boarded the plane for Chile and Michael drove back home to Ottawa.

When we arrived in Chile, we first visited the Oblate priests in downtown Santiago. We did not know them personally but thanks to our Oblate friend in Rouyn, they had accepted to help us. They directed us to an inexpensive hotel, Hotel Windsor, where we stayed for one week. We paid a little less than \$4 per night. Breakfast was included: one cup of tea with lots of sugar and plain bread. Outside it was 11° C, humid and sort of gloomy. July in Chile is winter. By our winter standards, it was not very cold but the fact that the hotel we were living in did not have any heating made it miserable for us. I got a pretty terrible cold, which, combined with the fact that we knew next to nothing in Spanish, made the experience rather unpleasant.

On July 25<sup>th</sup>, two days after our arrival, a work stoppage occurred in the country. In Quebec, we were accustomed to strikes resulting from unions and workers negotiating for better salaries and working conditions. Not so in Chile. We soon realized that this stoppage was initiated from the top, not from the bottom. The owners of the enterprises were obviously the heart and soul of the strike and their objective was simple: they wanted nothing else but the toppling of the Popular Unity socialist government.

After spending one week in the hotel, we finally rented an apartment. We paid \$20 per month for a three-room, completely furnished apartment (including dishes and sheets!) in downtown Santiago on Miraflores Street. The owner obliged us to pay in dollars. He did not want to have anything to do with the Chilean national currency, the escudo. He was not alone to reason this way. In all the newspaper adds, we were unable to find one single apartment that did not demand dollars instead of escudos! The price of the apartments in the ads varied from \$8 to \$100 per month.

For \$100 we were able to purchase, after pretty extensive researching, a second hand television and radio. The radio was

equipped with short wave, something that would later turn out to be invaluable.

As we were settling in to our apartment, we discovered in a discussion with a Peruvian friend of Japanese origin, that practically all houses in Chile have a special little room for the servant.

*“You are in Latin America here, she said. You must stop thinking like Canadians. Everyone here has a servant. That’s the way it is. Anyway, you won’t manage to wash all your clothes by hand, stand in line to do your shopping, do your house cleaning, etc. if you have a job, or are full- time students.”*

Art and Natalie Warner, two Quaker volunteers from the United States who had just arrived in Chile and were renting a comfortable house in a wealthy neighborhood, told us:

*“The people in our neighborhood are all astonished that we do not yet have a servant. We are wondering whether or not we should hire one. At home in the States, we never had one nor felt the need for one. Why should we need one here?”*

We were somewhat scandalized by all this and were determined we would never hire a servant.

It soon became clear to us why so many people refused escudos and preferred US dollars in their transactions. The rate of inflation in Chile at the time was approximately 500% per year! In other words, the escudo you received today was already worth less, in purchasing power, the very next day! On the other hand, if you could put your hands on dollars, the opposite was true. The dollar received today could purchase more tomorrow. Sitting on an escudo for even a small amount of time was thus losing purchasing power. Sitting on a dollar was making money, actually adding rapidly to your purchasing power.

On July 23<sup>rd</sup>, one dollar was exchanging, at the official bank rate, at 156 escudos. On the black market, the same dollar was exchanging at 1,500 escudos! One single week later the same dollar was exchanging, at the official rate, at 240 escudos. And the black market rate was 1800! On August 10<sup>th</sup>, the official rate had jumped to 300 escudos and the black market one to 2100!

Despite my many years in three different universities, I could not understand what was going on. What is a black market? Why such a huge difference between what you could get for a dollar if you would exchange it in a normal bank at the official government rate and what you could get for it if you would offer it to practically anybody on a street corner, in a restaurant, etc.?

According to Father Veillette, an Oblate priest in Santiago, the Chilean minimum salary was, in mid July, approximately \$1.50 at the black market rate. In other words, about 1,700 escudos. That means that for \$1.50 per month, you could hire, full time, a servant who would wash your clothes, do your cooking, clean house, do the grocery shopping and take care of your kids. A very good deal to say the least.

For a measly 10 cents you could buy a bottle of excellent Chilean wine. That is, if you would exchange your dollars in the black market and if you already had at least one empty bottle of wine. For several days we tried to buy one bottle of wine. Without success. No one, but no one accepted to sell us a bottle. Even if we offered to pay ten times the going price. *"We need your empty bottle* they all said. *"In Chile right now, there are no more wine bottles!"*

For a country that was theoretically creating an economic revolution in favor of the many, this, even to a green horn in economics like me, did not sound right. If I can get something for nothing, I thought to myself, it certainly means that someone, somewhere, is working for nothing. And where have all the bottles gone?

Despite our qualms of conscience, we did end up exchanging some dollars in the black market. Besides the enormous and very tempting economic advantage it gave us, a very simple reality brought us to this. After standing in line in banks for two days, we still had not managed to make it to the right bank teller. When we would get our turn in one line, they would either tell us we were in the wrong line, or stamp some piece of paper and send us to another long line. Furthermore, the more we questioned Chileans and foreigners living in Chile about the black-market the more we realized that it was practically universal. The Oblate priests used it. Our Canadian and American friends in Chile, who



were very progressive and sympathetic to the Popular Unity socialist revolution, used it. We were repeatedly told that even the members of parliament of the Popular Unity used it. The American Lutheran Church financed Chilean students at \$5.00 per month; these dollars were exchanged or escudos in the black market.

### **Work Stoppage**

As I explained earlier, two days after we arrived in Chile a work stoppage occurred. It was initiated by the wealthy and obtained the support of a significant portion of the middle class. With every passing day, the work stoppage extended to new sectors, provoking an intense polarization. A large number of the truck owners of Chile went on strike.<sup>26</sup> Those truckers who kept on delivering goods did so at a very high risk. Some were gunned down; others, more fortunate, were able to get away only with a few flat tires, caused by *miguelitos* – bent nails welded together and sharpened at both ends – strewn by the millions over Chile's highways. The buses in Santiago, mostly privately owned, functioned only sporadically. In a city not equipped with a subway or any other public transport system, transportation became a nightmare. Thanks to our dollars, we were able to purchase two second-hand bicycles, which made our life a bit easier.

### **Letter by Wynanne: August 25-26 (Shortages, Work Stoppage, Street Fights)**

*Dear Andrée, George and children,*

*For nearly three days now I've been thinking about writing to you but it takes me about that long to coordinate my thoughts and to try to figure out how to put on paper what's happening here and my feelings about it all.... But every day, something else happens. With each new experience, I feel that for the first time, I've really understood. At the same time, when I attempt to explain it all, I'm more confused than ever. Yet I feel I must explain it. I want to.*

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<sup>26</sup> It is important to realize that in Chile the transportation of goods throughout the country depends fundamentally on trucks.

*We think often... very often... about Rouyn, l'Abitibi and the whole gang. I feel an urge and a need to put everything we learn here about Chile and development in relation to Quebec and l'Abitibi. And when I ask myself "But who will understand what's it all about?", I can only answer with some kind of intuition, some kind of blind faith, Andrée. So... here I am! Mixed up little ol' me!*

*I hope Pierre and Hélène let you in on the news we sent earlier when we first moved in to our downtown apartment. We're right in the heart of Santiago, which has its advantages and disadvantages. All the stores, restaurants and the market are just around any corner... but then so is the Presidential Palace, the Congress and the universities, which means demonstrations and trouble quite often.*

*Do you remember in October 72 when the truckers in Chile went on strike? It was very serious as the truckers are the ones who bring all the supplies in from the farms and the ports and generally deliver and distribute goods around the country. That strike lasted 28 days. A few days after we arrived in Chile, the truckers (here they are well off, conservative and against the Popular Unity government) went on strike again. Today, some 31 days later, the strike is still on. The government foresaw this sort of trouble and accumulated a stock of food for three to four weeks. That stock is now practically all gone.*

*The truckers insist that their strike is not at all political but in reality, it is obvious that it is. They have parked all the trucks in a couple of fields and have armed themselves. The serial numbers have been removed from the trucks and important parts have been taken out. Because the United States is running a blockade on Chilean copper, Chile's credit on the world market is the lowest in the world. As a result, Chile can't get replacement parts or new trucks. The gas problem is the biggest. With no delivery trucks, there is a terrible shortage of gas. (...)*

*Many of the doctors have joined the strike initiated by the truckers. All the students have been out of school since July 23 for a rather prolonged winter break (normally seven to ten days). Some say this is because of the lack of gas for transportation.*

*Others argue that students are constantly demonstrating, some for and some against the Popular Unity government.*

*Anyway, yesterday high school and university students demonstrated against the government smashing buses and trucks. They marched on the streets three blocks from our apartment. The police fought back with tear gas and water trucks (the truck drives down the street and soaks anyone within 50 feet either side). The four hours of street fighting closed all the stores and made the air unbearable. I guess you guys must know what tear gas does to you! Another Quebecois here has clued us in on what to do — handkerchief and salt.*

*Yesterday was the third consecutive day there has been rioting in the downtown sector. We are about eight blocks from the Presidential Palace — La Moneda — the ideal place for holding demonstrations. As a result of all this there is constant talk of civil war or a coup d'état. Either of these could be rough, especially for those of us living in the center of town. Both neighbors and friends have advised us to stock up for three to four weeks: food, candles, batteries for the radio and general provisions. So we have! C'est pas drôle!*

#### ***August 26<sup>th</sup>***

*Back again this beautiful Sunday morning after supper out last night with a Quebecois and his Peruvian girl friend. Great discussions on socialism, Marxism and capitalism. What's the answer for Quebec??? and how???*

*I am very interested at the moment by the impact of the media. Here the concept seems so totally different. Radio, television and newspapers are a real means of education of the people, the workers. Imagine the power of a people's TV and radio and paper in l'Abitibi! Maybe Richard Aubry really had a profound intuition when he suggested we create a cooperative community TV station in Rouyn. Pierre Barbès objected that merely creating many coops — food, TV, Caisse populaire, etc. — would not suffice, that what is needed is a global development plan. But it seems to me that we cannot create a global plan if we don't start awakening people immediately, if we don't start counterbalancing the growing publicity promoting superfluous*

*goods by a public awareness strategy focusing on the real interest and needs of the people.*

*Here, they are trying. Popular education seems to really work in Chile and it is moving ahead in great strides. I want to learn from them. I want to know what to do and how to do it. In the food coop that we set up in Rouyn, I think we had the beginnings of a dream, and a way of making this dream come true. By sharing our ideas and experiences, by learning from places like Chile that seem to be more advanced, we might be able to do something, to sow the seeds of hope and pride for the people of Quebec... Wow!, what a dreamer I am today. Now I just have to practice what I preach. (...)*

*I would like to write to Renée and share my thoughts with her but I realize I can't write in French. I can't express my heart to her. So you, Andrée, you must see her and tell her what I want to say, please.*

*And then there are all the mundane daily things that come from living in a developing country that I am sure you know all about: standing in line every other day for one hour to buy two bottles of milk and one kilo of bread; having only a twenty gallon tank of hot water that you must turn on and off as you need it; cooking on a two-burner gas stove and an oven with no window and no thermometer; washing all your clothes and sheets and towels by hand in a bathtub; ironing with an iron that weighs a ton and has only the control of "plugged in" or "not plugged"... Yet, we live well here. (...)*

*We're sort of homesick for Quebec, to say the least (especially me anyway). Please write and let us know the news from "home". Are you pregnant? Did George get a job? Is the gang all together?*

*Please give our news to all the others. Take care and write soon,*

*Lots of love,  
Wynanne & Ovide*

Every day, Wynanne and I bought several different newspapers. And every night, we would watch the news on TV. They would last anywhere from one and a half to two and a half hours. One

day, it was reported that Salvador Allende's main bodyguard, Commandante Araya, had been assassinated. Another day that several gas stations had exploded. In fact, we ourselves witnessed the explosion of one in downtown Santiago. One night, when Allende was addressing the entire nation live on TV, there was a total blackout that lasted for several hours: one of the very important hydro lines had been sabotaged.

**Diary: August 26 (Struggle between Left and Right in Media)**

*After spending a little more than one month here talking to people, spending some four to five hours every day reading different newspapers and magazines, and two to three every evening listening to the radio and watching the news on TV, I would like to put down on paper the present situation in Chile as I see it. What strikes me a lot is the fact that, for the first time in my life, I feel as if I was in the communist or socialist bloc. The left here constantly speaks of China, the Soviet Union, Romania, North Korea and especially about Cuba. For the Chilean left, it is obvious that Cuba represents a sacred ideal, a source of admiration and inspiration....*

*The right, on the other hand, seems to represent a current of thought in which I have always lived. It spends its time systematically attacking communism in all its forms, just as the left criticizes constantly both capitalism and American imperialism. For the right, communism threatens religious freedom, democracy, intellectual freedom and economic prosperity.*

*I just can't get over how TV and the mass media in general are used in this country. The left makes all kinds of TV programs on Cuba, Romania, etc. It uses the media to sensitize the public to the major current problems in Chile. The fact that those doctors now on strike are wealthy and very privileged is openly denounced. Their salaries are made public and the fact that they cater mostly to the wealthy is emphasized. Ordinary workers are often interviewed and they speak with an amazing freedom and audacity. Last night, I started watching TV at 9 p.m. and finished at 1:00 a.m. First I watched channel 9, of the University of Chile. Quite obviously, it is a channel of the left. Apparently, the new*

*rector of the university, a rightist, is trying to have the channel closed.*

*According to the news on channel 9, the doctors on strike have decided to abandon even the emergency rooms. On the other hand, they are continuing their private practice. This kind of transparent and open criticism is one of the most moving I have even seen. I recognize here values that I tried to defend, with little success, in the board meetings of CUSO-SUCO. Each individual should work primarily to help his fellow man and woman. Using a technique, setting up a business, etc. primarily to accumulate material wealth is immoral. If that is what freedom means, the freedom to accumulate wealth, then it is nothing but a façade for what is in fact mere selfishness and greed. If a doctor is free to do business in this spirit of accumulation, if that is what economic realism is all about, if that is what the law and the constitution protect, then one must seriously question this law and constitution. One must have the guts to speak out loudly and clearly.*

**Diary: August 27 (The Poor Pay for Black Market)**

*The more I reflect on this black market issue, the more I realize that it is hideous and immoral. And yet those who make use of it all seem to be so refined, so nice! I just found out that thanks to the black market, I could travel to Canada, a return trip, for a mere \$300! On whose back? On that of the majority of poor Chileans, of course! At the very moment when Chile is deeply indebted; when it lacks the money necessary to purchase the wheat it needs to feed its population; when it is being boycotted by the international financial institutions that usually make loans to developing nations, a boycott initiated by the United States; when Chileans are literally piling up on each other in old and overcrowded buses and obliged to stand in line for hours to buy bread, milk, coffee, butter, toilet paper, oil, etc.; at that very moment, one can travel to Canada for next to nothing!!! In other words, the worse it gets for the population in general in Chile, the easier it is for a small minority here to buy things for next to nothing by dealing with the black market..<sup>27</sup>*

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<sup>27</sup> I realize now how my analysis of the black market was strictly moralistic at

**Diary: August 28 (Conservative Press Hints Military Necessary to Fight Communism)**

*Today El Mercurio, Chile's major conservative daily, published this ominous article:*

*"The advance of communism in some cases and a situation of economic chaos in others have resulted in military takeovers in most countries in Latin America. The military rule in Brazil, Ecuador, Peru, Uruguay, Paraguay and Bolivia, that is, in a total of six countries out of ten. In the southern cone, only Chile and Argentina are not under military rule."*

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that time. I lacked the analytical tools that could have allowed me to understand this issue in a broader and more technical sense.

## **Chapter 3**

# **Frei's Revolution in Liberty: 1964-1970**

Before continuing to recount my day-to-day experiences, I think it would be a good idea to stop here and provide context. It is important, if one wants to understand the coup d'état of September 1973, to have at least some general data on Chile and to have an idea of what happened in the country before that date.

### **Historical Background**

It is important to realize that Chile was first colonized by the Spaniards. It obtained its independence in 1818, long before Canada. Politically dependent under colonialism, it immediately became economically dependent first under British capitalism in the 19<sup>th</sup> century, then under rising American capitalism in the 20<sup>th</sup>.

Britain, the most powerful capitalist nation in the world in the 19<sup>th</sup> century, preached a free-market ideology. Its colonies were expected to export their natural resources to Britain, and the latter to export manufactured goods to the colonies. By and large Chile, as other Latin American nations, accepted this ideology. Foreign companies, mainly British, invested in Chile and exported its raw materials while Chile imported manufactured goods. From 1880 to 1920, growth in the Chilean economy was mainly triggered by nitrate exports, used by the British, the German and the Americans as fertilizer for fields and for armament industries. With the advent of synthetic fertilizers and explosives after World War I, Chile lost its primary engine: the nitrate market plummeted. It was quickly replaced, however, by another key



raw material with which Chile is abundantly blessed: copper. American companies, whose influence not only in Latin America but also in the world was increasing rapidly, substantially increased their investments in Chilean copper mines. Copper, mined in the great deserts and mountains of the north, became the pillar of an export-oriented economy.

The Great Depression of the 1930s hit Chile very hard. Extremely dependent on revenues originating from its high copper exports, Chile was traumatized when the bottom fell out of the copper market. It thus moved away from its previous free-market orientation and became a pioneer of relatively strong government intervention. The economy, it was felt, should become more diversified, less dependent on the exterior markets, and the immense gap between the haves and the have-nots should be addressed. Government intervention, and not unfettered market forces, was to become the key element to foster this evolution.

Although foreign owned copper mines remained the major source of government resources, the Chilean government intervened quite actively in the economy. In 1939, it founded CORFO (Corporación de Fomento), an organization used to increase investments in infrastructure and to encourage and solidify private and public enterprises considered strategic for sound economic development. As Collins and Lear point out, CORFO, with the assistance of international public financial institutions, *“helped to set up a national steel industry, electrical plants and distribution networks, and transportation and communication systems.”*<sup>28</sup> Thanks to credit policies and protective tariffs, a diverse industrial base was developed in textiles and light manufacturing, supplying goods for a rapidly increasing domestic market.

The Chilean government also pioneered in creating social services to help out those citizens marginalized by market forces. It consecrated an ever-increasing portion of its budget to education, health, housing and social security. New laws and

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<sup>28</sup> Joseph Collins and John Lear, *Chile's Free-Market Miracle: A Second Look*, Institute for Food and Development Policy, Oakland, California, 1995, p. 14.

social institutions were set up. Even though the resulting social programs were far from perfect, and eventually posed certain fiscal problems, they were an impressive achievement, especially when perceived in the Latin American context of the times.

From 1938 and through the 1940s, the Radical Party, which represented a middle-of-road ideology, was able to govern by obtaining the support of the Socialist and Communist parties. In the 1950s, with the extension of the vote to women and the simultaneous emergence of a US instigated Cold War anti-Communist mentality, the Radical Party continued to govern, but this time with the support of the conservative parties of Chile.

Although a developing country, Chile had one of the world's oldest parliaments. From its birth as an independent nation until 1973, Chile underwent only three brief interruptions of its democratic traditions. From 1932 until 1973, constitutional rule was unbroken. At the beginning of the 1960s, its population stood at 10 million. Despite its many problems, it was certainly, in terms of literacy, urbanization—two thirds of the population—and political stability, one of the most advanced among developing nations. Somewhat similar to Italy and France, the political parties of Chile, in which the middle and lower classes participated increasingly, represented a broad range of ideologies: on the far right, a very conservative and traditional National Party, in favor of a hard-line, somewhat feudalistic capitalism; in the center, a relatively young Christian Democratic Party (replacing the middle-of-the-road role of the Radical Party) in favor of capitalism but of a somewhat softer and more modern, humanistic type; on the left, a very powerful Communist Party more than 40 years old and an influential Socialist Party more than 30 years old, both very critical of capitalism and in favor of an alternative, socialist system.

### **Christian Democratic Platform**

In Chile's 1964 election, the Christian Democrats won under the leadership of Eduardo Frei. The candidate of the Left, Dr. Salvador Allende, a long standing and well respected member of the Socialist Party, had come very close to winning the presidency in 1958 but lost with 39% of the vote (Frei: 56%) in 1964.

In his electoral campaign, Frei made the following promises to the people of Chile:

- An important part of the income accruing to the wealthy would be diverted to the poor, through a more equitable tax system and more efficient tax collection;
- A national housing construction program would be implemented, providing 60,000 homes per year for the 500,000 homeless Chileans;
- Universal education and health care would be set up;
- The role of government intervention would be considerably increased in order to foster economic development and job creation;
- A very energetic land reform program would be carried out, radically reducing the traditional concentration of land in the hands of the few. One hundred thousand of the 350,000 landless Chileans would receive land;
- The copper industry would be 'chileanized'. In other words, the government of Chile would buy 51% of the shares of many of the important firms — most of them American-owned — operating in the copper industry. As a result of this, copper production would increase rapidly;<sup>29</sup>
- Unemployment would be completely eliminated;
- Inflation, at an annual rate of 30% in 1964, would be reduced to no more than 5% by 1970.

### **Alliance for Progress**

These promises as well as the economic policy on which they were founded originated directly from the so-called Alliance for Progress, initiated in Latin America by the US president, John F. Kennedy in the early 1960s. The Cuban socialist revolution of 1959, which ousted a long time dictator and close ally of the United States, Batista, had come as a blow to America. There was considerable concern over the effect of this revolution on the other countries of Latin America, especially since it seemed to be successful and greatly admired throughout the continent. Would

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<sup>29</sup> *New Chile*, published by NACLA (North American Congress on Latin America), New York, 1973 edition, p. 118.

not this revolution, headed by a very dynamic idealist and former student of Jesuit priests, Fidel Castro, act as a spark that would rapidly ignite socialist revolutions in several Latin American countries and thus threaten American interests, more specifically, American firms?

The Alliance for Progress came as a direct answer to this Cuban threat. It was basically a vast economic restructuring program, launched by the United States but to be implemented in Latin America with the close collaboration of the American government and businesses. Its purpose was very simple and obvious. Latin American capitalism, in many ways still somewhat feudalistic (for example land was extremely concentrated in the hands of the wealthy few; income distribution was scandalously unequal; industrialization, especially in its local component, was generally very weak; education and health levels were terribly low and, of course, poverty very high) was to be revamped and modernized. How? Basically by implementing a fairly radical land reform program, that is, by redistributing land to the landless many. By stimulating industrialization, with generous loans and higher levels of direct, foreign (American) investment, all this in a close collaboration between American firms and Latin American governments. Finally, by upgrading both health and education and increasing the general welfare of lower class citizens.

Should this succeed, it was hoped, the strong magnetic attraction then exercised by the successful Cuban revolution would be considerably dampened, nay completely eliminated. If capitalism can be very good to ordinary Latin Americans, why should they continue flirting with the socialist grass on the other side of the fence? If capitalism provides benefits not just for the wealthy few but also for the average citizen, why should they bother becoming militant and fomenting revolution?

Although aimed at all of Latin America, the Alliance for Progress involved strategic planning. The American government targeted Chile as the starting point and showcase of this Alliance. If Chile, with its well organized and deeply rooted revolutionary forces and its intellectual leadership in Latin America, was in many respects the most dangerous place for the future of capitalism in

Latin America, it could be transformed into its opposite. In the 1958 Chilean elections, the very popular Socialist leader Salvador Allende was only 30,000 votes away from becoming President. And had it not been for a certain split within the left, he would have easily won. Thus the 1964 elections in Chile, especially in the aftermath of the new wave of revolutionary spirit ignited by the Cuban revolution, seemed absolutely vital. A successful socialist takeover in Chile could “*very well turn out to be the last straw that would ignite the communist flame throughout the continent*”.<sup>30</sup> On the other hand, a successful and spectacular reform of capitalism in Chile could set a counter-Cuban example. It could show the light for the millions of destitute Latin Americans craving for change. It could provide a much-needed and very timely boost to a wavering Latin American capitalist system.

If the Alliance for Progress represented a US instigated push to reform Latin American capitalism, Chile having been chosen as its showcase, there was a second important component to American policy: counterinsurgency. Besides the powerful example of the successful Cuban revolution, the United States also feared the rising militancy in the Latin American working classes and popular sectors; guerrillas who promoted rural and urban insurgencies were mushrooming. Strategies to counter this militancy and possible insurgencies were therefore needed. At the same time, then, that Washington was launching the Alliance for Progress, it was also increasing its support of Latin American Armies and those sectors of society most opposed to revolution. Fear of revolution was pushing Washington to target and favor those sectors that advocated reform, but fear of revolution was, simultaneously and somewhat paradoxically, pushing Washington to increase its collaboration with those sectors most apt to exercise brutal repression and resist deep change.

*“With the Alliance for Progress carrot, notes Cockcroft, came the counterinsurgency stick. U.S. aid beefed up Chile’s military and ‘Carabineros’ (Police), whose combined strength doubled to 90,000 men. More than 4,387 Chilean soldiers received U.S.*

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<sup>30</sup> Ernst Halperin, *Nationalism and Communism in Chile*, The MIT Press, United States, 1965, p. 241.

*training in 'domestic counterinsurgency'. (...) From 1950 to 1970 Chile received \$175.8 million in U.S. military aid, more than any other Latin American country except Brazil"*<sup>31</sup>

### **CIA Involvement in Chile**

Eduardo Frei, the Christian Democratic leader who proposed the modernization of Chilean capitalism, quite naturally became the American favorite in the 1964 elections. According to the American Senate Committee Report *Covert Action in Chile: 1963-1973*, the US lent Frei its support in the following manner:

*"The Central Intelligence Agency spent more than \$2.6 million in support of the election of the Christian Democratic candidate (...). More than half of the Christian Democratic candidate's campaign was financed by the United States (...). In addition to support for political parties, the CIA mounted a massive anti-Communist propaganda campaign. Extensive use was made of the press, radio, film, pamphlets, posters, leaflets, direct mailings, paper streamers, and wall painting. It was a "scare campaign" which relied heavily on images of Soviet tanks and Cuban firing squads and was directed especially to women. Hundreds of thousands of copies of the anti-Communist pastoral letter of Pope Pius XI were distributed by Christian Democratic organizations (...). "Disinformation" and "black propaganda" — material which purported to originate from another source, such as the Chilean Communist Party — were used (...). During the first week of intensive propaganda activity (...) a CIA-funded propaganda group produced twenty radio spots per day in Santiago and on 44 provincial stations; twelve minute news broadcasts five times daily on three Santiago stations and 24 provincial outlets; thousands of cartoons, and much paid press advertising (...). The propaganda campaign was conducted internationally as well. The CIA ran political action operations independent of the Christian Democrats' campaign in a number of important voter blocks, including slum dwellers, peasants, organized labor, and dissident Socialists."*<sup>32</sup>

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<sup>31</sup> James D. Cockcroft, *Latin America*, Second edition, Nelson Hall-Publishers, Chicago, 1996, p. 542

<sup>32</sup> US Government Printing Office, 1976, p. 16 quoted in Edward Boornstein, *Allende's Chile*, International Publishers, New York, 1977, Second Printing

As Boornstein points out, quoting abundantly from the Senate Report just referred to, the CIA did a lot more than assure the Christian Democrats a comfortable majority in the elections; it also kept very busy during Frei's mandate:

*"The Senate committee's report states that "During the years between the election of Frei (...) and the presidential campaign of 1970, the CIA (...) spent (...) almost \$2 million on covert action in Chile(...) conducting twenty covert action projects (...)".*

*Agents financed by one project 'placed CIA-inspired editorials almost daily in El Mercurio (...) and, after 1968, exerted substantial control over the content of that paper's international news section'.*

*Other CIA 'projects were directed toward: wresting control of Chilean university student organizations from the communists; supporting a women's group active in Chilean political and intellectual life; combating the communist-dominated Central Unica de Trabajadores Chilenos (CUT) [Central Workers' Confederation] and supporting democratic labor groups; and exploiting a civic action front group to combat communist influence within cultural and intellectual circles'.*"<sup>33</sup>

Frei thus received important financial and technical help from the CIA, not only to win his elections but also to sway domestic opinion away from more radical views. During his period in office he received an average of \$300,000,000 in American foreign aid per year, by far the highest levels accorded to any Latin American country.<sup>34 35</sup>

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1978, p. 29-30.

<sup>33</sup> Edward Boornstein, p. 30-31.

<sup>34</sup> Alain Labrousse, *L'expérience chilienne*, Editions du Seuil, Paris, 1972, p. 143.

<sup>35</sup> A more recent study by James D. Cockcroft, *Latin America*, claims that total US aid to Chile from 1961 to 1970 was only US \$720 million. However it also claims this amount was *the largest, on a per capita basis, given to any Latin American nation*.  
p. 310.

### **Frei's Economic Achievements**

Although most observers distinguish two periods in Frei's economic performance, the relatively successful one, 1965-1966, and the increasingly unsuccessful one, 1967-1970, their appraisal of his global performance tends to be fairly negative.

Under Frei, only 25,000, and not, as promised, 100,000 of the 350,000 landless peasants received land. The land reform law adopted in 1967 permitted the expropriation of estates over 80 hectares and of 'abandoned' or poorly exploited estates. Although the reform did reduce the number of estates over 80 hectares, it actually increased the number of estates between 40 to 80 hectares. "*The number of such estates, notes Boornstein, began to increase even before the 1967 law was passed, for many landholders divided their estates to escape the coming reform, one piece going to the wife, another to a son, etc.*".<sup>36</sup> Furthermore, those who did benefit from the reform generally obtained non-irrigated land of poor quality. A great number of them did not even own farm implements to work their new land, and the government could not come to their financial rescue, its copper policy having turned out to be an utter failure. In 1970, more than half of the country's irrigated and high quality land still remained in large private estates.

Whereas overall housing construction declined somewhat, low income housing, under Frei, declined drastically. Those who benefited from the government-built homes—40,000 a year instead of the promised 60,000—tended to be the middle class, not the poor masses.

From 1965 to 1966, inflation did go down somewhat but then started to increase. By 1970, it was back up to an amazing 34.9%! When Frei imposed wage freezes in 1967 in an effort to stop the new rise in inflation, workers protested violently. In 1965, there were 723 strikes in Chile affecting 182,359 workers. By 1970, there were 1,819 strikes affecting 656,170 workers. Unemployment, instead of being eliminated as promised, reached 8.3%.<sup>37</sup>

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<sup>36</sup> Edward Boornstein, p. 25.

<sup>37</sup> NACLA, Vol. X, no. 9, p. 5.



Socially, Frei did put into effect, as promised, very substantial reforms. From 1964 to 1968, 2,300 schools were built. From 1964 to 1967 government spending in education increased 66% and in health 50%. However, what happened here is very similar to what occurred under the national housing program: whereas the middle class benefited, the extremely needy Chilean masses were left out. Furthermore, this expanding social sector lacked a sound financial basis, mainly because of the failure of the 'Chileanization' of the copper industry.

### **Copper Policy a Failure**

Why was government intervention in copper — purchasing 51% of the shares, and leaving the other 49% to the traditional American owners — an utter failure? The price of copper, after all, was increasing throughout Frei's term in office; from 1964 to 1970 it rose by 45% in the London market and 81% in the New York market.<sup>38</sup>

In Chile at the time, copper made up 80% of all export earnings. Some 92% of the large-scale copper mining was marketed abroad and was therefore extremely vulnerable to world copper demand and prices. In 1966, only two American companies, Kennecott and Anaconda, controlled 80% of Chilean copper production. Approximately half of total copper earnings went to these two companies and only a very small portion of these were re-invested in Chilean industries; as pointed out earlier, a very huge portion was expatriated; in other words, was simply sent back to the United States.

Following his electoral victory, Frei purchased 51% of Kennecott's El Teniente mine<sup>39</sup>, 25% of Anaconda's new La Exótica mine, and 25% of Cerro's Blanco mine.<sup>40</sup> On the understanding that these companies would double their

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<sup>38</sup> Edward Boornstein, p. 37.

<sup>39</sup> Boornstein points out that the Chilean government accepted to recognize the value of the El Teniente mine at \$80 million whereas the book value, for tax purposes, was only \$67 million. Kennecott was thus allowed "to enjoy one set of values for tax purposes and another for sale". In other words, a low value when it comes to paying taxes to the Chilean government, and a high value when it comes to selling 51% of its shares to the Chilean government! p. 33.

<sup>40</sup> *The Chilean Road to Socialism*, edited by Dale L. Johnson, Anchor Books, New York, 1973, p. 32.

**Gross Domestic Product (GDP)**

Total value of the goods and services produced *within* a country during a given period of time, usually one year. For example, Canada's GDP in 1988 was \$601.5 billion.

**GDP per capita**

Gross national product of a country divided by its population. For example, Canada's GDP per capita in 1988 was \$20,770.

**Foreign Debt**

Total amount of money owed by individuals, companies and governments of a country as a result of borrowing on foreign markets, from foreign banks, or from foreign governments.

production by 1972, he cut their taxes on profits by approximately 50%. By 1970, however, after a full four years had gone by, the copper production of these companies had increased only 7.7%! And despite this very small increase in production, Kennecott's rate of profit was 106% in 1967, 113% in 1968 and an incredible 205% in 1969!<sup>41</sup> Realizing Chile was getting the bad end of the deal—the Chilean government was actually getting fewer revenues from total copper exports than what it was getting before the 'Chileanization' program was implemented—<sup>42</sup>, Frei finally purchased 51% of Anaconda's Chuquicamata and El Salvador mines. But this was too little and too late: the Chilean people had been, to say the least, ripped off once again.

In line with the proclaimed industrial goal of the Alliance for Progress, Frei's Christian Democratic party proclaimed, in its industrial program, that it would "*eliminate dependency and generate the necessary preconditions for a dynamic, autonomous, self-sustained growth* ".<sup>43</sup> To do so, Chile was to cooperate with American capital.

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<sup>41</sup> *Cile: socialismo, lotta di classe, golpismo*, Bertani editors, Verona, p. 53.

<sup>42</sup> Economic Commission for Latin America, United Nations, 1969, section on Chile.

<sup>43</sup> *Chile: Under Military Rule*, IDOC/North America, 1974, p. 8.

Cooperate with foreign capital, Frei did, and quite generously. In 1966, the government created a National Petrochemical Society in order to exploit the oil mine of Tierra Del Fuego. One year later, the Dow Chemical Company of the United States became a partner of the government in this society, a 70% shareholder partner. Dow Chemical was allowed to repatriate the totality of its profits and to import all its necessary capital goods duty-free. Whatever taxes it did have to pay were frozen for fifteen years at the level existing at the time of the signature of the agreement.<sup>44</sup>

Such cooperation with American capital was repeated in the case of an important tire industry and in several others. From 1964 to 1968, American capital invested in the Chilean industries increased from 7,8% to 14% of total industrial capital. During this same period, the share of American capital in total foreign industrial investment in Chile increased from 59% to 75%.

At the end of Frei's mandate, 5% of the population still appropriated over 27% of national income, which represents a per capita income 38 times that of the poorer families. More than 20% of the poorest families still received less than 4% of national income, that is, less than half the minimum worker's wage. Owing to the unsuccessful land reform, the relative stagnation of agricultural production continued and Chile's population kept on growing faster than food production, a trend established since 1945. To compensate, this meant, of course, that an always greater percentage of the foreign exchange earnings—that is the money coming in to the country as a result of sales abroad—was used up in food imports, even as Chile's foreign debt was climbing. By 1970, the latter stood at more than \$4 billion, the second highest per capita debt in the world! At the end of Frei's mandate, 82% of the rural population still earned less than the poverty level whereas 1% of this rural population earned 18% of total rural income.<sup>45</sup> The increase of gross per capita income in 1967 was 0%; in 1968 it was 0.6 %; in 1969, 1% and in 1970, Frei's last year in office, 0.7%.<sup>46</sup>

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<sup>44</sup> Labrousse, p. 122.

<sup>45</sup> Michel Raptis, *Quel socialisme au Chili?*, Editions Anthropos, Paris, 1973, p. 26-27.

<sup>46</sup> Edward Boornstein, p. 37.

## Chapter 4

### Popular Unity Government: 1970-1973

*“Not all aid from the U.S. has, however, dried up. Significantly, the first major credit given to the new administration by the U.S. formally approved in July was five million dollars for the purchase of military equipment. It is with the army that right-wing hopes for a premature ending to the government’s term of office lie.”<sup>47</sup>*

In 1968, the left wing of the Christian Democratic party, profoundly dissatisfied with Frei’s handling of the agrarian reform and copper policy of ‘Chileanization’, split off to form two new parties, the MAPU and the Christian Left. These parties joined the Popular Unity coalition.

In the 1970 elections, the National Party, contrary to what had happened in 1964, did not put its weight behind the Christian Democrat candidate. Closely linked to the large landholders, it would never forgive Frei for the land reform he initiated, however incomplete it had been. Furthermore, the Christian Democrat’s platform resembled, in many respects, that of the Popular Unity; the wind, quite obviously, was blowing to the left. In this context, there was no way the National Party could form a common front with the Christian Democrats.

On September 4, 1970 Salvador Allende, of the Popular Unity — a coalition of Marxist and non-Marxist parties —, thus won the

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<sup>47</sup> *Chile*, Quarterly Economic Review, no. 3, 1971, p. 3.

elections with 36.9% of the votes. He was followed by Alessandri, of the rightist National Party, with 35% and Tomic, of the Christian Democratic Party, with 27,8%.

This victory of the Popular Unity brought immense joy and hope to large sectors of the Chilean population. Workers, popular organizations, shantytown dwellers and students filled the streets of Chile's major cities where they sang, danced and celebrated all night.

### **U.S Upset by Allende Victory**

To the American government, which had such high hopes and had invested so much money in the Chilean Alliance for Peace experiment with the explicit intention of curbing the rise in Latin American revolutionary spirit, the electoral victory of the coalition of leftist parties in Chile came as an enormous blow. *"In U.S. eyes, A. Horne writes, Frei and Chile have failed. The shock, wrote Bill Buckley, was as though the child on whom we devoted the most attention and care had decided, upon finishing graduate school, to embrace cannibalism".*<sup>48</sup>

The news about Chile deeply upset U.S. president Nixon. In his book on the then director of the CIA, Richard Helms, Thomas Powers recounts a meeting that took place in mid-October 1970 between President Nixon and Edward Korry, the American ambassador in Chile at the time: *"Kissinger...asked Korry if he'd like to talk to the President... Nixon met them at the door and startled Korry, as the door closed behind them, by pounding his fist into the palm of his hand and saying: 'That son-of-a-bitch, that son-of-a-bitch!' The expression on Korry's face halted Nixon in mid-expletive. 'Not you, Mr. Ambassador... It's that bastard Allende!'"*<sup>49</sup>

This news also upset Henry Kissinger, top advisor to the U.S. president. His reaction was perhaps less vulgar but just as powerful. On June 27, 1970, even before the socialist electoral victory in Chile, Kissinger had stated during a secret White House meeting: *"I don't see why we need to stand by and watch*

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<sup>48</sup> Alistair Horne, *Small Earthquake in Chile*, MacMillan, 1972, p.28.

<sup>49</sup> Thomas Powers, *The Man Who Kept the Secrets: Richard Helms and the CIA*, New York: Knopf, 1979, p. 230. Quoted in Nathaniel Davis, p.6.

*a country go Communist due to the irresponsibility of its own people". In other words, democracy is fine if and when the people vote in such a way as to protect American interests; if not, democracy must simply be completely ignored! A very refined statement coming out of the mouth of one of the most powerful men in a country that constantly portrays itself as a staunch defender of freedom and democracy in the world! Roger Morris, Kissinger's colleague in the National Security Council, affirms: "I don't think anybody in the government understood how ideological Kissinger was about Chile. I don't think anybody ever fully grasped that Henry saw Allende as being far more serious a threat than Castro. If Latin America ever became unraveled, it would never happen with a Castro. Allende was a living example of democratic social reform in Latin America. (...) Chile scared him."*<sup>50</sup>

When a candidate obtains less than 50% of the vote, the Chilean constitution foresees that power to elect the country's president rests with the Chamber of Deputies and Senate, acting in joint session. This session was only held seven weeks after the elections. Traditionally, a candidate who won with less than 50% of the vote was always confirmed as president by the joint parliamentary session. But this time, the stakes were very high. Allende's program called for the establishment of socialism in a country with a long history of capitalism and one perceived as vital to American interests in Latin America.

Nathaniel Davis, who was named American Ambassador in Chile in 1971 after spending three years as ambassador to Guatemala "where he had helped coordinate the 'pacification' program that killed at least 20,000 people"<sup>51</sup>, explains what happened in Washington and Chile during this vital seven week period. On September 14, 1970, only a few days after the elections, President Nixon met with the chairman of Pepsi Cola, Donald M. Kendall, to discuss Chile. The following day, President Nixon met again with Kendall, and together they had a breakfast

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<sup>50</sup> Nathaniel Davis, *The Last Two Years of Allende*, Ithaca: Cornell University Press, 1985, p.7.

<sup>51</sup> James D. Cockcroft, *Latin America*, p. 552. For a more detailed discussion of Davis's role in Guatemala see chapter 2.

meeting with Henry Kissinger, the U.S. Secretary of State, John Mitchell, the Attorney General and Augustín Edwards, the owner of *El Mercurio*, Chile's most influential right-wing newspaper. Nixon was a close friend of Kendall. Because he had once owned a Pepsi Cola bottling plant, Edwards was also very close to Kendall.

### **Plan to Overthrow Allende Government**

That same afternoon, recounts Davis, President Nixon summoned the director of the CIA, Richard Helms, and told him “*to leave no stone unturned to block Allende's confirmation*” as president of Chile. The President explained that the plan would be backed by at least \$10 million U.S. and would require the best men available. And it would be top secret. So secret, as a matter of fact, that neither the then-American Ambassador in Chile, Edward Korry, nor the secretaries of state and defense were to know about it. Quite surprisingly, even the *40 Committee*, a group chaired by Kissinger and responsible for considering all U.S. covert action programs abroad, was to be kept in the dark.

Helms rapidly scribbled the following on a piece of paper during his meeting with the President:

*One chance in ten perhaps, but save Chile!. worth spending  
Not concerned risks involved...no involvement of embassy  
\$10,000,000 available, more if necessary  
Full-time job – best men we have  
Game plan...make the economy scream  
48 hours for plan of action.*

Davis goes on to discuss what happened in Chile after the elaboration of this plan. The CIA contacted two Chilean generals, Roberto Viaux and Camilo Valenzuela. These were to organize the kidnapping of the commander-in-chief of the Chilean Army, General René Schneider. Why kidnap Schneider? For the simple reason that Schneider was deeply democratic and would never accept to dispose by force of an elected president: another man was therefore necessary as commander-in-chief. Davis comments that the hope was that simply abducting Schneider would suffice to trigger a coup d'état. The remaining top Chilean military leadership would step in and do the rest. What would Viaux and

Valenzuela get from the CIA for carrying out the abduction? One hundred thousand dollars.

Washington dispatched three submachine guns, “sanitized” to disguise their origin, to Viaux and Valenzuela. The guns arrived through the U.S. diplomatic pouch<sup>52</sup>. The CIA in Santiago also sent six tear gas grenades to the two plotters.

A few days later, the commander-in-chief of the Chilean Army, General Schneider, was effectively kidnapped. When he resisted, he was simply gunned down. Davis claims that only abduction, not assassination, was what it was all about. He also claims that when the assassination happened, the U.S. had in fact called off the abduction-plan altogether. His proof? Kissinger himself, he says, later testified that he had instructed the CIA on October 15<sup>th</sup> to call off the plan. However, many claim that Kissinger testified falsely.

This top-secret plan obtained the cooperation of American private enterprise. In spring 1972, the columnist Jack Anderson made public certain secret documents of International Telephone and Telegraph (ITT), a firm that had considerable investments in Chile, feared being nationalized, and hated Allende just as much as Nixon and Kissinger did. These documents reveal that during the first weeks following Allende’s election, ITT was cooperating with Washington, the CIA and the Chilean coup plotters. ITT was willing to supply a few million dollars for the job but Washington, the documents indicated clearly, had eventually invited General Viaux to postpone the coup to some later and more strategic date. Before carrying out a coup, Washington considered that it would be preferable to really make the economy scream. More precisely:

- \* To organize a financial blockade so that Chile would suddenly be deprived of its usual financing from international institutions.
- \* To completely destabilize Chile economically; to refuse to sell spare parts to Chile.

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<sup>52</sup> The diplomatic pouch is the confidential courier system used by embassies throughout the world to exchange information with their home-countries. All countries agree to respect the top secrecy of this mail.



- \* To have reporters write negative stories about the Popular Unity government not only in important Chilean newspapers such as *El Mercurio* but also in the international press.
- \* To fund newspapers and groups in Chile opposed to the Allende government.
- \* To eventually create the impression that there was no longer any law and order in Chile by carrying out acts of sabotage: blowing up bridges, hydro-towers, etc.

Once this situation of chaos well established, then and only then Washington thought, would the Chilean people welcome a swift military takeover that would re-establish law and order and set the economy straight.<sup>53</sup>

As it turned out, despite the fact that Schneider was assassinated, no coup was staged in the weeks following the election of Allende: General Viaux heeded Washington's advice. And in conformity with the strong Chilean tradition, Allende was confirmed by the joint parliamentary session as President of Chile. However, in order to support the Popular Unity in this historical vote, the Christian Democrats forced Allende to provide for the passage of constitutional amendments that would extend basic guarantees: the right of free association in political parties; equal access, for all political parties, to state-controlled media; no arbitrary discrimination in the sale or supply to press, radio and television of paper, ink, machinery or other elements of their operation; the continuance of private education, if necessary supported by state funds, and free from political interference.

Nathaniel Davis openly and matter-of-factly discusses with no qualms of conscience whatsoever the U.S. government's and American businesses' plans to organize the destabilization of Chile, a small, Third World country, to abduct the commander-in-chief of its army because of his strong democratic resolve, to pay bribes to members of the opposition, to manipulate the press, and, finally, to brutally overthrow its democratically elected government whose agenda consisted of implementing deep economic changes in favor of the needy and marginalized. Then

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<sup>53</sup> *Documentos Secretos de la ITT*, Empresa Editora Nacional Quimantu LTDA, April, 1972.

he proceeds, just as matter-of-factly, to question Allende's sincerity in affirming he would respect the constitution. He notes that Régis Debray, a well-known leftist French writer and confidant of Allende, quoted the latter as having said, only a few months later that he had signed these constitutional guarantees "*as a tactical necessity to gain power*". Davis adds that the observance "*of the constitutional guarantees eroded over time, and this development ultimately became a central element in the alienation of the Christian Democrats, along with other initially friendly political and military leaders*".<sup>54</sup>

### **Popular Unity Program<sup>55</sup>**

As previously stated, the overall objective of the Popular Unity was to transform, through gradual and peaceful means, the very structure of the Chilean economy. As its program stated, it promised, "*to end the dominion of the imperialists, the monopolists, and the landholding oligarchy*". Capitalism was to be replaced by a centrally planned economy; production was to be restructured on the basis of social rather than private consumer needs. Chilean workers, it promised, would eventually have real control over mines and factories and profits would find their way into useful public investment instead of filling the pockets of the already wealthy and/or simply flowing back to the United States.

To attain this objective, three major areas of ownership were to be established:

- \* The state sector, directly owned and administrated by the government, would include all economic activity deemed strategically vital for the Chilean economy: basic natural resources; those large firms, both local and foreign, presently acting as monopolies; banking; foreign commerce.
- \* The mixed sector, in which the state would share ownership with the private sector, would include mainly manufacturing, mining and trade.
- \* The private sector, completely owned by individuals and corporations, was to be made up of all those activities where

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<sup>54</sup> Nathaniel Davis, p.15-16.

<sup>55</sup> For the complete program of the Popular Unity government in Spanish, see <http://www.abacq.net/imagineria/frame5.htm#01>.

small enterprises traditionally operated in Chile: restaurants, corner stores, services, etc.

The agrarian reform undertaken by the Frei government was to be deepened, widened and considerably speeded up.

Contrary to the Frei government, the Popular Unity platform did not have precise economic targets. It was considered that what could be economically achieved was determined by the constant political struggle. However, there was a firm commitment to eliminate poverty and income disparities. A society basically geared to the needs of the extremely wealthy few was to be transformed into a society oriented towards the needs of the traditionally marginalized and excluded masses. Foreign capital would not be allowed to take over the economy and, in particular, to rapidly exploit its natural resources, expatriating scandalously high surpluses and profits. To this end, the large American owned Anaconda and Kennecott copper mines were to be completely nationalized. Prices would be kept low, especially those of goods providing for the basic necessities of the many. This would be done through government subsidies and price controls. A housing program, more ambitious and radical than Frei's, was to be implemented. Health programs would prioritize preventive medicine. Furthermore, wages, especially of the very low-income earners, would be allowed to go up.

### **Uniqueness of Allende's Peaceful Road to Socialism**

The Chilean socialist experiment was historically unique in two distinct ways. On the one hand, contrary to all other socialist revolutions, it would not be carried out in violence and in a rapid, categorical manner. It would come about through basically peaceful means, the ordinary laws and rules of the capitalist system being respected and in fact serving as tools of change. And it would only come about gradually, one step at a time. Since each change would represent a benefit to the greater number of people, it was felt that popular support would be the key political tool of progress.

The second unique characteristic of this socialist experiment: instead of asking people to sacrifice present consumption in order to rapidly invest in capital goods—as in the former Soviet Union

**Capital Goods:** Raw materials, machinery, factory buildings, locomotives, trucks, tractors, etc. used in the production of other goods. Land and money — for example, money deposited in a bank — are not usually considered capital goods.

**Consumption Goods:** those purchased by consumers for their own personal use. A society may choose to reduce the production of consumption goods in 1997 in order to increase that of capital goods. The latter would increase the future production capacity of society.

**Full-capacity production:** that level at which all the firms' production capacity is in use. For example, if a firm only uses 75% of its machinery to produce shoes, part of its production capacity remains idle.

and China, for example—, consumption itself would be prioritized. The logic was the following:

1. People's consumption basket would be allowed to go up, thanks to income redistribution to the poor and increases in salaries;
2. As a result, the firms in all three major areas of the economy would experience higher profits as a result of the greater demand for goods;
3. Higher profits, once the firms had reached full capacity production, would naturally lead to increases in capital goods (investments);
4. GDP and employment would therefore increase and set off a positive, mushrooming effect in the entire economy.

### **Nationalization of Copper**

On July 11, 1971, a joint session of the Chilean Congress approved the nationalization of all of Chile's large mines. To emphasize the vital importance of the issue for the nation as a whole it was put in the form of a constitutional amendment, not merely a bill in parliament. Quite surprisingly, the vote was unanimous. According to most observers, the population so strongly approved this nationalization that the opposition did not dare cast a negative vote for fear of alienating itself. The bill

stipulated that the copper companies would be compensated within thirty years at no less than 3% annual interest. It also gave president Allende “*authority to determine whether the copper companies’ profits since 1955 had been excessive and whether equipment had been allowed to deteriorate, and to deduct such excessive profits and damage from the compensation figure*”.<sup>56</sup> In other words, the nationalized companies would be paid at their market value, but from the latter the government could deduct all past profits and negligence of equipment deemed excessive.

Throughout Chile, the feeling was that the large foreign copper companies had ripped off the country and its people of millions of dollars in the past. As noted above, Kennecott’s rate of profit was 106% in 1967, 113% in 1968 and 205% in 1969. According to one source, the foreign copper companies were expatriating, in this time period, \$1,500,000 of profits every day from Chile.<sup>57</sup>

The second part of the nationalization bill, referring to excessive profits and damage to equipment, represented an effort to correct part of this historical injustice. How would excessive profit levels be determined? The Allende administration decided that all profits above 12%,—a rate considered reasonable—earned since 1955 would be considered excessive. In other words, from the 205% profit rate of Kennecott for 1969, only 12% would be accepted as reasonable, and the remainder would be deducted from the value of the firm.

To calculate whether the large copper companies were guilty of intentionally letting their equipment deteriorate, a similar comparison was made. First, a reasonable or normal rate of expenditure on the maintenance of equipment in the copper mining industry was established. Then the actual rate for each company operating in Chile was recorded for each year. Finally, the difference between this actual rate and the one considered normal and acceptable was calculated.

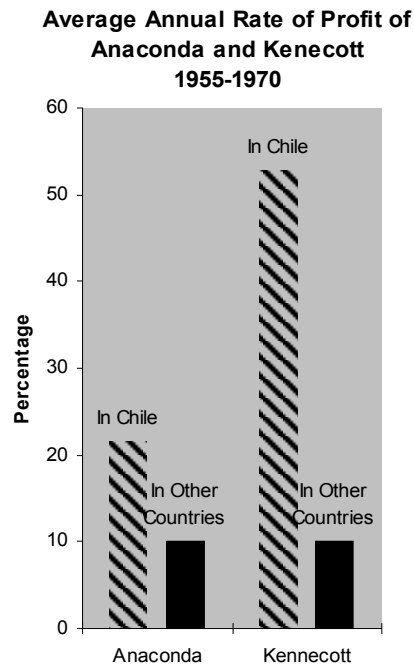
President Allende thus authorized his economists to carefully examine this issue and announced, on September 29, 1971, that excessive profits deductions actually exceeded the total value of

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<sup>56</sup> Nathaniel Davis, p. 24.

<sup>57</sup> *Chile: Libre Negro*, p. 20.

the three largest mines, leaving Anaconda and Kennecott without any financial compensation whatsoever. As a matter of fact, he announced that “*Anaconda and Kennecott should pay Chile US \$78 million and US 310 million respectively*”<sup>58</sup> From 1955 to 1970, it was calculated, as shown on the graph below, that Anaconda had obtained an average yearly rate of profit of 21.5% and Kennecott 52.8% whereas in their operations in other countries over this same period they had obtained an average yearly rate of profit of no more than 10%.



<sup>58</sup> Simon Collier and William F. Sater, *A History of Chile, 1908-1994*, Cambridge University Press, New York, 1996, p. 335

One can imagine the wrath felt by these companies and the American government when the Chilean government announced its decision. For them, the very idea of nationalization was considered outrageous and disrespectful of international law. But to dare carry out such a nationalization without any monetary compensation whatsoever! To dare evaluate what is a normal and acceptable rate of profit over a 15-year period, and then to deduct all excessive profits from the market value of the companies' assets! This could only add fervor to their already established decision "*to make the economy scream*".

### **Other Nationalizations**

Besides these nationalizations, the Popular Unity government implemented several others in industry including textiles, automobiles, banking, chemicals, iron and steel, and oil. One of these received broad support among the population of Chile: that of the American transnational ITT. Indeed, as soon as the American columnist Jack Anderson, as noted above, leaked the 'ITT Papers' revealing plots to overthrow the Popular Unity Government, Allende rapidly nationalized this American giant. ITT had subsidiaries in communications, electricity, hotels and related areas and ranked second in size to Anaconda Copper.<sup>59</sup>

However, since it was a minority government, the Popular Unity could not implement these nationalizations without trying to pass new laws in parliament. Doing so was next to impossible: although there was a broad consensus on the nationalization of the large foreign copper mines, there would be strong opposition to implement more radical and broad nationalizations. To overcome this difficulty, the Popular Unity used, among some 20,000 past Chilean laws, one practically unnoticed law passed in 1932 by the short lived revolutionary government of the time. This law — Decree No. 520 — gave the government the authority to expropriate an enterprise dedicated to the production or distribution of 'articles of primary necessity' if it failed to maintain a normal rhythm of activity and this resulted in shortages. The government could also take over enterprises

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<sup>59</sup> James D. Cockcroft, *Latin America*, p. 545. For a detailed study of the shocking and grossly illegal intervention of ITT in Chile, see Anthony Sampson, *The Sovereign State: The Secret History of ITT*.

undergoing labor conflicts if one of the parties to the conflict requested it.

In their first months in office, the Popular Unity government carried out several nationalizations. Then on October 14, 1971, just after the bill nationalizing the copper companies had passed, the Christian Democrats submitted a constitutional amendment stipulating that the government could not carry out nationalizations using, for a legal basis, pre-existing laws. The bill, which was adopted by the majority in Congress, would have a retroactive effect. Companies already nationalized would thus have to be returned to their owners.

Allende first tried to negotiate with the Christian Democrats by limiting the number of companies that would be nationalized to the 91 considered very strategic. When they refused, he decided to use his presidential powers to veto the constitutional amendment. The nationalization process therefore went on.

Whereas the state-held enterprises only represented 10% of industrial production in Chile when Allende was inaugurated as president, by mid-1972, they now represented 40%. The economic structural change under way was both very deep and fairly rapid.

However, the nationalization issue polarized society considerably. The opposition, and in fact practically the entire judicial establishment, held that Allende was abusing executive authority and not respecting basic property laws. Later, in 1973, the Supreme Court sent letters to Allende arguing that executive interference was threatening the *"imminent breakdown of the judicial system"*.

To these accusations, Allende and the Popular Unity members replied that one had to interpret the law taking into account the process of transformation occurring in Chile, and the strong popular demand for social justice. Many Popular Unity members also viewed the judges as reactionaries, as they were using, in their opinion, 'bourgeois legality' to block much needed social changes.



### Land Reform and ‘Tomas’

Land reform, the second great pillar of the Popular Unity program, posed a problem similar to the socialization of industry. Adopting the land reform that would best reflect the political platform of the Popular Unity was again next to impossible because of its minority position in parliament. It could have presented a new bill in parliament and tried to create a national debate over the matter. However, this would have required a very long time, probably two to three years. It thus decided to make progress on the land redistribution issue by using the Agrarian Reform Law adopted in 1967 by the Christian Democratic government. However imperfect it may have been, this law, it was felt, was solid enough to make important progress. Furthermore, as a large part of the peasantry was already pressing for more rapid change and the Christian Democrats seemed to agree, this seemed to be the wisest course of action.

By the end of 1971, the Allende government had thus expropriated 1,379 estates, almost as many as the Christian Democrats had expropriated in their entire six years in office. By June 1972, it had expropriated another 1,904 estates, practically ending private ownership of estates of more than 80 hectares.<sup>60</sup> Yet, in the end according to Boornstein, the Allende government *“was unable to solve the problem of spreading the benefits of the land reform more broadly. The bulk of the poor campesinos — temporary workers, minifundistas, and Mapuches — did not receive land.”*<sup>61</sup> According to one study, by June 1972 *“only about 12% of the agricultural labor force was receiving direct benefits in rights over land expropriated”*. *The problem of rural unemployment and underemployment continues to be serious.*<sup>62</sup>

As the legal land expropriations were taking place, others, known in Latin America as ‘tomas’ or seizures, were increasing. In other words peasants, feeling the brunt of what they increasingly considered to be a gross historical injustice, would merely take

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<sup>60</sup> Edward Boornstein, p. 152.

<sup>61</sup> Idem, p. 156.

<sup>62</sup> "Diagnostico de la reforma agraria chilena (noviembre 1970-junio 1972)", *Cuadernos de la Realidad Nacional* - CEREN, abril 1973, p. 75 quoted in Edward Boornstein p. 157

over land from the large landowners, often using force if necessary. This problem was particularly acute in some southern provinces, where the native Indians—the Mapuches—were painfully aware that land had been massively stolen from their ancestors. In 1969 there had been 148 land seizures. In 1971, even as the Popular Unity was speeding up the legal land expropriations, there were some 1,278 land seizures.

These land seizures created several headaches for Allende, as they had for his predecessor. During his years in office Frei had had to cope not only with rural land seizures but also with massive urban land invasions—known as *tomas*—by the poor living in tenements and shantytowns and deeply frustrated by the pace and middle-class bias of government housing programs. In the last months of Frei's term, these invasions had reached a peak. In Santiago, by 1970, over 300,000 squatters lived on such sites called *campamentos*.<sup>63</sup>

Notwithstanding this global context — one fairly common in many Latin American countries—, Allende certainly would have preferred a situation where rural land seizures were not occurring, especially in the proportion that they were. Many of these seizures were being encouraged by the MIR, a radical leftist organization in which his own nephew, Pascal Allende, participated. Even though he admired Pascal for his revolutionary zeal, he very strongly disagreed, as everyone knew, with the basic MIR strategies. Despite this disagreement, when thousands of arrest orders were issued by the courts against the invaders, Allende's Minister of Interior, interpreting once again this matter in the broader context of popular demands for social justice, tended to ignore them. Should Allende have called on the police to evict the peasants, he would have laid himself open to the charge of 'betraying the people'. By choosing, however, to tolerate the 'tomas' or land seizures, he was giving an opposition already determined to contribute to the downfall of the government even more ammunition.

To justify his course of action, Allende resorted in the end to a legal subterfuge, using a little known provision of the land reform

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<sup>63</sup> Joseph Collins and John Lear, p. 151.

law that allowed the government to seize an estate and appoint an ‘*interventor*’ (temporary administrator). Not surprisingly, this did little to calm an increasingly angered opposition.

Despite the shortcomings and disruptions caused by the land reform, agricultural production went up by 5% in 1971. Obviously, most campesinos felt that the Popular Unity government was their government. From 1970 to April 1972, the peasant union confederations sympathetic to the Popular Unity increased their union membership from 32% to 62%. During the same period, those peasant union confederations sympathetic to the Christian Democrats saw their union membership drop from 66% to 37%.

### **The United States Again Tries to Influence Elections**

On March 22, 1971, Henry Kissinger met with Orlando Letelier, Allende’s Ambassador in Washington. During this encounter, Letelier alluded to press reports discussing the existence of a secret White House document designed to organize coordinated action against Chile within the inter-American system. Kissinger reacted by simply saying that this is “*absolutely absurd and without foundation*”. And he insisted that the American government had no intention whatsoever of interfering in the internal affairs of Chile. “*As a political scientist, he continued, I view the Chilean case as fascinating and I find the way President Allende has been leading the process as worthy of the greatest admiration.*”

However, under this skillful diplomatic façade loomed a starker reality. On the morning of that same day, Kissinger had just convinced the 40 Committee, whose job it was to oversee American secret actions abroad, to funnel \$185,000 US to help the Christian Democratic party in their campaign for the important upcoming April municipal elections in Chile.

However, despite this considerable help given to the opposition, the Popular Unity parties won 49.7% of the popular vote in these elections, a gain of 14% over what they had obtained in the

September 4, 1970 elections. This was a clear sign that people appreciated their new government.<sup>64</sup>

**Positive Results – However, Problems Developing...**

The Allende government had promised to increase wages. In fact, these were readjusted rapidly and very substantially. So much so, that popular consumption shot upwards; between 1971 and 1972, food consumption alone went up more than 27%.

In spite of the inevitable bottlenecks occasioned by such rapid and profound structural changes, the results at the end of 1971 were very positive:

- \* GNP rose by 8,3%, the highest rate in fifteen years;
- \* Industrial production rose 14,6%;
- \* Unemployment dropped from 8.3% to 3.9%, the lowest rate ever registered in Chile since such statistics are taken;
- \* The annual rate of inflation went from 34,9% in 1970 to 22% at the end of 1971;<sup>65</sup>
- \* In 1971, 89,000 houses were built for the poor, 85% by the public sector (during his three years in office, Allende actually built an average of 52,000 houses per year, compared to Frei's 40,000 units per year during his mandate).<sup>66</sup>

Despite this positive evolution, however, some problems were looming, some of them technical and others more political of nature.

1. **Consumption was going up much too rapidly.** Allende had intended to bring the share of wages and salaries in national

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<sup>64</sup> John Dinges and Saul Landau, *Assassination on Embassy Row*, Pantheon Books, New York, 1980, p. 44-45. Kissinger's remarks as found in Letelier's personal notes. In fall 1997, Bill Clinton and his Democratic party were reelected in the United States. In the months following this election, the Republican Party alleged that the Clinton administration had received money from the government of China to finance its electoral campaign, a practice that is illegal in the United States. That such foreign intervention in American internal affairs can cause a scandal and receive considerable media attention is surprising; after all, that is precisely what the United States has been doing on a regular basis in Third World countries in the last fifty years or so.

<sup>65</sup> IDOC, *Chile Under Military Rule*, p. 12

<sup>66</sup> Joseph Collins and John Lear, p. 151.

income from 51% in 1970 to 61% in 1976, but already in 1971 this share had reached some 60%!

2. **Total investments in the Chilean economy declined during 1971.** Whereas private firms abstained from investing, the government could not make up the difference by increasing its own investments since it was using its scarce dollars buying food and intermediate products in response to a rising demand. Given the fact that the rising demand induced by government wage policy led to considerable increases in

Source: *Mini-dictionary of Balance of payments*

A record that summarizes the economic transactions in a given period of time (usually one year) between the residents, companies and institutions of one country and the rest of the world. Just as a store manager keeps account of the money and merchandise going in and out, so a government keeps a record — the balance of payments — of the money, goods, and services going in and out of the country. The balance of payments consists of two main accounts:

- \* Current account (includes the balance of trade)
- \* Capital accounts

When a country pays out more than it receives, there is a balance-of-payments deficit. When it receives more than it pays out, the country has a balance-of-payments surplus.

*International Development*, Published by the Youth Editions Group, Canadian International Development Agency, Hull, 1990.

profit making in private enterprises, one could have normally expected the latter to increase, not to decrease their investments. This, at least, is what economic theory teaches. But these were not ordinary times. As Marx and then later Keynes emphasize in their works, income that is not spent on consumption in a given period of time is not necessarily spent on capital goods. A part of income can sometimes be held, for various reasons, in the form of money; it can be hoarded. And that is precisely what was happening in Chile by the end of 1971. Instead of being transformed into labor and machines,

much of the profit of the private firms was being hoarded and used for purely speculative purposes. Investing such profit was not considered wise because, in an economy that is rapidly becoming state-owned, there was fear of perhaps losing one's firm. And when, in the course of 1972, Allende started controlling the prices of certain essential food items, this merely added fire to this speculative trend and the black market flourished.

3. **Balance of payments in the red.** By the end of 1971, another negative aspect appeared. Chile's balance of payments ran \$315,000,000 in the red. The following factors explain this situation:
  - \* When Allende was elected, he inherited from Frei a foreign debt of more than \$4 billion. In 1971 alone, interest payments on this debt cost Chile \$88,000,000. And contrary to Frei, a friend of the United States and blessed with the highest American foreign aid of Latin America, Allende saw this source dry up. In fact, the plan to make the Chilean economy scream had called for a financial squeeze on Chile. And the furor triggered by the nationalization spree referred to above only made this squeeze more rapid and radical. World Bank and Inter-American Bank money just stopped flowing in the direction of Chile.
  - \* There was a run on banks and saving associations. In the first seven weeks following the election of Allende, Chileans purchased some \$43,000,000 of U.S. currency. According to Hersh, this run away from the escudo was provoked by the fact that *"twenty-three journalists from at least ten countries"* were brought into Chile, and *"more than 700 articles and broadcasts"* carrying scare stories were produced, inside and outside of Chile. In other words, it was part of the grand U.S. plan to *"make the economy scream"*. Ex-ambassador Davis notes: *"I am skeptical, however, that the transition would have been smooth, with or without CIA machinations."*<sup>67</sup>
  - \* More important for the point under discussion--the balance of payments--is the fact that wealthy Chileans who were afraid to

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<sup>67</sup> Nathaniel Davis, p. 14. The quote from Hersh also comes from here.

lose their fortunes under a socialist government quickly transferred their money to other, safer countries. In 1971 alone, there was a net autonomous capital outflow from Chile of US\$103,000,000.

- \* In 1971, Chile registered a deficit in its balance of trade<sup>68</sup>. In other words, Chile was spending a lot more money buying foreign goods than it was receiving by selling its own goods to foreign nations. This deficit could have come about because Chile suddenly started importing considerably more than previously. Or again, because Chile started selling less of its own goods to foreign countries. But that was not the case at all: the quantity of Chilean goods exported went up more than the quantity of goods imported. In fact, copper, Chile's main

#### **Balance of Trade**

The difference between a country's revenues from exports (goods and services) and its payments for imports (goods and services), over a given period, usually one year. When the value of a country's exports is greater than the value of its imports, the country is experiencing a surplus on its balance of trade. The opposite situation is called a balance of trade deficit.

#### **Terms of Trade**

The relationship between the prices of exports and the prices of imports. Countries where the prices of imports are increasing at a faster rate than the prices of exports are said to be suffering declining terms of trade.

export, reached an unprecedented 720,000 tons in 1971.<sup>69</sup> What changed, however, are the terms of trade: whereas Chile saw the price of its main export, copper, drop drastically, from 64.4 cents a pound in 1970 to 49.3 cents in 1971, it saw the

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<sup>68</sup> The balance of trade measures the money going out and coming into a country only as a result of trade with other countries. If more money comes in than goes out, there is a surplus. If more money goes out than comes in, there is a deficit.

<sup>69</sup> Jacques Chonchol, *L'expérience du gouvernement Allende*, in *Le Chili de 1970 à 1990*, sous la direction de José del Pozo et André Jacob, VLP éditeur, Montréal, 1994, p. 22.

price of its main import, food, rise rapidly during this same period of time. In other words, it had to pay more and more for what it purchased abroad and received less and less for what it sold to other nations.<sup>70</sup> Some sources point out that if the price of copper plummeted from 1970 to 1971, this was not accidental; the United States, as a part of its war on Chile, intentionally manipulated the price of copper on international markets, namely by resorting to its own reserves of copper to fulfill its needs instead of purchasing massively, as usual, from abroad.<sup>71</sup>

4. **Inflation.** Besides the balance of payments issue, another problem was developing: inflation. In 1971, the sharply rising demand for goods, especially food, did not cause a rise in inflation. As noted above, the rate of inflation actually dropped over this period of time. This good performance can be explained by the fact that at the time of the inauguration of the Popular Unity government, national production was only running at 75% of plant capacity; 25% of this capacity was thus sitting there, simply unused. Furthermore, 8.3% of the labor force was unemployed. It follows logically that one can increase production and hire more workers without exerting an upward pressure on prices. Another factor helped: the government started determining the price of certain items deemed essential for popular consumption.

However, by 1972, the demand for goods in the economy started surpassing supply. The rate of unemployment was very low and idle capacity was all but gone. If demand keeps on rising in this context, supply must go up or else inflation will get worse. If more people want to buy goods and have the money to buy them, and, at the same time, more goods are not produced, it stands to reason that the competition between buyers will result in higher prices. This can only be prevented if supply, or production, moves up to match the rising

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<sup>70</sup> NACLA, Vol. 7, no. 1, p. 25.

<sup>71</sup> James D. Cockcroft, *Latin America*, "In early 1973 President Nixon proposed that the U.S. Congress legislate the release of U.S. copper stockpiles. This caused the international price of copper to plummet. As CIA Director Helms' 1970 notes had prophesied, Chile's economy began to 'scream'." p. 546.



demand. But for supply to increase once production is already at full capacity (that is, no idle plant capacity), investment must occur: more machinery must be purchased, the plants must be made larger or more of them must be built. In 1972, however, the decline in total investments registered in 1971 was not corrected but merely continued. As already noted, the private firms, despite their increasing profits, were not interested in investing. For fear of completely losing these investments in a future socialist country, some just sat on their money and others placed it abroad in some safe haven. The government could not borrow money from abroad—no American foreign aid, no loans from the IMF and the World Bank, nor from the private banks who usually follow scrupulously the red light signal of the two sister Bretton Woods institutions—and it was not making but losing money with its foreign trade. To make matters even worse, the government was experiencing a larger than planned deficit in the public sector, 22% of total expenditures instead of the planned 17%. Therefore it had no money to buy the capital goods that would allow for the necessary and urgent increases in the country's capacity to produce. Some money was forthcoming from the Eastern Socialist Bloc countries with which Chile was developing closer ties, but the amounts were very small compared to the needs.

### **Impossible Solutions**

Given the above problems, what could the Popular Unity government do? Theoretically, it could resort to one of the following steps, or a combination of them:

1. **Rapid devaluation of the Chilean escudo.** One thing governments can do to solve a balance of payments problem is to manipulate the exchange rate; more precisely, to allow the national currency to rapidly devalue. If the escudo, for example, goes down, say from 50 escudos to one dollar to 200 escudos per dollar, any American wanting to buy a Chilean good will suddenly find this good extremely inexpensive. On the other hand, Chileans wishing to import goods from other countries will suddenly find these goods very expensive. Global result? Foreigners will buy considerably more from

Chile whereas Chileans will buy much less from foreigners. Thus, the balance of trade, an important component of the balance of payments, rapidly experiences a surplus. With this surplus the government is then free to invest more and improve the country's infrastructure.

2. **Fall in wages and salaries.** Another way to solve this same balance of payments problem is to allow wages and salaries in the country to decrease rapidly and substantially. To do this, of course, one may have to weaken the power of trade unions and to dampen, by propaganda or even by force and repression if necessary, the militancy of workers and peasants. If wages decrease by a wide margin and represent an important component of the price of products, it stands to reason that prices will go down and profit margins up. Since

A **direct foreign investment** represents the actual ownership of a factory by a foreigner. For example, if Anaconda Copper sets up a new mine in Chile.

An **indirect foreign investment** represents a loan originating from a foreigner. For example, if the IMF makes a loan to the government of Chile.

prices are lower, foreigners will find goods more attractive, and will tend to increase their demand for them considerably. Once again, this should provide a healthy surplus for the balance of trade, and also, for the balance of payments.

3. **Attracting direct foreign investments.** A third way to tackle the balance of payments problem is to develop strategies to attract direct foreign investments. If one is successful in doing this, then two problems and not just one are solved. On the one hand, money flows into the country, thus easing the balance of payments problem, and, on the other hand, this money gives birth to new factories — unless the incoming money merely serves to buy up already existing factories instead of creating new ones —, thus making the country healthier from this very important angle.

But what strategies could induce foreign companies to set up new factories in Chile?

- \* Allowing them, for example, to repatriate rapidly the totality of their profits.
- \* Giving them a complete tax holiday: no taxes whatsoever on profits. Or perhaps, assuring them that their tax rate would be ridiculously low.
- \* Promising them that wages will stay or become very low, and that labor will not be militant and demanding but obedient, hard working and flexible.
- \* Not enforcing a whole series of rules concerning the environment, or the respect of labor, minimum wages, union rights, etc. In other words, accepting to deregulate the economy in order to lighten the financial burden of firms.

4. **Foreign loans (foreign indirect investment).** A fourth solution: if a country is restructuring its economy, has plenty of projects, etc. it can contract new loans abroad. The new incoming money can allow it to carry out important investments in the training of its manpower, in the construction of vital infrastructure — roads, bridges, upgrading nationalized enterprises, etc. — or simply to survive a tough period in which major structural changes are being carried out in the economy. If the new loans are used wisely, foreign investors who provided them make interest, and the country experiences greater growth.

Indeed, these four solutions are precisely the ones usually recommended to Third World countries by powerful international financial institutions such as the International Monetary Fund (IMF) or the World Bank. These institutions, traditionally dominated by the United States, usually invite, or more exactly compel Third World countries experiencing debt and balance of payments problems to adopt these solutions, called in the technical jargon ‘structural adjustment programs’ (SAPS). Only if they scrupulously follow these SAPS do indebted countries effectively receive further loans from the IMF and the World Bank. Even worse, not accepting to adopt these solutions actually makes all sources of money from the private sector of the

developed world dry up. The IMF and the World Bank act as policemen: if they say no to further loans to a Third World country, all private banks throughout the world do the same.

How could the Popular Unity, which had promised workers and peasants that it would not act as the government of the rich and well to do but rather as that of ordinary citizens, suddenly scrap its entire electoral platform and revert to solutions pointing to an exact opposite path? More precisely:

- \* How could it make an about-face and drastically curb those wages and salaries it had just proceeded to increase, allowing

The **International Monetary Fund (IMF)** and the **World Bank** were founded by the leading capitalist countries after the Second World War.

**IMF:** its purpose is to help Third World countries who have balance of payments problems. The help comes in the form of short-term loans. In the last few years, these loans have been granted only if the country requesting the loan first accepted to implement certain economic reforms.

**World Bank:** it makes long term loans, mostly to Third World countries, to assist them in making important investments in infrastructure such as dams, ports, roads, mines, etc.

certain marginalized sectors of the Chilean population to have access, for the first time in their lives, to certain basic consumption goods and to a more decent standard of living?

- \* How could the Popular Unity, which claimed that the basic problems of Chile originated from the fact that multinationals were literally bleeding profits from the country by overexploiting its natural resources and its people, suddenly change its mind and adopt a policy aimed at attracting foreign investment? How could it encourage foreign enterprise to invest its money in Chile when it had just implemented a vast program of nationalization, basically ousting, in a courageous act of national autonomy, large multinationals from the country?

- \* How could the Popular Unity accept to radically devalue the Chilean escudo? To do so would mean increasing the cost of imported goods for all sectors of Chilean society. This would negatively affect all Chileans, but particularly the poor and lower-income groups, but without encouraging, in any substantial manner, Chilean exports. This is so for the following reasons:
  - a) A very large part of Chile's imports are essential goods, that is, goods whose demand is relatively insensitive to price changes. Chile imports basic foodstuffs, raw materials, spare parts and replacement equipment for mines and factories. Since these are absolutely necessary, Chile's demand for them will stay strong even though their price rises. For example, even though the price of foreign wheat goes up, the demand for this wheat in Chile will stay strong. The same applies for spare parts and replacement equipment, since these are absolutely necessary.
  - b) On the other hand, a devalued escudo will not lower the price of Chile's main export — copper — since copper prices in the international markets are set in dollars, not in escudos. In other words, when foreigners purchase Chilean copper, they pay in U.S. dollars, as the price of Chilean copper is set in this strong international currency, and not in the weaker, and thus more volatile Chilean escudo. Therefore the reasoning according to which a devalued escudo will mean a greater demand for Chilean copper is false; a lower escudo will not translate into a higher demand for copper. (Indeed, it was precisely for this reason that the Popular Unity had stated in its electoral program: "*We shall put an end to the shameful devaluation of the escudo*".)<sup>72</sup>
- \* Finally, how could the Popular Unity have recourse to contracting new foreign loans at the very time when it was the object of a powerfully organized and Washington-initiated international financial credit squeeze?

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<sup>72</sup> Edward Boornstein, p. 114.

### **An Increasingly Complex Situation**

What then could the Popular Unity government do to address Chile's growing economic problems while respecting the revolutionary political platform on which it had been elected? It could impose a differential exchange rate and propose changes in fiscal policy.

In September 1972, the Popular Unity government thus implemented differential exchange rates. In other words, it allowed the devaluation of the escudo but distinguished between essential and non-essential items:

- \* The value of the escudo for those importing food and oil, —

#### **Exchange Rate**

The difference in value between two currencies. For example on 28 June 1997, 1 Canadian dollar = 72.46 US cents.

#### **Differential Exchange Rate**

An exchange rate that varies depending on the nature of the goods or services bought. A Third World country can, for example, decide to determine that its national currency will be worth less when the goods being purchased from abroad are luxury goods, and more when the goods being purchased are essential goods. This, of course, would not be possible if the exchange rate was floating, in other words if it was basically left up to market forces.

goods considered essential —, was set at the old rate, 20 escudos to the dollar.

- \* The value of the escudo for those importing intermediate products and machinery, — goods considered important but not as essential —, was reduced by 56%.
- \* The value of the escudo for those wanting to travel abroad, — this was considered a luxury —, was reduced by 100%.

Before the Popular Unity was elected, wealthy Chileans were renowned for all the trips they took abroad. The exchange rate then was the same for all goods. If they had lots of escudos, they could buy with these all the dollars they wanted at the going unified exchange rate. They could travel to Miami, shop in

Switzerland, and what not. Introducing a new differential exchange rate suddenly changed the rules and did in effect limit their freedom considerably. However, it represented a redistribution of income from the haves to the have-nots. An ethical principle ruled instead of the mere principle of competition.

The second important measure that the Popular Unity government decided to adopt was to revamp the country's fiscal policy. Having increased production to the point of achieving near full plant capacity it badly needed money to increase investment, especially in the now important State-held enterprises. Straddled with a very high foreign debt and facing a deficit higher than planned and a balance of payments going seriously into the red, it could make the tax structure more progressive and make the well-to-do pay a larger share of government revenues. In a country where tax evasion was so widespread that it was estimated that its elimination would completely wipe out the government deficit, it could tighten the tax evasion laws.

In 1971, the Popular Unity government thus presented proposals for changes in the tax structure and for stricter tax evasion laws. However, the opposition, which held the majority in parliament, flatly rejected every single one of them. Zammit explains that the *"government's path was blocked.... Congress had opposed the Popular Unity's proposal to tax transfers of possessions valued at more than twenty-five annual 'sueldo vitales'<sup>73</sup> (...) Proposals for a tax on excess profits had been rejected, and a proposed 30% tax on enterprises with a capital of five hundred thousand escudos or more had been reduced to 15% and only applied to firms with a capital of six hundred thousand escudos and above. A scaled charge on bienes raíces (land and property) was rejected in favor of a general tax at the lowest rate of the proposed scale; the proposal for a graduated tax on wine and cigarettes, according to their value, was dealt with in the same*

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<sup>73</sup> The legal minimum monthly remuneration of an employee. It was used as a standard measure of value for other things besides salaries, since the rapidly changing value of the currency often made ordinary statements of value meaningless.

*way. The government (...) failed to secure approval for a law to punish tax offenders, modifying the existing over-lenient legislation.”*<sup>74</sup>

Since the Popular Unity absolutely needed support from the opposition to pass any legislation, its strategy thus failed. That the opposition parties, representing primarily the wealthy elite and important sectors of the middle class, would object to changes which would render the tax rates more progressive and put teeth on the tax evasion laws is understandable, especially when one considers that this attitude represented only one piece in a much larger and global strategy. But it did place the government in quite a predicament.

### **Inflation, Black Market, Rationing**

Either the Popular Unity had to give up its basic program or try, somehow, to resist. It chose to resist. If Parliament, which it did not control, could block any attempt to revamp fiscal policy — for example raise taxes on the wealthy — it did not, however, have control over monetary policy. Allende thus decided to cope with the crisis by printing more money, hoping to buy time in what was clearly a political battle.

The result was not long in coming and not at all surprising. A sharp disequilibrium between global demand and global supply soon appeared. Thanks to the new money, the demand for goods throughout Chile was allowed to increase even more, but global supply could not increase proportionately because production had reached full capacity and investments — money going into plants and machinery — were actually decreasing. Prices thus started to soar; in other words, inflation became rampant. In October 1971, the rate of inflation in Chile stood at a very decent 16%. It had actually gone down considerably over a one-year period. One year later, however, it stood at an amazing 144%. Quite obviously, trouble was brewing!

Nevertheless, this very sharp increase in inflation was not only due to the expansionary monetary policy pursued by the Popular

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<sup>74</sup> J. Ann Zammit, editor, *The Chilean Road to Socialism*, University of Texas Press, Austin, 1973, p. 85-86, quoted in Edward Boornstein, p. 116-117.



Unity government. True enough, too many escudos were chasing too few goods with the inevitable surge in prices. But two other momentous factors were adding impetus to this phenomenon: on the one hand, a rising black market, and, on the other hand, a massive work stoppage initiated by the opposition.

In order to understand the nature, origin and effects of the black market it is necessary to return for a few moments to certain basics in economics. In a market economy, prices are determined by supply and demand. In a relatively free market exposed to considerable competition both on the side of the suppliers and that of the consumers, prices settle at that level decided by competition. If there are too many producers of any single commodity in a particular market, many firms, typically those that are less efficient and thus have higher production costs, experience losses so severe that they eventually must shut down. This reduces the supply of goods and eventually restores a healthy profit level for the remaining firms. Similarly, if there are, in any given market, too many consumers for a particular product, this results in a scarcity of goods that forces prices up. Too many consumers for not enough products, means that suppliers can easily increase their prices, and thus, their profits.

Of course the argument above must be qualified in markets where there is very little competition. If one single firm is the sole producer of a commodity, then it can be a price maker. That is, it can determine, to a more considerable extent, at what price it will sell this product.

Any economy that attempts to maintain free enterprises but to regulate markets flirts with trouble. Why? For a very simple reason. In Chile, for example, the Allende government determined the prices of many essential food items at lower than ordinary market prices. It did the same for bus fares and many other things. This price control was made all the more easy by the fact that the State-held enterprises now represented a substantial portion of the economic activity of the nation. For the poor majority, this government policy was good news. Those things they could not afford previously, they could now afford at the lower prices. And if, previously, they could afford only very little, now they could afford more. But for firms that were

supplying these same goods, the story was different. The price being fixed very low, the demand for their product increased rapidly. Fine and dandy. But why should they bother increasing production? The regulated price provided them a very low level of profit. It limited their entrepreneurial freedom. They felt controlled, sort of imprisoned. Furthermore, because of a government policy geared to nationalization, the very survival of their firm was possibly in question.

In this context, many firms simply refused to sell their products in the regular, government-regulated markets, and started selling them in a parallel, illegal or black market. Giving in to such a temptation was made all the more easy by the fact that low prices, by the sudden splurge in demand they created, necessarily led to shortages and lineups. Many, for fear of future shortages, started to purchase commodities in great quantities and filling up their cupboards and even their clothes closet with toilet paper, oil, sugar, coffee and what not. Furthermore, many in the opposition who were staunchly opposed to the socialist turn the economy was taking actually used hoarding as a tool of economic sabotage. People thus not only hoarded because they were afraid of future scarcity but also stocked up because they wanted to bring about economic chaos in the hope that this would contribute to the downfall of the government.

It was not surprising then that Chile started experiencing a rampant inflation. The mushrooming black market not only completely neutralized the government price control policy but, because it was accompanied by a hoarding spree inspired partly by shortages and partly by political motives of sabotage, literally turned the spark of inflation into a blazing fire.

The Popular Unity tried to contain this fire and to control the negative effects of the increasing shortages caused by hoarding. It did this by setting up in several neighborhoods, especially the poorest, food distribution centers — known as Juntas de abastecimientos populares (JAPs)<sup>75</sup> — controlled by popular

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<sup>75</sup> JAPs were set up to help the government implement the government-rationing scheme. They received strong popular backing, because they were perceived as a tool in the hands of ordinary people to overcome the shortages fueled by the hoarding of the wealthy.

organizations. It also resorted to rationing; in other words, each Chilean was allowed to purchase only so much bread, milk, meat, etc. per day or week.

Of course such rationing was unpleasant to all Chileans, but it remained somewhat tolerable for the poor because of the fact that they now enjoyed increased access to essential food items. For the rich, however, rationing was nothing less than a slap in the face: *'How dare you make me — my servant, in other words! — stand in line! How dare you, the socialist oriented government, decide how much chicken, bread, oil, etc. I can eat every month!'* For those who had lots of money, the obvious and simple way back to freedom was to contact the producers, agree to pay a higher black market price, and merely continue hoarding.

The first net effect of all this, of course, was the creation of two, parallel, markets. On the one hand, there was the official, government-regulated market. On the other hand, there was a rapidly growing illegal, or black market. Those who had lots of money and wanted to cause problems to the government could readily turn to the black market. Those who had little money and/or who wanted to be faithful to government policy would accept to stand in line for hours to obtain their rations.

The second effect was the creation of shortages. If suddenly you start buying lots of oil, lots of sugar, much more in fact than to satisfy your present needs, this behavior, if it becomes fairly widespread cannot but create acute shortages. The shortages then serve to increase prices even more.

### **October 1972 Work Stoppage**

Besides the Popular Unity's expansionary monetary policy — accepting to print more money — and the mushrooming black market accompanied by hoarding, a third important factor contributed to the splurge in inflation: the October 1972 work stoppage initiated by the opposition.

The stoppage was initiated by Leon Vilarín, the president of the influential Chilean Truck-Owners Corporation and lasted a full 26 days. Doctors, various professional associations, engineers, lawyers, many bus companies, taxis, bank employees, some of the students and teachers in secondary schools and universities,

storekeepers and *campesinos* belonging to unions controlled by the Christian Democratic Party participated in the stoppage. Goon squads gunned down those truckers who refused to follow the stoppage and the roads were strewn with *miguelitos*—three-pronged steel tacks—to perforate tires. Many storekeepers who stayed open for business were attacked, sometimes with weapons. Sabotage was attempted systematically against road tunnels, railroads, and oil pipelines. The government had to declare a state of emergency in twenty-one of Chile's twenty-five provinces.

During the work stoppage the Chilean army was called out by Allende to patrol the streets and an 11:00 p.m. to 5:00 a.m. curfew was imposed. All radio stations were told to broadcast over a single government controlled network. An American citizen residing in Chile, Michael Townley, a collaborator of Patria y Libertad with a long history of contacts with American embassy personnel and CIA agents, set up an illegal radio station which he called "Radio Liberation" and began broadcasting during the work stoppage. The messages and songs were violently critical of the Allende government. This success rejoiced the opposition and enhanced Townley's "*reputation among the opposition as a highly skilled electronics technician and a gutsy operator.*" This operator was to prove very important in future events in Chile.<sup>76</sup>

Behind the shutdown, as the New York Times later reported on September 20, 1974, stood the hand of the CIA: "*The Central Intelligence Agency secretly financed striking labor unions and trade groups in Chile for more than 18 months before President Salvador Allende Gossens was overthrown, intelligence sources revealed today. (...) Among those heavily subsidized, the sources said, were the organizers of a truck strike that lasted 26 days in October 1972, seriously disrupting the Chilean economy.*"<sup>77</sup>

The work stoppage indeed inflicted considerable damage on the economy. Boornstein points out that not "*only did the stoppage cause an immediate wastage of perishable agricultural products*

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<sup>76</sup> John Dinges and Saul Landau, p. 111.

<sup>77</sup> Quoted in Edward Boornstein, p. 192.

*that could not be transported to market, but it interfered with spring planting and the feeding of livestock, ensuring future reductions in output. Ten million liters of milk and an immense quantity of vegetables were lost during the stoppage. Planting for the coming year's crops had already fallen behind during the preceding winter because of excessive rain, but there was a chance to catch up in the spring. The stoppage supervened and disrupted the distribution of seeds, fertilizers, pesticides, and fuel for trucks and tractors. Five million hectares ordinarily planted to sugar beets were left unsown. The distribution of seeds for planting potatoes, beans, and corn, of guano to fertilize potatoes, and of sulfate to spray grapes, was delayed. The distribution of foodstuffs for livestock was disrupted and animals had to be slaughtered prematurely. (...) Exports were reduced. And five thousand tons of copper production, then equivalent to \$5 million, was lost.*"<sup>78</sup>

If the work stoppage inflicted considerable damage, it was not able to paralyze, however, the economy. In many ways it actually stimulated the resolve and combativeness of the sympathizers of the Popular Unity. When the Society for the Development of Manufacturing called for industrialists to shut down their factories, and many tried to do so offering to continue to pay workers even if they stayed home, workers reacted by taking over factories and making them operate without bosses. Many doctors, refusing to join the work stoppage, worked overtime to provide essential services. Some retail stores, especially in the poorer neighborhoods, remained open. Teams of workers and youth volunteered to transport and distribute foodstuffs and other essential goods.

### **Salvador Allende's Address to the United Nations**

Only a few weeks after the end of this October stoppage, President Allende traveled to the United States and gave a famous speech in the United Nations General Assembly. Ironically, this speech was described by a key player in the global strategy to "make the Chilean economy scream", the then

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<sup>78</sup> Edward Boornstein, p. 193.

American ambassador Nathaniel Davis, as one of *“the more memorable speeches ever heard in the great hall of the UN General Assembly”*.

*“The power of the multinationals corporations is so great, affirmed Allende, that it transcends all borders. We are facing a collision between the great corporations and sovereign states...[But the corporations] do not have to answer to anyone and are not accountable to any parliament.*

*“We are the victims of a new form of imperialism, one that is subtler, more cunning, and for that reason, more terrifyingly effective [than in the past].... External pressure...has tried to cut us off from the world, to strangle our economy...The financial-economic blockade against us...is oblique, subterranean, and indirect...We find ourselves facing forces operating in the twilight, without a flag, with powerful weapons...We are the victims of almost imperceptible actions, generally disguised in phrases and declarations that extol respect for the sovereignty and dignity of our country. [...] A country’s natural resources — particularly when they are its lifeblood — belong to it...”<sup>79</sup>*

*“Up until the Popular Unity was elected, Chile received loans of approximately \$80,000,000 per year from international financial organizations, such as the World Bank and the Inter-American Bank of Development. These have completely stopped.*

*“During the 1960s, Chile received loans of approximately \$50,000,000 per year from the Agency for International Development. We are not claiming that these loans should be restored. The United States is a sovereign country and is free to offer or refuse cooperation. We merely want to note that the brutal suppression of these loans has resulted in important strains in our balance of payments.*

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<sup>79</sup> Quoted in Nathaniel Davis, p. 124-5.

*“When I became president, Chile was receiving short-term loans of \$220,000,000 from American private banks to finance our foreign trade. With very short notice, these were suspended and we were obliged to pay back some \$191,000,000.*

*“Even those loans obtained by the Frei government from agencies of the American government, and which were being disbursed according to the agreed upon schedule, were also suspended.*

*“Given the characteristics of the Chilean economy, this brutal financial asphyxiation of ongoing projects has resulted in a severe drop in our supply of equipment and spare parts, fertilizer, food and medicine. The consequences of this financial squeeze are making themselves felt in every Chilean’s ordinary daily life as well as in the country’s internal political life.*

*“What I have just described means that international organizations that should serve all people equally are being used by some nations to their own private ends, something legally and morally unacceptable no matter how powerful these nations may be. It means that pressure is being exerted on a small and economically weak country. It means that the people of a country are being punished for their decision to regain possession of their natural resources. It means that there is a premeditated intervention in a country’s internal affairs. Such meddling we call imperialism!*

*“The foreign companies that have mined Chilean copper during many years have made, with an initial investment of only \$30 million, some \$4 billion in profits. In striking contrast, let me give one simple and painful example of what this means to Chile. In my country there are 600,000 children who will never be able to enjoy a healthy, normal life because during their first eight months of life they did not receive an adequate amount of protein. Four billion dollars would completely transform*

*Chile. Just a tiny fraction of this amount would allow all the children of my land to have sufficient protein intake.*<sup>80</sup>

*“At the third session of UNCTAD [United Nations Conference on Trade and Development] I referred to the phenomenon of the transnational corporations and drew attention to the staggering increase in their economic power, political influence and corrupting effect. It is not surprising, therefore, that world opinion should react with alarm in the face of this reality. The power of these corporations is so great as to transcend all frontiers...*

*“In one year these enterprises repatriated profits from the Third World representing net transfers in their favor of \$1.723 million: \$1.013 million from Latin America, \$280 million from Africa, \$366 million from the Far East and \$64 million from the Middle East.*

*“We are witnessing a pitched battle between the great transnational corporations and sovereign States, for the latter’s fundamental political, economic and military decisions are being interfered with by world-wide organizations which are not dependent on any single State and which, as regards the sum total of their activities, are not accountable to or regulated by any parliament or institution representing the collective interest. In a word, the entire political structure of the world is being undermined.”*<sup>81</sup>

In his address Allende also stated that although Chile was potentially very rich, its people lived in poverty. Great corporations operating in the Third World, he said, have repatriated their investments many times over, while developing countries pay out more every year than they receive. From Latin

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<sup>80</sup> This second part of Allende’s speech was taken from *Chile: Libre Negro*, p. 29. I have translated from the Spanish. To listen to parts of this speech in Spanish: <http://www.youtube.com/watch?v=zQfC4lCqGqA>. To read a longer but not complete version of this same speech in English see: <https://www.marxists.org/archive/allende/1972/december/04.htm>.

<sup>81</sup> This part of Allende’s speech was taken from *Chile Versus the Corporations*, Development Education Center, Latin American Working Group, Toronto, 2nd Edition April 1973, p. 35-36.



America alone, he argued, the First World received a net transfer of \$9,000,000 in the 1960s. The modernization being imposed by the West on Third World nations is contributing, he concluded, to the exclusion *“of more and more millions from the very possibility of progress, well-being and social liberation and relegating them to a sub-human existence—a pattern destined to lead to still greater housing shortages and to condemn an ever-increasing number of citizens to unemployment, illiteracy, ignorance and physical want.”*

Today, as globalization expands and mega-corporations are able to obtain investor-state clauses that grant them the right to sue governments for the profits they lose because of public policies, even in the case when these policies clearly defend public health and the environment, Allende’s speech appears even more pertinent than it was in 1972.

### **Conservative Press Calls for Coup**

The year 1973 in Chile was one of deep political and social struggle. Different economic policies, imbedded in different political and social philosophies, confronted one another.

The major sector of the Christian Democratic Party, mainly influenced by the ex-President Eduardo Frei and whose vote had been essential to allow Allende to be confirmed president, now sided squarely with the rightist Partido Nacional which called for the following economic policy: wages and salaries should be frozen; government spending should be drastically cut; the price system should be readjusted to be more respectful of supply and demand; the State sectors should be denationalized; the government should desperately search for foreign financing. To implement such a policy, a new, strong government was called for. According to this view, the Allende government had not respected the constitution and should therefore step down. Before the March 1973 congressional elections, these sectors had hoped to obtain a large enough majority to impeach Allende but they had utterly failed, the Popular Unity actually managing to increase its power by obtaining 44% (compared to 36.3% in

September 1970) of the popular vote.<sup>82</sup> Since the parliamentary solution was now history, the only path left was to urge Allende to resign, and, failing this, to go ahead with the idea of military intervention, something, as we have seen, which was already in the air immediately following the Popular Unity victory in September 1970.

The most powerful conservative newspaper of Chile, *El Mercurio*, heavily financed by and under the strong ideological influence of the CIA<sup>83</sup>, published an editorial on July 18<sup>th</sup>, 1973

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<sup>82</sup> Note added in 2014 edition: The information made public by the US government in 2014 is very revealing. In a memorandum to Henry Kissinger on March 7, 1973 Theodore Eliot, the Executive Secretary of the Department of State notes, "*While the UP lost electoral support from its April 1971 highpoint, it does appear to have consolidated its strength at the 40 percent level essentially on urban poor and campesino support for the two Marxist parties, Socialist and Communist. The opposition's failure to obtain a wider margin of victory will be disappointing to those who hoped the results would force Allende to modify decisively the pace and direction of his 'revolution'.*" And on August 13, 1973 David Philips, the Chief of the Western Hemisphere Division of the Directorate of CIA Operations, writes to the Deputy Director for CIA Operations, Karamessines, "*It would seem the lower classes in Chile are still firmly supporting Allende. While rampant inflation, shortages of all kinds, and government inefficiency have seriously affected the middle and upper classes, somehow the essentials seem to be getting to the lower masses from which Allende draws his principal support. Certainly, the economic situation is going to have to deteriorate far more than at present before any significant number from the lower classes would consider leaving Allende.*" See: <http://history.state.gov/historicaldocuments/frus1969-76v21>.

<sup>83</sup> According to the U.S. Senate Report, *Covert Actions in Chile*, "*CIA-inspired editorials were placed almost daily in El Mercurio after 1968*". Cockcroft notes that, "*Two thirds of the press, owned by members of Chile's elite families, openly applauded the sabotage (of the economy) and advocated a military coup and other forms of sedition. Edward's 'El Mercurio' accepted \$1.5 million in CIA monies to print this kind of antigovernment propaganda*": *Latin America*, p. 545. Note added in 2014: Lest one thinks that Cockcroft, who is clearly identified with the left, is exaggerating, one can consult documents released by the US government only in 2014 (<http://history.state.gov/historicaldocuments/frus1969-76v21>). There we learn that William J. Jordan of the National Security Council Staff wrote the following memorandum to Henry Kissinger on April 10, 1972: "*CIA has come up with a new proposal for additional support for El Mercurio, the largest newspaper—and the loudest opposition voice—in Santiago. The new tranche would be for \$965,000. (...) In September 1971 we decided to support El*

clearly suggesting the need for military intervention. It openly admired the way the communist threat had been resolved in Indonesia in 1965: 500,000 communists and leftists had then been killed by the Indonesian oligarchy, with the help of the American CIA, and then the country once again experienced order and started to prosper.<sup>84</sup> That *El Mercurio* was actually favoring this brutal solution for Chile could not be clearer.

On August 10, 1973, *La Segunda*, a conservative newspaper owned by *El Mercurio*, published a rather surprising letter it had received from one of its readers. Written by a Chilean of Jewish origin who lived in Germany until three days before the outbreak of the Second World War, the letter, given considerable prominence in the newspaper, accused a certain group of influential Jews of being responsible in the 1930s for creating hate in the German high-class and in its leader, Adolph Hitler, and of thus being responsible for the Holocaust – the death of six million Jews. The letter then went on to accuse the Jews in the Popular Unity government of being responsible for the present destruction of Chile. Confident that the Allende government would soon be wiped out, the letter proposed that when this would happen, all the Popular Unity leaders should be hung, dead or alive, on the lampposts of Santiago. God, the letter concluded, should then be publicly thanked for this just punishment!

On August 25<sup>th</sup>, *La Prensa*, a newspaper owned by the Christian Democrats, published an article with a similar slant. “*The authentic Chileans must realize, the article noted, that on the Day of the Final Judgment we will put our hands on all those whose name ends with VIC, VICH, LEMY, BON and another fifty or so, and that it will be the ‘grinding of teeth’ referred to in the Bible.*”

The very next day, the same *La Prensa* published a cartoon titled “*Back to school*”. In this cartoon two gentlemen are conversing. One, holding a newspaper, informs the other that “*Tomorrow, (los uniformados) those wearing uniforms are coming out*”. (In Chile, school children typically wear uniforms; therefore the expression “*los uniformados*” can either mean school children or

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*Mercurio in the amount of \$700,000. We provided an additional \$300,000 between October and December.*”

<sup>84</sup> Ovide Bastien, *Chili: le coup divin*, p. 211.

the military.) The other gentlemen answers, with a sigh of relief: “*Finally!*” Several other opposition newspapers published similar cartoons directly appealing to the Armed Forces to rescue the nation from the “*communist threat*”.

On August 28<sup>th</sup>, as I reported above in excerpts from my diary, *El Mercurio* published an article recalling that six of the ten Latin American countries had already been taken over by the military, either because of economic chaos or the communist threat.

Quite obviously, words were preparing deeds...

If the National Party and the Frei-sector of the Christian Democratic Party were calling for a shift to the right and a new, strong government, the more radical Chilean left proposed a very different economic policy. Basically, it urged Allende to speed up and consolidate the revolutionary process. More precisely, it called for:

- \* A confiscatory monetary reform;
- \* The strict rationing of all consumer goods, and this, under popular control;
- \* The complete nationalization of all industrial and distribution monopolies;
- \* The suspension of foreign debt payments;
- \* The suspension of commercial secrecy.

Globally, the political forces more to the left requested that that the Popular Unity abandons its idea of a peaceful and constitutional road to socialism. Workers, it asserted, should be allowed to take up arms and to prepare an organized defense in case the military intervened. It claimed Allende should now only rely on the people themselves for support and abandon his idea of a peaceful revolution carried out under the respect of bourgeois laws and parliament. Carlos Altamirano, the president of the Socialist party, to which President Allende belonged, started to move clearly in this direction. His speeches were increasingly bold and radical.

However, Allende did not give in to either side. On the one hand, he did not listen to the Conservatives and the Christian Democrats who were calling for the complete reversal of his

economic policy and, in fact, his simple resignation as President. On the other hand, he did not heed the advice coming from his far left inviting him to urgently radicalize the process under way, to abandon the path of dialogue and compromise with the opposition, of parliamentary rules, and to prepare outright for an armed battle. A long time parliamentarian and skilled negotiator, Allende desperately tried to follow the middle, and, by this time, very treacherous course.

First, he resolved to go directly to the people of Chile and to break the parliamentary deadlock by holding a national referendum.

Second, in the spirit of compromise and in the hope of rapidly putting an end to a work stoppage and actions of sabotage that were destroying the economy, he accepted to incorporate in the top levels of his government a few military leaders, just as he had successfully done in the October 1972 work stoppage. One of those he incorporated into his government was General Augusto Pinochet...

### **August 1973: Work Stoppage and Violence**

On the July 16<sup>th</sup>, Roberto Thieme, head of an ultra-right organization *Patria y Libertad*, announced, in a press conference given in the Bremen restaurant in Santiago, that his group was going underground and would immediately undertake actions against the Allende government. This group had received financial help — \$38,000 US — from the CIA in the weeks immediately following Allende's electoral victory, and despite Nathaniel Davis' claim to the contrary, was quite obviously still on their payroll in August 1973.

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Until the end of chapter 2, I was relating my day-to-day experience after arriving in Chile at the end of July 1973, drawing abundantly from my diary and the letters I wrote to my friends in Canada. Then I stopped to provide historical background, so that the reader would have enough elements to understand the context. More precisely, I traced some of the highlights of Chilean history, examined the Frei period from 1964 to 1970 and then the Allende period from 1970 until July

1973. Now I am returning to where I had left off and continuing to recount my day-to-day experience, drawing as before, from my diary and letters.

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As noted earlier, on July 25<sup>th</sup>, three days after our arrival in Chile, a work stoppage, initiated mainly by the wealthy but with increasing support from many middle-class sectors, started in Chile. Leon Vilarín, the leader of the Chilean Trucker-Owners Corporation, again spearheaded this work stoppage, as in October 1972. The same sectors of Chilean society participated in it and the same tactics were used.

We could see that this work stoppage was gaining momentum day after day. After the truck owners, the bus owners in Santiago joined the stoppage on August 3<sup>rd</sup>. Then came the Association controlled by the large landowners. Followed by the lawyers, the merchants and the dentists.

Meanwhile, faithful to the plan revealed in the so-called secret documents of ITT which had not only made ultra-clear the fact that Washington, together with the CIA and American businesses operating in Chile, were encouraging a coup d'état, but had even spelled out a precise, and multi-faceted strategy to make this happen, Chile started experiencing a wave of acts of sabotage and terrorism. From July 16 to August 31, 1973 more than 500 such acts occurred. Small and random at the beginning, they gradually became numerous, systematic and skillfully organized. The main targets were the trucks and city buses not respecting the work stoppage, railways, highways, bridges, gas stations, electric towers, the homes of leaders of the Popular Unity, ambassadors of socialist countries, and the media sympathetic to the Popular Unity forces.

At the beginning of September, the most influential magazine controlled by the left, *Chile Hoy*, published information indicating that a coup d'état was in the making. The information came from the MIR, an extreme left organization that had never accepted to be part of the Popular Unity coalition and had always been very critical of the proposed peaceful road to socialism. According to the MIR, the coup was being prepared by the Frei

sector of the Christian Democratic Party, by the National Party, sectors of the Armed Forces, Patria y Libertad and several of the 'gremios' or guilds fomenting the national work stoppage. Some top bureaucrats of the American embassy were attending some of the secret meetings.<sup>85</sup>

On August 22, 1973 the Chilean Chamber of Deputies, completely controlled by opposition forces, passed a motion in which it accused the Popular Unity government of systematically ignoring the Chilean constitution. The U.S. Senate Report *Covert Action in Chile* notes that the "*CIA also funded progressively a greater portion — over 75% in 1973 — of an opposition research organization. A steady flow of economic and technical material went to opposition parties and private sector groups. **Many of the bills prepared by opposition parliamentarians were actually drafted by personnel of the research organization.***"<sup>86</sup>

The 16,000 secret documents of the CIA relating to covert operations in Chile, made public only in November 2000 thanks to a Presidential order by Bill Clinton, reveal that at the very moment when the opposition parties passed the above motion, the United States approved \$1 million to these parties and to the private organizations opposed to the Allende government. They also confirm that the United States abundantly engaged in preventing the Allende government from taking office and in destabilizing his government once it was in office.<sup>87</sup>

On September 4<sup>th</sup> Father Raul Hasbún,<sup>88</sup> the director of the powerful Catholic and very conservative television station, went

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<sup>85</sup> No. 64, 31 August -- 6 September 1973.

<sup>86</sup> *Covert Action in Chile*, p. 30 (The emphasis is mine).

<sup>87</sup> *US 'undermined Chile's democracy*, BBC NEWS, 14 November, 2000

<sup>88</sup> After the March 1973 Congressional election results that came as somewhat of a disappointment for the opposition, this same Father Hasbún had set up two pirate television stations, one in the city of Santiago and one in the port city of Concepción, using equipment brought in from the United States. When they began transmitting - opposition political messages and speeches interspersed with Hollywood movies -, the government was able to install a jamming device at an electric power station to distort the picture. Hasbún then called on the help of Michael Townley who promised he knew how to dismantle this device. The operation was a total success except for one thing: in carrying it out, he murdered a homeless house painter who happened to be sleeping in a theoretically vacant apartment whose use was necessary in the plan.

on the air to address the nation. His message was simple: President Allende does not have any legitimacy and must therefore resign. Why? Because he is responsible for the mess the country is in. The people of Chile, he continued, do not accept to be sacrificed to a sacrosanct foreign ideology that is incompatible with the Chilean soul and contrary to the Chilean tradition of humanism and Christianity. The Marxist Leninist experience, literally obsessed with totalitarianism, preaches a messianism that is false and based on the logic of violence. It is now demonstrating the truth that Pope Paul once affirmed: *"each time men have tried to organize the world without God, they have ended up organizing it against man."* President Allende must absolutely resign, Father Hasbún insisted. In any case, I am praying the Lord, he continued, so that his Spirit will make itself violent and bring the President to realize that he is on the wrong path. Whatever happens, he concluded, God will not leave us alone... He has the wisdom, the strength and the ingenuity to transform our present darkness into a rising light. He will be able to provide us with a government whose only purpose will be to love and serve its people.

### **Massive Demonstration in Support of Allende**

Because September 4<sup>th</sup> represented the third anniversary of the electoral victory of the Popular Unity government, a massive demonstration in support of the government was held that evening. We attended it. It was the most impressive demonstration I had ever seen in my life. Despite the turmoil being experienced by the country, the very long lines one had to stand in every day to obtain one's bread, oil, etc., the increasing shortages of all kinds and the mounting acts of sabotage and terrorism, one million people flooded the streets that night in Santiago.

Despite their impressive enthusiasm, these people certainly were not uncritically supportive of their government. They knew only too well it had made several serious blunders. However, they were also very aware of the actions undertaken by the White House and the CIA in close collaboration with those who stood to lose the most if the Chilean revolution was successful: the wealthy elite. They thus attributed the chaotic situation their



country was in not mainly to their government's errors but rather to those schemes craftily developed and implemented by the mighty, at home and abroad, to maintain an economic order that granted them wealth and privileges.



Allende, waving to crowd on September 4, 1973

Photo by Wynanne Watts

During the demonstration, thousands of people were proudly holding banners. *"NO TO A COUP D'ÉTAT"*, *"ALLENDE, THE PEOPLE ARE WITH YOU!"* As the throngs of people marched down the streets of Santiago, they chanted a slogan they knew very well and had often used: *"EL PUEBLO, UNIDO, JAMAS SARA VENCIDO!"* (A united people will never be vanquished!). They proudly sang the official song of the Popular Unity coalition: *"VENCEREMOS"* (We shall vanquish)...

When we passed by the Presidential Palace, La Moneda, several of the most important figures in the Popular Unity were standing on a balcony, waving their hands to the people. President Allende was one of them. His face seemed pale, tired and drawn out.

After the demonstration, we attended a party at a Canadian friend's apartment. Several Chileans, a few Canadians, the

reporter of *Le Devoir*, an Argentinean and a couple of Brazilians were there. As we shared wine and cheese, we of course discussed the political situation. The question that was on everybody's mind was: What would happen next?

I felt somewhat of a greenhorn in Chilean politics, having only arrived in Chile a few weeks earlier, so I kept my mouth shut and listened most of the time. The consensus among what appeared to me as very well informed observers was that after such a successful show of popular support, Washington would never dare to go ahead with what they had consistently done in so many other Third World countries where their interests seemed threatened: pull off a coup d'état and install a sort of puppet government. "*A military takeover would mean, it was repeated again and again throughout the evening, such a bloodbath that the United States would have to pay an excessively high political price internationally should they push the Chilean military to overthrow Allende. No, in these circumstances, they won't go ahead...*"

**Letter: September 9 (Possibility of Civil War or Coup)**

Dear Michael,<sup>89</sup>

*We were wondering whether you made it back alive and in one piece to Ottawa and I suppose you were wondering about us too. Well we made it, with a couple of hours stop in Lima, Peru, and we are now trying to get settled down. What makes it a bit hard is that Chile itself, as you might have seen in some small corner of a newspaper, is far from being peaceful yet. Tension and violence seem to be growing, the polarization between the left and right is increasing and everyone is waiting for what's going to happen next. That could very well be civil war.*

*One thing seems sure: if the left stays in power, order can hardly be established through legal means because Allende and his Popular Unity government have absolutely no power to pass legislation, Parliament being under the complete control of the conservatives. And these conservatives merely keep on blocking*

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<sup>89</sup> As already explained, Michael Hartney was a colleague of mine from the Collège de Rouyn-Noranda. Wynanne and I drove by car from Montreal to Mexico City. After visiting there for a few days, Michael returned to his home in Ottawa with his car and we boarded the plane for Santiago, Chile.

*the bills proposed by the government because these bills, it claims, all have a Marxist coloring. On the other hand, if the right manages to get Allende out it can hardly be through legal means. So it will either be by bleeding the country to death by doing everything to create public disorder, economic chaos, general work stoppages — and that is precisely what is now happening — or it will be through a direct coup d'état. In either case, order will only be re-established, if at all possible, through a massive repression of the left.*

*What really astonishes me is to see that although the lines people stand in to buy their basic necessities are getting longer and longer, mainly as a result of the general work stoppages initiated by those who control commerce and transportation, the left is as strong as ever.*

*Last Tuesday on September 4<sup>th</sup>, over one million people celebrated the third anniversary of the electoral victory of the Popular Unity government. And there were also other celebrations of this kind throughout Chile. These people seem more determined than ever to prevent both civil war and a coup d'état. I think it is this determination, and especially the growing organizational structures that are developing at the grass-roots level as a result of this determination, that are preventing or at least postponing a coup d'état.*

*Wynanne and I have both started attending lectures at the CEREN (Centro del Estudio de la Realidad Nacional), an institute that is part of the Catholic University of Chile. It takes us three quarters of an hour to get there by bus, when the buses are not on strike. One of my profs, Luis Maïra, is of the Christian Left party, and is a member of the National Assembly. He lectures on the political institutions of Chile and the fact that he has a direct experience in politics should allow him to be very concrete in his teaching. (...)*

*Be good... Wynanne sends her greetings, Ovide*

**Letter by Wynanne: September 9 (Standing in Line for Food, Terrorist Attacks)**

Dear Léo,<sup>90</sup>

*We're still alive, believe it or not! We arrived in Santiago on July 23<sup>rd</sup> to find a cold and forbidden city. The first week here we'll never forget — in a hotel with no heat, no windows, no hot water, newspaper for toilet paper, and both of us sick with wicked colds. But one week later we had found our little apartment with heat, hot water, windows (even a balcony) and toilet paper! The apartment is completely furnished, sheets and dishes too, for \$20 a month. The next project for us was to learn Spanish and find food — no mean task. But we found out that we can do both at the same time quite easily. Since we must stand in line every other day for one hour and a half for two liters of milk and one kilo of bread, we spend that time reading the newspapers (we counted eleven different dailies) or talking to our neighbors. Standing in line for coffee, sugar, oil, meat and margarine periodically gives us lots of time to practice talking and understanding too. We were able to buy a TV and radio after one week here and so we are learning from that too. It's really incredible to see what TV, radio and newspapers can be when they are put to the use of the people (i.e. the workers) and their interests — POWERFUL!*

*The country has lost its center in politics; the split between left and right, between Capitalists and Marxists, defines itself more clearly every day. The commercial and transportation sectors are on strike for an indefinite period. Only the government food stores are selling goods. They will be able to keep on selling as long as the non-striking and volunteer shippers can continue getting food to Santiago.*

*The number of terrorist attacks on highways, railways and gas reserves are augmenting day by day. Everyone speaks of an imminent civil war. The universities of the right are on strike to support the truckers but we are in a leftist center of studies; the leftist students and profs continue coming to school. Meanwhile,*

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<sup>90</sup> Léo Dénommé, a very close friend of ours who died of lung cancer in February 2000, was then an Oblate priest. He was then working as the pastor of the Oblate parish in Maniwaki, Quebec.

*there is often street fighting and since our apartment is right downtown and about eight blocks from the Presidential Palace, there is often tear gas around. Many stores close out of fear, if not because of the work stoppage.*

*In the rich sectors of town (rightist) the people cannot get food because of the work stoppage. Allende has announced that there is enough flour to make bread for the capital for two or three more days, that's all. He is bidding for time because each day he is in power is another day for education and the sensitizing of the poor. And I think it's working.*

*Last Tuesday, September 4<sup>th</sup>, was the third anniversary of the Popular Unity government. There was a great happy parade and singing and dancing in the streets of Santiago as well as in other parts of the country. Here there were over one million people parading for five hours past the Presidential Palace, saluting Allende. (...)*

*The right is scared. They know that if they loose the battle at this point, capitalism and private enterprise are finished in Chile. It's a hot bed here but very interesting. (...) We're learning what socialism, Marxism and communism and another kind of Christianity mean for different people here. There are many differences within the left but basically they all want equality for ALL men and women, be it in dress, housing, food, policies and the development of the country.*

*For me it's the first time I see this in action and not just in words or in a dream. Wish you could live it too, Léo. It really 'turns you on'. Hope they let us stay here to see the process through. Please write us news of you and Quebec. We are pretty homesick sometimes.*

*Lots of love and peace, Wynanne & Ovide*

### **September 10**

The CIA sends an internal secret memorandum that announces that the Chilean military will attempt to overthrow the Allende government on the next day, September 11<sup>th</sup>.<sup>91</sup> The memorandum was made public only 26 years later, in June 1999. It was among

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<sup>91</sup> Ernesto Carmona, *Chile desclasificado*, September, 1999.

the thousands of secret documents of the CIA that the Pentagon and the State Department made public at that time.

### **Allende Decides To Hold Referendum**

President Allende, given the impasse the country was in, and given the legislative deadlock in parliament which was preventing him from adopting those measures needed to save his peaceful socialist revolution and get the economy back on its feet, decided, as I noted previously, that he would announce to the people of Chile that he was going to hold a referendum. If he won, the tactics used by the conservative opposition through legislature would lose all legitimacy. If he lost, then he would democratically step down from office.

The date he chose to make this announcement was September 11<sup>th</sup>, 1973.<sup>92</sup> In the meantime, as he had done in the October 1972 crisis, he incorporated, as I also mentioned above, a few top military directly in his Cabinet. He felt this would be a compromise and that the military were necessary, at least temporarily, to restore law and order.

But the military were busy carrying out other objectives. Because of the critical situation created by the national work stoppage, a state of emergency had been declared in the vast majority of Chile's twenty-five provinces: this gave the military effective control in these areas. The Popular Unity had voted, with the support of the opposition, an arms-control law that allowed the military to carry out massive searches. The government thus hoped to curb the actions emanating from Patria y Libertad, authors of the wave of actions of sabotage the country was experiencing. If the groups dynamiting bridges and hydro lines, shooting the truck drivers who refused to respect the work stoppage and setting fire to gas stations, were deprived of their arms and explosives, peace could be restored.

However, the military were using the state of emergency that had been declared and the arms control law that had been adopted for another purpose. They were harassing the supporters of the Popular Unity government. They were going from workplace to workplace, rounding up thousands of workers and making sure

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<sup>92</sup> John Dinges and Saul Landau, p. 62.

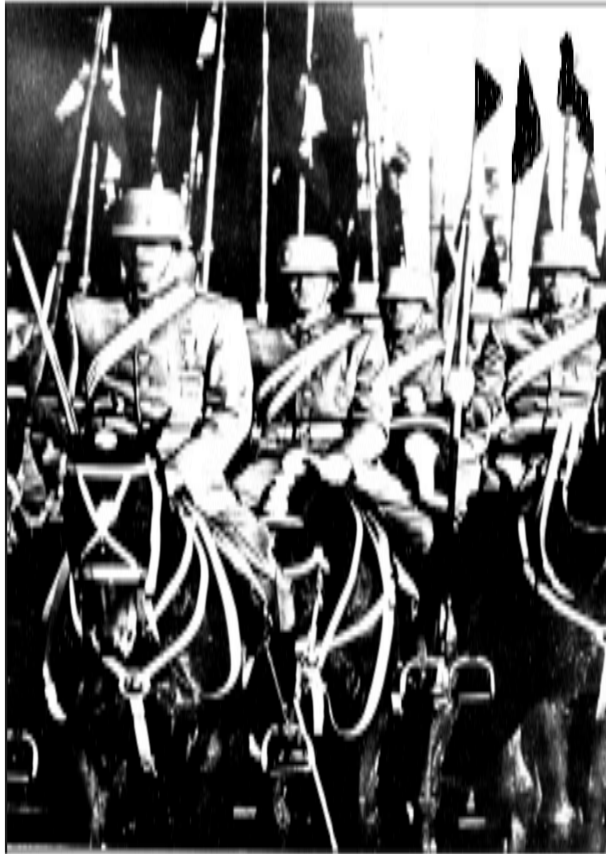
that they did not have any arms. And the raids were being carried out with surprising brutality. Meanwhile, the members of Patria y Libertad were not being bothered at all; they were in on the act.

While the raids against ordinary workers were going on, the top military leaders were busy trying to weed out the unfaithful from the faithful. In Valparaíso, those in the military who refused or merely hesitated when given fake orders to carry out a coup d'état against the government were subjected to torture.

When news broke out that soldiers were being tortured in Valparaíso, the matter was hotly debated on one of the most popular TV talk shows in Chile: *A Este Hora Se Improvisa*. The number one ideologue of the future military government, Jaime Guzmán, was one of the debaters in the show. He ridiculed those who expressed concern over these allegations of torture. “*There is absolutely no legal proof*, he emphasized, *that such things are going on! No proof whatsoever!*”

**PART II**  
**The Coup d'État**





**Chilean Military**  
Photo by SQAL

## Chapter 5

### Diary and Letters

### September - December 1973

#### **Diary: September 16 (First Moments of Coup, Allende's Last Words)**<sup>93</sup>

*If I have yet not written down my impressions and reflections on the coup d'état that took place on September 11<sup>th</sup>, it is merely because I was in a state of shock. Furthermore, I was too preoccupied with immediate matters like trying not to get killed or hurt, trying to get in touch with my friends here in Santiago to see how they were and merely if they were still alive...*

*September 11<sup>th</sup>, 7 a.m. My alarm clock woke me up. I set it every morning at that time so that I would not be the very last one in line and would be able to get at least one piece of bread. By the time I made it to the bakery, about sixty people were already standing in line. Practically no one was talking. We were wondering if there would be bread in this quarter of the city. Yesterday, for the very first time, there was none at all.*

*A newspaper vendor walked by so I decided to buy El Mercurio. On the editorial page, there was an article on the international scarcity of wheat. The Popular Unity is wrong, it affirmed, in accusing the United States of discrimination. If they are presently refusing to sell wheat to Chile, it is possibly because they are trying to curb their own inflation. Furthermore, it added, "the American Department of Agriculture says that the United States has completely sold out its existing stock of wheat."*

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<sup>93</sup> This and the following chapter are made up nearly exclusively of excerpts from my diary and from letters I sent to Canada during my stay in Chile. Wynanne Watts, my wife at the time, wrote a few of the letters.

*All of a sudden, I noticed two army tanks moving at approximately 70 kilometers per hour in the direction of the Presidential Palace. Somewhat perplexed, I watched to see how the other people were reacting. No reaction....*

*About one hour later, around 8:30 a.m., I finally made it into the bakery. Someone grabbed me by the arm. It was Olga, my next-door neighbor. "Things are not looking good, she whispered in my ear. Apparently the Moneda — the Presidential Palace — is surrounded by tanks."*

*After receiving my share of bread, I hurried to my apartment. Wynanne informed me that she thought she heard Allende's voice on the radio, but that given that it was so early, she had assumed she was mistaken and had just turned the radio off.*

*We turned the radio on again. Sure enough, Allende was speaking: "Valparaiso — the second largest city in Chile, a port city — is completely occupied by the military. Workers, you can go to work as usual but stay alert in your workplaces. In Santiago, everything is calm and I count on the soldiers of Chile to restore order."*

*Wynanne asked me to go out and buy vegetables about one block away. When I got there, there was absolutely nothing left on the stand. On my way back, suddenly I heard machine gun shots. My heart started beating wildly. I walked fast but did not dare run. Once I reached the street corner where we live, I noticed two carabineros — the national police force — armed with machine guns and speeding away toward La Moneda. A bit further down the street, there were other carabineros forming a barricade.*

*Once back in the apartment, we started cooking a large pot of beans and the little fish we had left. We also filled up the bath tub with water. We had not forgotten the night, a couple weeks back, when the entire city of Santiago had been deprived of water and electricity because of an act of sabotage, perpetrated at the very moment that Allende was addressing the nation on radio.*

*Meanwhile, we continued listening to the radio. All of a sudden, the station we were listening to was silenced. We searched and found another station sympathetic to the Popular Unity. A few minutes later, that one too was silenced. While we were*

*searching for yet another leftist station, we came across one of the opposition. The voice was military. So was the music. "The press, radio stations and television channels serving the Popular Unity coalition must suspend their functions as news media forthwith. Otherwise they shall be attacked by land and air."*

*Just on the other side of the street from our apartment, about forty feet away, was Radio-Candelaria, a pro-government radio station. We checked to see if it was still on the air. It was. We did not know what to do and were terribly scared.*

*Bomber jets started flying over Santiago. Outside, we heard more and more gunfire. Most of the shooting seemed to come from the direction of the Presidential Palace, La Moneda, about ten blocks from our place. Rounds of machine guns. Heavy artillery. Snipers on the roof of our apartment were exchanging shots with the military on the street who were calling for their surrender.*

*As we were listening to the radio, we heard the Popular Unity song 'Venceremos' —We shall vanquish—, the very same one we had watched thousands of proud Chileans sing as they were marching in the streets on September 4<sup>th</sup>. Tears came to our eyes. A sense of deep sadness came over us. I could still see that worker on television, very simple and very proud. I could see him asserting that most doctors are more interested in making money than in catering to the needs of the penniless masses. I could see him describing in great detail the behavior of these 'professionals' during the work stoppage. I could see this woman, comparing the health clinics in the wealthy neighborhoods of Santiago, modern and extremely well equipped, to those in the poor ones, very backward and with very little equipment. I could see this incredible cultural liberation that I just found absolutely amazing. Thousands of ordinary citizens not afraid anymore, ready to stand up and defend themselves. Who understood that lawyers all too often are not devoted to fighting against injustice but prefer selling their services to those who have lots of money. Who could understand that those who constantly suffer the greatest injustices, the poor and marginalized masses, are alone and defenseless.*

*More rounds of machine guns. Fear. Fear of the unknown. Civil war? The massacre of thousands of people? Repression?*

*The radio announcer informed us that President Allende was now going to speak. Fully aware that what was happening was of historical importance, we started recording<sup>94</sup>:*

“Surely this will be the last opportunity I will have to address myself to you. The air force has bombed the towers of Radio Portales and Radio Corporación. My words do not come out of bitterness, but rather deception, that they may be the moral punishment for those who betrayed the oath they took as soldiers of Chile, titular commanders-in-chief....Admiral Merino, who has self-designed himself commander of the Army....Mr. Mendoza, the callous general who only yesterday declared his loyalty to the Government, has been named director-general of the Police.

“In the face of these facts, the only thing left for me to say to the workers is that I will not resign! Placed in a historical transition, I will pay with my life for the loyalty of the People. I say to you that I have the assurance that the seed that we plant in the dignified consciousness of thousands and thousands of Chileans cannot be forever blinded.

“They have the power and can smash us, but the social processes are not held back, neither with crimes nor with power. History is ours, and the People will make it. Workers of my country: I want to thank you for the loyalty which you always have shown, the trust which you placed in a man who was only the interpreter of the great desires of justice, who gave his word that he would respect the Constitution and the law, and that I did.

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<sup>94</sup> Most of this text of President Allende's last speech to his people comes from our tape recording. However, the first three paragraphs, which we were not able to record, come from the novel published by an American friend of ours who was also in Chile at the time, Caroline Richards: *Sweet Country*, Harcourt Brace Jovanovich, New York and London, 1979, p. 79-80. To see both the Spanish and English version: <http://mrzine.monthlyreview.org/2006/allende110906.html>. To listen to the actual speech itself: <http://www.cooperativa.cl/noticias/pais/dd-hh/escucha-completo-el-ultimo-discurso-de-salvador-allende/2013-09-11/124950.html>.

“In this definitive moment, the last thing which I can say to you is that I hope you will learn this lesson: foreign capital, imperialism united with reaction in Chile, created the climate for the Armed Forces to break with their tradition, that to which General Schneider was faithful and Commander Araya reaffirmed. They were victims of the same social sectors that are staying in their homes today, waiting for a third party to restore their profits and privileges.

“I address myself above all to the modest woman of our land, to the peasant woman who believed in us, to the working woman who doubled in her efforts, to the mother who knew of our concern for her children. I address myself to the professionals of our land, to those who were patriotic and struggled against the auspicious sedition carried out by upper-class oriented schools, a sedition aimed at restoring a capitalist society geared to the wealthy few.

“I address myself to the youth of Chile, to those who sang, who offered to the struggle their joy and spirit. I address myself to the Chilean man: to the worker, and peasant, the intellectual, to those who will be persecuted. For fascism has been active in our country for many hours, carrying out acts of sabotage and terrorism, blowing up bridges and railways, destroying oil and gas pipelines. All the while counting on the silence of those whose duty it was to stop them... History will judge them.

“Probably Radio Magallanes will soon be silenced and the calm mettle of my voice will no longer reach you. It does not matter: you will continue to hear me, I will always be beside you or at least my memory will be that of a dignified man, that of a man who was loyal.

“Workers of my country, I have faith in Chile and in her destiny. Other men will overcome this gray and bitter moment where treason tries to impose itself. May you continue to know that sooner than later the great avenues through which free men will pass to build a better society will open.

“Long live Chile! Long live the People! Long live the Workers!

“These are my last words. I have the conviction that my sacrifice will not be in vain. I am sure that it will at least be a moral lesson which will punish felony, cowardice and treason.”

*We remained sitting, deeply moved and saddened... A few minutes later I knocked on the door of the apartment next to us and asked to use the phone. Fortunately, I was able to get through to our friend, Jacques Gélinas, a former Oblate priest who spent several years in Bolivia and had experienced several coup d'états. “The military announced, I told Jacques, that all pro-government stations should get off the air immediately. Otherwise, they will be attacked by land and air. Radio Candelaria is right across the street from us and is broadcasting. What should we do, run off on the streets where there is constant shooting or stay put and face the prospect of getting bombed or shot at with rockets?” Jacques answered calmly that we were to stay put. That the military, in such circumstances, would only bomb the towers of transmission outside of the city and then undoubtedly invade, with a few soldiers, the radio station itself. As soon as things calmed down on the streets, he invited us to come to his place, to get out of the downtown area.*

*A few minutes later, Radio Candelaria, the last pro-government radio station, was also silenced. The beginning of total silence for the Chilean left...*

*The military broadcast several communiqués on the radio. They accused the Popular Unity government of not respecting the right to strike, the right to private property, freedom of expression, freedom of association. They announced that they would rid the country of the cancer of communism, which, during the last three years, had been plunging it into chaos, moral, political and economic. Anyone attempting to resist the new government would be shot, they made clear. They named long lists of people who were to report immediately to the military. The Armed Forces, they insisted, had remained perfectly faithful to their traditional professionalism. What they were accomplishing was not in the least political. They were indeed against a Marxist dictatorship but remained deeply in favor of ideological pluralism. They invoked the name of God. All they wanted was peace and*

*freedom, and that Chile return to being a big unified family once again. We have restored democracy in Chile, they said. We must, however, clean up Chile, get rid of all that is foreign to our true 'chilenidad' (that which defines one as a true Chilean).*

*Workers of Chile, they affirmed with an authoritarian voice, do not be afraid. We want your well-being, social justice. We will not touch your economic gains: you will be able to maintain them.*

*The communiqués were interrupted by music. Sometimes the military marches were replaced by lighter music, and even a considerable amount of American hit parade, in English! At one moment they were playing: "Raindrops are falling..."*

*I was in a state of shock and was experiencing a deep sadness. I felt as if death had invaded my heart. A death impossible to express in words. I felt I was learning something I could never have learned in all the many books I had read. A death I wanted to cry out to the entire world. But that would not, I sensed, be really understood by most people. What was happening was outrageous, cruel and illogical.*

*Never in my life had I ever seen so much freedom of expression as in Chile! So many meetings, strikes, so many grass root organizations, so much political and social awareness.*

*10:55 a.m. The military ordered the carabineros—the National Police Force—who were still in the Presidential Palace, La Moneda, with Allende to get out.*

*11:15 a.m. The military announced that the women still in the Presidential Palace had exactly three minutes to get out. We were then told that six women were leaving La Moneda.*

*A few minutes later, someone knocked on our door. We were scared. Who was it? We could still hear constant gunfire on the streets. We peeked through the little hole in our door and recognized Patrick Boucher, the reporter who works for Le Devoir whom we had met at the party on 4 September. We let him in. He was weeping like a child, shivering and transpiring considerably.*



“I got caught in gunfire, he said, right here on the corner of Miraflores and Monjitas. I threw myself on the ground. The bullets were whistling over my head. I tried getting into your apartment building but the door was locked. And there was no bell I could ring to let you know I was there. Fortunately, somebody saw me from a window and I asked him to let me in. Thank God, he did. I was on my way to the Presidential Palace. At Plaza Italia, there was a barricade, so I had to make a detour. But then I got caught in heavy gunfire. There was shooting from all sides. I had to find a way to get out of there! I frantically looked for your address. I wasn't sure I had it. I found it in my pocket.”

*11:55 a.m. Two jet bombers started flying over the city in the area of the Presidential Palace, not far from our place. Then we heard what sounded like bombing. It lasted approximately fifteen minutes. The radio announced that the Palace was on fire. Then we heard the military order the firemen to come to the scene immediately.*

*Outside, gunfire continued relentlessly. Sometimes machine guns. Sometimes pistols. On a few occasions, bazookas. One bazooka shot actually hit our earthquake-proof concrete building and made it literally shake.*

*All afternoon we stayed glued to the radio that we had placed in the middle of our apartment, far from the windows. The shooting continued but there was no news of what had happened to Allende. On TV, only the Catholic channel, directed by Father Raul Hasbun, was broadcasting. But other than the messages from the military, peaceful and relaxing (!!!) music, a few prayers that sounded full of gratitude..., absolutely no news about what was happening in the country. Quite obviously, there was total censorship.*

*Suddenly realizing that our radio was equipped with short wave, we started trying to get news about Chile from other countries. From Buenos Aires, Argentina, we heard that according to a rumor Allende had committed suicide.*

*On the local news at night, the military repeated more of the same. But not a single drop of real news about what was happening. Not a word of those wounded or of Allende.*

*The TV camera showed us Allende's house, which had also been rocketed. It slowly went from room to room for approximately one hour. We were shown an impressive arsenal of arms and the announcer insisted that they were of Russian and Chinese origin. We were shown heaps of food: so much soap, 50 light bulbs, 20 boxes of coffee, etc. The idea they were trying to convey was simple: as you were experiencing shortages of all kinds, Chileans, look at how your president was living!*

*The camera moved to the washroom and slowly focused on a bookshelf filled with literature on Cuba. We were shown one book at a time, as if what we were viewing was the Devil in person.*

*Then we were shown Allende's desk, covered with considerable pornography.<sup>95</sup> (...)*

*The next day, at noon, channel 13 once again gave us yet another tour of Allende's house. This time it lasted about one and a half hours. The technique used to tarnish the president's reputation was so gross that it made me sick to my stomach. Of Allende himself, not a single word. Nor of the dead and wounded in Chile. Yet outside, the shooting, sometimes very intense, continued intermittently.*

*After this very 'Christian' TV report, the announcer said a prayer to Jesus and Mary. "The country is moving towards unity, Lord," he said. "Towards justice and brotherly love...."*

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<sup>95</sup> It is interesting to note that the same desk mysteriously reappeared, several years later, but in another country! Following the American invasion of Panama, in December 1989, the camera, from a TV station completely controlled by the U.S. invaders, also visited the house of President Manuel Noriega. For a long time it focused on the same desk, and with the same material – pornography, etc. – found in Chile in 1973! This surprising fact was revealed in the excellent documentary film, *Panama Deception*, produced by Barbara Trent, Joanne Doroshow, Nico Panigutti, David Kasper, 90 Min, August 1992 (In Dawson film library).

*I was beginning to experience a deep feeling of revolt inside of me. A revolt I had trouble containing. I remembered the words pronounced by Father Raul Hasbun on this same channel 13 just two days before the coup d'état. He was actually quoting the Bible: "One recognizes the value of a tree by the fruit that it bears. If this fruit is not good, the tree must be pruned or altogether cut. Allende and the Popular Unity have created fruit that all Chileans can see. May he who can understand, understand."*

*I remembered what people had been telling me since the beginning of the coup. I could see the face of Yoshi's<sup>96</sup> friend who lived in a poor neighborhood. I could see her weeping as she told us how the soldiers came and shot a young man of 23. He was in favor of the Popular Unity government and the president of the local organization set up by the people to prevent acts of sabotage and terrorism. His corpse was abundantly shown so that those able to understand would indeed understand! I could still hear what people would constantly relate when you talked to them: this one got machine gunned, this one got his hands cut off, and this poor neighborhood was bombed. All this kept ringing in my ears.*

*I could see the face of the Bolivian who visited Jacques when we were there. He was literally terrified. He told us that we had to immediately get rid of all Marxist or progressive literature we had. That we should dress up as if we came from rich neighborhoods: shirts, ties, etc. That those with long hair and beards should have them cut. Not to do so, he insisted, was dangerous. Olga told us the same thing. So did Andrée.*

*On the short-wave radio of the United States, Voice of America, they were reporting that all was going well in Chile; that Allende had plunged Chile in economic chaos; that the new government was pledging to restore order and peace... In a word, more or less the same, sanitized version of events forthcoming from the strictly censored media here. (...)*

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<sup>96</sup> Yoshi was Jacques Gélinas' wife. Jacques had been an Oblate missionary in Bolivia for several years. At the time, he was doing research in Chile. Jacques and Yoshi were our close friends in Chile.

*Radio-Havana, Cuba's short-wave radio station, announced that there were 10,000 prisoners in the National Stadium of Chile.*

*Foreign reporters, we were told, were being denied access to the country.*

*In writing this, I know that I am taking a risk. If they find me making such commentaries, I could be arrested. Patrick Boucher thinks I'm not prudent. Nor does Wynanne. However something pushes me to jot down my thoughts immediately. Not in one month. The world must know what is going on here! The news must get out!*

**Diary: September 17 (Contradictory Media Reports)**

*The more I see what is happening the more I feel the ABSOLUTE NECESSITY to take notes on everything I observe and hear directly from the people I come across. The lies of the military Junta are so big, so numerous, their assertions are so blatantly contradictory that I know not whether I should laugh, cry or do both at the same time. Never in my life had I ever imagined that I would see so much corruption.*

*It's 9:00 p.m. I just listened to Radio-Havana, Radio-Moscow and then Voice of America. The first two report that there are thousands of deaths in Chile, generalized torture, thousands of prisoners. On the other hand, Voice of America gives very little news on Chile. And what it says corresponds essentially to what we are hearing here in the strictly censored media of the military. Not one single word about the number of dead, wounded and prisoners. Not a word about torturing! On the other hand, they report the fact (?) that the military Junta has discovered a secret plan that had been prepared by the Popular Unity government: some generals and members of the opposition parties were to be assassinated. What objectivity! What a wonderful sense of responsibility on the part of the radio station of the most powerful country in the world!*

*The justice now reigning in Chile is military justice. They accuse those they want to. For whatever reason. They execute whomever they want to. They freely blacken the Popular Unity and president Allende. All the media sympathetic to the government have been taken over. The left is reduced to an absolute silence,*

*so the military can accuse freely. The accusations may be true or false: there is no way of knowing it. However, the least that can be said is that the military Junta inspires no confidence whatsoever. And what does Voice of America<sup>97</sup> do? It simply repeats the stupidities uttered by the Junta! The American Embassy is fully aware, of course, of what is going on here.*

*Art Warner told me his American friends, because they were feeling more and more worried, had phoned the embassy to find out what they could do to protect themselves: "Take a Bufferin aspirin!" was the reply.*

*The media reported today that the military had told Allende four times that if he were to surrender, his life would be safe, but that in the end he had committed suicide with the reporter Olivares. (...)*

*This afternoon, I spoke with an Oblate priest, the director of the College of Antofagasta. I asked him what he thought of what the military had been reporting: less than 100 dead and some 300 slightly wounded in all of Chile. "The personal secretary of Pinochet, he replied, is a student in my college. I have direct sources. Two days after the beginning of the coup, Thursday the 13 September, there were already at least 5,000 dead. The prisoners have no rights whatsoever; they are being tortured."*

*This morning Jacques and Claude came over. We had lunch together. Claude heard from three different sources that every night one can hear constant shooting in the National Stadium where thousands of prisoners are being held. The only conclusion one can reach: prisoners are being executed.*

*(I started hiding my diary notes and reflections. Where, I wondered, would be an absolutely safe place? I found such a place inside our washroom. I would remove the two stainless steel tubes supporting the sink, tightly curl up my notes, place them inside the tubes, and reinstall the tubes under the sink.)*

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<sup>97</sup> *Voice of America* is the short-wave radio station of the United States. It broadcasts throughout the world.

**Diary: September 18 (Repression, Attitude of Church)**

*Jacques was talking to the owner of his apartment who is sympathetic to the military. She claims that some 80,000 Chileans are probably dead by now. "You know, she commented, at least 800,000 Chileans voted for Allende".*

*This number is quite probably much exaggerated. But it is very hard to know what is happening when everything is so strictly censored. Today, the country's leading rightist newspaper, *El Mercurio*, gave the following, quite obviously ridiculous figures for the country as a whole: 95 dead (72 civilians, 14 police officers and 9 soldiers) and 4,700 prisoners (4,400 in Santiago and 300 in Valparaiso).*

*Yesterday someone informed us that many bodies were being sent to the airport, not the morgue. If this is true, the only feasible hypothesis, according to Jacques who has a long experience in Bolivian coup d'états, is that they are dumping bodies in the ocean. Knowing the number of dead would then become an impossible task.<sup>98</sup>*

*Are all these things rumors? How can one know? We are deprived of all news except what we learn from our contacts. We hear nothing about Valparaiso. Even the telephone communication with that city has been cut. All international flights are still suspended.*

*Jacques told us missionary nuns from Quebec had just taken refuge in the home of one of the secretaries working for the Canadian embassy. In the shantytown where they were living the military detained and tortured two men. They were members of the Christian Democratic party. They were later released thanks to the personal intervention of Cardinal Henríquez. The nuns saw women getting beaten by the military. They also saw the military*

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<sup>98</sup> According to newspaper reports, at the beginning of 1995 ex-soldiers in Argentina decided to get a load off their conscience. They admitted that following the Argentinean military coup d'état that occurred not long after the Chilean one, they had participated in operations which consisted in dumping prisoners from airplanes into the ocean. The prisoners were still alive but drugged. A Catholic priest was on the plane to help the prisoners get ready for their death.

*carrying the bodies of workers out of the SUMAR industry: some 150 of them.*

*The Church in Chile is a very powerful institution and has considerable political weight. Today, the traditional national day of Chile, Cardinal Henríquez accepted to attend an official religious ceremony, in presence of the four military leaders who are masterminding the coup d'état. During this ceremony, he made a long homily in which he offered the new government "the total and disinterested collaboration" of the Church. The whole ceremony was televised live and transmitted throughout the nation. I find this absolutely revolting!*

**Diary: September 19 (Criticism of Leaders of Catholic Church)**

*I have often heard that the Catholic Church was not rooted in the working class. I have often discussed with people who tried to persuade me to believe that the Church sides with the powerful and rich.*

*At 31 years old, I did not share this view at all. Eight years spent in a religious community studying philosophy and theology, long hours of prayer, the ideal of justice and love that I perceived in the historical Jesus and constantly tried to imitate, the intense joy which I experienced in community life, —all this made me feel that this view of the Church was unfair and biased.*

*Today something has changed in me. What I have experienced since the coup d'état of September 11<sup>th</sup> has brutally awakened me. From the window of my apartment, I saw the Chilean Air Force bomb the Presidential Palace of a man who had just received—elections of March 1973—44% of the popular vote, a 44% that represents without doubt the most marginalized and poor sectors of Chile. I heard the last words of this dedicated man, expressed in a calm and very touching manner.*

*For four consecutive days, I heard constant gunfire outside. I saw jets leave on their mission of destruction. I heard people weep as they told me how their friend had been tortured and shot. I heard a Canadian priest who told me of the president of a JAP in his neighborhood who was shot in front of his wife and eight children. I heard that workers had been shot merely because they*

*admitted they were socialists. I discovered that a Bolivian student at the Latin American Faculty of Social Sciences—FLACSO—in Santiago was detained, tortured and then killed; the director of this United Nations institute, called upon to identify the body, said it was very mutilated.*

*I saw terror spreading like fire among all those the least bit sympathetic to the Popular Unity government. I saw people cut their hair short, get rid of their beards and dress up like the rich, for fear of the military. I found myself obliged, like thousands of others, to get rid of all books and articles of a leftist orientation. I saw people obliged to hide and escape from the country just because of their ideas, or because, as this fine Chilean doctor, they were involved in concrete projects to help the have-nots organize. I saw smiling, high-class Chileans, report a frightened neighbor to the military. I can still hear this Chilean relate to me how he saw the soldiers cut his friend's ears off. To make a prisoner talk, they sometimes pull out finger nails, cut a finger or two, sometimes the entire hand.*

*In this situation of brutal repression, what does the head of the powerful Catholic Church of Chile do? He offers the military Junta "his complete and disinterested collaboration". He kneels with them and prays the Lord so that he will assist them "in their very noble and difficult task". He calls on all Chileans to collaborate with the patriotic military. Then he takes refuge in noble, vague and pious principles. Accepting to be crucified for matters of principle was okay in the time of Christ, when the Church was still young, somewhat naïve and charismatic, when it had not yet learned to compromise, to make deals with the powerful, to be diplomatic. What the Chilean Church needs today are not values that would make it risk persecution, and possibly torture and death, but rather principles to save it from crucifixion!*

*That is why Cardinal Henríquez carefully abstains from condemning the military takeover and the brutal and massive repression that is now underway. That is why he sticks to pious principles: they are universal enough to be true, and too general to be pertinent. He readily speaks of sacrifice but does not have the courage to denounce the concrete atrocities now taking place.*



*He does not have the courage to convene all his priests and to publicly denounce the massive repression, the wave of hate and fascism that is now rampant in Chile. Nor does he have the guts to stand up to the military, who claim in public that they are acting in the name of God, and to tell them: Basta! Enough! To stay in his Episcopal Palace, assembled with his priests, and to tell the military that he is willing to be bombed for values that are sacred.*

*Where is love? In these empty words of diplomacy emanating from this “representative of Christ on earth” or in the heart of this atheist who died in his Presidential Palace because he refused to abandon, under the threat of violence, a mandate given to him by his people? What is the meaning of the Cardinal’s political neutrality? What does his silence in the context of this ongoing Human Tragedy really mean?*

*May those who have an inferior and less noble calling do what they have to do. May they cleanse Chile of that diabolical Marxism that has sown hatred in hearts, that has invented the concept of social classes and class struggle, that has invented domination and exploitation, that has tried to indoctrinate the marginalized masses living in slums so that they would come to believe that that they are not equal to those who live in the ritzy neighborhoods with their big, expensive cars, their large luxurious houses, their servants. As if all Chileans were not equal! Before the law. Before life. As if all Chileans were not, as sons of God and children of Mary, part of one big family. As if “los Chilenos rotos” — “the low-class raggy Chileans” — were not equal to the successful ones. How ridiculous!*

*Go ahead, dear military, do what you have to do! Use guns and tanks! Meanwhile, we, of a higher calling, will stay neutral. Completely neutral. We will go to our cathedral. We will pray for peace. For love. For justice. We will pray that the grace of the Lord may be with you when you fill the National Stadium with prisoners, when you execute the communist leader in front of his home, when you shoot the socialist worker in his shop, when you torture the Bolivian immigrant, the Mapúche Indian, when you burn Marxist literature in the streets of Santiago.*

*When things calm down in three or four years the Church may then decide to denounce the atrocities. But now? Never! Did the military Junta not make it ultra-clear who is the boss, and that it would not tolerate any criticism whatsoever?*



Cardinal Henriquez and Military Junta Walking Out of Church  
Ceremony of September 18, 1973.  
Photo from *Chili: Le coup divin*

*Lord Jesus, you have no idea how happy I am that you died on the cross for us. What a beautiful symbol! I can sit here, on the pew of the cathedral and contemplate you for hours on end. Then*

*I feel better inside, liberated. I can leave those modest and unrefined Chileans run in the streets of Santiago, shooting with their pistols at soldiers armed with machine guns, tanks and Hawker Hunter fighter jets. And as these Chileans, who have lost their way, bleed in their hearts and body, I can make the Church bells toll to celebrate the victory of the wealthy elite.*



Photo: Chili: *Le coup divin*

**Military Junta:** From left to right: General Gustavo Leigh Guzman; Head of the Air Force; General Augusto Pinochet Ugarte; Head of the Army; Admiral José Toribio Merino, Head of the Navy; General Mendoza, Head of the National Police Force

### **In the Canadian Ambassador's Residence**

My wife and I were still in a state of shock and disarray on September 20<sup>th</sup> when we decided to take refuge in the residence of the Canadian Ambassador, Andrew Ross. One part of us felt that it was high time to leave this country, as most foreigners were doing frantically. Another part of us felt that it was important to stay, on the one hand to help what seemed like thousands of Chileans who, for fear of imprisonment, torture and death, wanted out desperately, and, on the other, because getting information out seemed to be an urgent and essential task. On the 20<sup>th</sup>, that part which was pushing us to leave dominated momentarily.

When we arrived at the gate of the very large and luxurious residence, it took us at least fifteen minutes of negotiating, a crisis on my part and my wife's tears, before they would let us in. Mrs. Ross did not greet us but asked immediately why we wanted in. To her, the situation in the country was rather calm. When we noticed Jean Latulipe, a Quebecois priest who lived in a shantytown and who was on the military hit list, Wynanne ran up to him, held him in her arms, and started weeping tears of relief.

That seemed to impress Mrs. Ross somewhat. She excused herself for the cold welcome she had given us.

**Diary: September 20 (In Canadian Ambassador's Residence)**

*Five refugees had already been accepted in the residence when we arrived. Four more were accepted in the afternoon, but only after long and very painful negotiations. Two of the new refugees are Brazilians and two Chilean. The Brazilians just found two of their friends shot in their beds. One Chilean worked in a radio station. She was able to escape but her friends were less fortunate, they all got shot. The other Chilean was a psychiatrist, a widower; he had to leave his four children behind with relatives. He was told that the military were on his tracks and that he should disappear fast.*

*The few conversations I have had with Mr. and Mrs. Ross—they have very limited contact with us, eat at a different table and, of course, much better food—make it clear that they are quite pleased with the military intervention. Mrs. Ross is quite proud to reveal that one of their friends, a military officer, has been named by the Junta as Minister of Health. Mr. Ross is quite blunt about the fact that if anyone is arrested in Chile right now, it is only because they have done something wrong.*

*In the El Mercurio that was available, dated September 19<sup>th</sup>, I just read that the Inter-American Bank of Development had just granted Chile a new loan of \$65,000,000. Quite obviously, the credit squeeze is now over.*

*At 6:00 p.m. Hugh Moser, an employee in the residence, addressed us. "Is there anyone here, he said, who does not understand English?" Only four of us even understood the question so he continued in a very broken Spanish: "The house you are in is very beautiful. We, of the North, like cleanliness a lot, sometimes even to the point of making a psychosis of it. Please make an effort in this sense, especially in the bathroom." At this point, Jean, who had spent thirteen years as a missionary in Chile and was very insulted by Hugh's condescending attitude, curtly replied in a perfect Spanish: "We also like cleanliness!" Hugh continued giving us instructions about who was to sleep where — the men in Mrs. Ross' studio and the women in another*

*room—, asked us to keep the curtains closed at all times and never to step outside in the yard.*

*After Hugh's instructions, Mrs. Ross herself addressed us as she rocked her little dog in her arms.*

*"Wynanne, maybe you could look after washing the clothes, she said. I don't like people who aren't used to appliances using my washer and dryer. And please, I do not want anyone to go to my studio in the day. Sometimes I go up there to do some artwork. I don't think I have any more clean towels that match the color of the tiles in the bathroom next to the studio, so please don't use that one."*

*The scene was unreal and painful. In the room there were people who had just tragically lost some of their beloved, who still did not know the fate of many of them, who were being suddenly and violently uprooted from their country. Prisons, torture and death were written all over their face.*

*At about 7:30 p.m. David, a Canadian commercial attaché, and Mark, the first secretary of the embassy, arrived to visit us. They told us the situation was dramatic. "It's a son-of-a-bitch out there!", David remarked. Apparently a delegate of the United Nations Commission for Refugees has just arrived in Chile. Discussions are being held concerning the possibility of using some Church buildings as refugee camps. Yesterday, we collaborated with Jacques and other Canadians. They are still outside the residence and are trying hard to help those in danger to come and join us here. We constantly put as much pressure as we could on the Ambassador, and we were partly successful: a few more were accepted.*

### **Diary: September 21 (Return to Apartment)**

*This morning, September 21<sup>st</sup>, Mr. Ross informed us that from now on he was putting us incommunicado. In other words, no more contact with the world outside the residence whatsoever. No visitors, no phones and no letters. When I saw that we no longer could do anything from inside the residence to help people get in, I decided to come back to our apartment. The fact that Mr. and Mrs. Ross seem to have a soft spot for Wynanne, undoubtedly because of her WASP background, allows her to play an*

*important role; she has been able to obtain quite a few things for the refugees. She has therefore decided to stay in the Ambassador's residence for a few more days.*

*I hope that the contacts I made this afternoon will allow six more, three Brazilians and three Chileans, to get into the residence. Mark Dolgin said yesterday: "Ottawa says none at all and we have a few; that's the present situation." (...)*

*When I returned to my apartment it was not so much anger that I felt but a state of depression. I just can't take it anymore. Hearing people tell me how this one has been tortured, that one shot. Seeing people whose life has just been shattered, seeing families torn apart. Observing the fear of death written on the face of so many.*

*I feel sick and tired of listening to completely censored news all day. Of reading newspapers announce only a few dead whereas I can feel in my heart the massacre of thousands. Sick and tired of this campaign of hatred that is going on against Allende, a man whose last words I found so deeply human, democratic and spiritual. Sick and tired of hearing in my heart the cry of thousands of Chileans, political leaders, union leaders, doctors, ordinary workers, students, teachers, many already dead or imprisoned, many absolutely terrorized. Of hearing this cry, and, at the very same time, witnessing outside in the streets, order, cleanliness, damned cleanliness, only cleanliness!*

*The possibility of buying in stores everything you want — oil, sugar, bread — and that which, before the military takeover, could only be found with great difficulty if at all. Of hearing this cry, and, at the same time, seeing Mrs. Ross, wealthy and secure, rocking her little dog as she instructs terrorized Chileans not to go in this room, to try to be clean and tidy, to keep their children quiet. Seeing Mrs. Ross complain that because of the curfew she was not able to go to her hairdresser as usual.*

*I am sick and tired of reading an El Mercurio which on the one hand condemns the Soviet Union — the title of the article: Barbarism reappears in Russia — because it prevents its well known dissident, Alexander Soljenitsyn, from living in the same city as his wife and, on the other hand, supports one hundred*

*percent a regime here in Chile that tortures, imprisons and murders on a massive scale.*

### **Testimony of a person subjected to torture in the National Stadium**

In her novel *Sweet Country*, Caroline Richards, an American who was also living in Chile at the time of the coup,—as we collaborated to get news abroad and to help Chileans subjected to repression to get out of Chile, we rapidly became friends—, reproduces parts of the diary of the personal secretary of Mrs. Salvador Allende. The name she gives her in the book is Eva Maria Aráya; this is not her real name<sup>99</sup>.

Eva Maria was arrested by the military on September 12<sup>th</sup>, on the second day of the coup. She was detained for a few days in the National Stadium with thousands of others, interrogated, tortured and released. The following excerpts recount two of the sessions of torture she underwent:

*“I am fairly certain that it was on Friday, 14 September—the third day of my internment, that I was interrogated for the second time.*

*“I had dreaded another confrontation with the interrogators because my arms still smarted from the burns I had received the other time. I was trembling when I took my place and waited for the process to begin. If my stomach hadn’t been empty, I would have vomited.*

*“The questions were almost identical to the ones I’d answered before. I was accused of having access, as Mrs. Allende’s assistant, to expensive luxuries — the American cigarettes in my pocket were cited as evidence!; I was quizzed about Mrs. Allende’s reputed bank accounts in Europe; and my relationship with Miguel was dragged up again. After an hour or two I was allowed to rest while the interrogators drew up a report which was then read to me. It was not a confession, and I wasn’t asked to sign it. Nor was it a set of formal charges, for — a fact I didn’t know then — I was going to be released.*

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<sup>99</sup> Enrique Sandoval, a Chilean friend who teaches at Dawson, told me this was not her real name. He once had her as a student in Chile.

*“Afterwards I was led by an armed guard to a gallery on the main floor from which one could hear not shouts but howls. I was told to undress. Then I had to sit on a bench outside the door. There were many curses and shouts from within, and finally I was escorted inside. There I saw the table to which I was about to be tied, and the powerful lights above. The torturers put cables on my body, dampened my skin, and began to apply the current to my breasts and vagina. I have no idea how many times they did it, or how long each shower of current lasted, but each time I thought that I would die. In my agony I hardly heard the insults rained down on me, nor did I respond to any questions. I’m not sure any were asked. My biggest fear was that they would kill me by accident, that they would inadvertently apply more current than they meant to. Once I even whispered hoarsely, earnestly, “It doesn’t take as much to kill a small person.”*

*“Eventually there was a break for a few minutes while the torturers consulted with someone who had entered the room. I remember thinking, “If I die, there will be no poems about me, no great novels or works of art.” It seemed like an important consideration; I wanted desperately to decide if I was resigned to such ignominy and obscurity. There seemed no satisfactory way of approaching the question. Yet once the current was applied again, and I heard myself screaming, I was suddenly struck with the resemblance of my cries to those of other prisoners I had heard, both men and women, and to animals. At its extremist pitch, pain reduces us all to a wordless roar, like the voice of the sea. “I wouldn’t want to be singled out,” I thought. “I’d rather take my stand with the great, anonymous swell of those whose lives were tiny affirmations and echoes, hardly audible and quickly forgotten.” There were ocean waves transforming themselves into strings of hill, and back again. Sea gulls exploded like fireworks into a rain of colors, which, striking the land, undulated into flames shaped like women. These women sang melodies which assumed square and elliptical shapes as they floated upwards, ultimately converging in an enormous eye which, as it swam towards infinity, shed colored tears on landscapes and on seasons. I was transfixed by my extraordinary vision. When I finally awoke from it, I was*



*once again in the hall where I had first been stationed, my clothes stacked at my side, some other prisoners crying over me.*

*“I believe it was on Saturday, my fourth day, that “gymnastics classes” were initiated for the female prisoners. I was led, along with perhaps twenty others, into a small basketball court evidently used for practice. There an officer with a whip, something like those that animal trainers use, told us to undress. As we hastened to obey, he smirked at the four or five milicos who were lounging around. The guard who had accompanied us occasionally struck us to make us hurry.*

*“I have sometimes wondered if the scene which followed was an amateur orchestration of a military man’s primitive fantasies or a sophisticated psychological torment designed by experts from the CIA. Perhaps that is a meaningless distinction. In any case, our ordeal was an exquisite exercise in shame. Even as we disrobed, we sensed our own degradation: our clothes, in which some had finally urinated and defecated, reeked; so did our bodies, sticky with blood and sweat.*

*‘Well now, you are all grown-up, married ladies,’ the officer began. ‘I want you to have a little fun. You must be pretty lonesome for your husbands by now, so I want you to pretend you’re with them. That’s right, get down on your knees, spread them out. Now: pretend you’re humping away, let’s hear you sigh. I want to hear you come—all of you.’*

*“None of the women moved. Some began to cry. ‘What’s the matter with you?’ the officer shouted. ‘Are you all frigid Marxist bitches? Start humping. I want to hear some terrific orgasms.’*

*“About this time some of the guards began to circulate among the women, threatening to strike them if they didn’t obey. That many did is scarcely surprising or blameworthy, yet when I heard them I was smitten with the most profound despair I had felt since my captivity began. One guard was moving in my direction, and I shuddered.*

*‘Come, you asshole!’ he shouted at the girl next to me, who was perhaps twenty years old and pitifully thin.*

*'Come yourself!' she hissed at him, and as he struck her with the butt of his gun, I could hear the cracking of her bones.*

*"About this time one of the other officers felt inspired to join in tormenting us. 'I know what the problem is,' he said. 'Some of you haven't had a good shit in days, have you? Well, that's not right, I'm sad just thinking about it. Everybody says you Commie women are the best shitters in the world. You've missed it, huh? So spread your legs again, ladies, and this time don't come, just shit!'"*

*"Once again there was the heartbreaking sound of inconsolable sobbing. At first no one would obey. But as the guards circulated among the group, getting down on their hands and knees and showing the women how they were to grunt, there were those who obeyed. Many defecated in spite of themselves, and I wondered sadly what human beings really are, whose bodies blindly obey impulses at odds with the soul's deepest longing.*

*"My turn wasn't long in coming. One of the soldiers shouted at me, "What's the matter, girlie? Think you're too good to shit?"*

*"I wanted to insult him, spit at him, but my mouth worked soundlessly, like a deaf-mute's. For a few seconds I knew what it was to be literally a blithering idiot. I neither saw nor feared the blow that mercifully relieved me of consciousness."*<sup>100</sup>

**Diary: September 22 (Coup Creates Miracle in Stock Market)**

*This morning I went to the Canadian Ambassador's residence to bring clothes to Wynanne. I also placed our small tape-recorder in the suitcase along with a dozen empty tapes; she will be able to record direct testimonies from the refugees. I left a message for Wynanne: "If you want to come out, I think it's okay. However, do whatever you think is best".*

*This afternoon, around 4 p.m., I returned to the residence. This time, after a long negotiation, I was allowed in. Wynanne warmly welcomed me. A few refugees came to greet me but the atmosphere was terribly heavy. And everybody was dying for news.*

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<sup>100</sup> Caroline Richards, p. 112-114

*Mark Dolgin informed me that the military are not allowing anybody to leave the country with tape-recorders, tapes, films, written material... Talk about control!*

*Today, I bought all four conservative newspapers. The big news:*

- *The military have just outlawed all socialist and communist political parties.*
- *Other news: "When the Allende government was elected, there was a terrific drop in the volume of trade in the Chilean stock market and the value of shares plummeted. All this changed, as if by magic, with the new government. Things are back to normal." (El Mercurio, p.17); "Socialism, be it Marxist or merely technocratic, thinks it can ignore the basic and unavoidable law of supply and demand. No Chilean, however, should underestimate this law, since the London stock market for metals determines the fate of our major export, copper; this law has now returned with a vengeance: as the value of metal stock shares was going up, Allende just had to fall!"*
- *"Within 30 days, all doctors will be able to return to the practice of curative medicine" — in other words, the Popular Unity's insistence on preventive medicine is out the window (La Tribuna);*
- *"Because of the tactic of a few extremists who have been removing their own wounded and dead, one must not discard the possibility that the number of civilian casualties may turn out to be higher than previously announced" (El Mercurio, p. 22).*

### **Diary: September 23 (Meaning, History)**

*I feel that my experience in Chile is opening my eyes something incredible. The interpretation I give to each fact, each event forms the meaning of my life. This meaning represents the way I understand myself, my way of perceiving my past, present and future both individually as a person and collectively as a people.*

*A person without history is necessarily alienated, without identity, reduced to a mere object. (...)*

*First one conquers a country by force, using considerable violence. Those who resist, the native Indians, are said to perpetrate massacres. Then one interprets this conquest as a holy mission, one of bringing the good news to savages and civilizing the previously uncivilized — humble servants of God just as the military Junta sees itself as the hand of God. Finally one sets up a cross, builds churches, writes a constitution declaring that all are equal and with full rights, signs treaties with the conquered, trains lawyers to make sure that there is law and order and condemns the use of violence, torture, etc.*

**Diary: September 26 (Burning Books, Revamping School Programs)**

*Wynanne returned to our apartment last night. She was very tired. Her mood seemed strange. To live locked up with people running away from brutal repression while being completely cut off from the outside world, ends up creating a special way of being and feeling.*

People in the residence, *she says*, do not react anymore. When a new refugee arrives and starts telling us about his or her experiences — torturing and killing — no one reacts. It is as if they were merely stating that it is raining outside.

*The military are not just burning all Marxist or socialist literature. They are also revamping all the programs in the schools.*

*Today I met the wife of a Chilean lawyer and her two sons. One of them works on a fishing boat in Valparaiso. He told us that some fishermen had caught bodies in their nets in the last few days.*

**Diary: September 28 (Trying to Help Doctor Bellemare Escape)**

*Yesterday there was considerable tension between Wynanne and me. In the evening, we both started to feel a bit better. Ever since the September 11<sup>th</sup>, we have been under considerable stress. For the first time since I don't know when, we were able to have some time alone this afternoon, and we did not feel caught up by some*

*urgent task, helping this one, trying to get someone accepted in Mr. Ross' residence.*

*Around 7:30, there was a knock on the door. It was Doctor Roberto Bellemare whom we had first met at Art Warner's place. In the Popular Unity government, he was director of the outpatient clinics of the Social Health Service of Chile. He has several degrees from American universities.*

*Roberto's face was as white as a sheet. Just two days ago, he had informed us of his decision to stay in Chile despite the real danger. And now, fear, sadness and a deep anguish were all over his face. He had just received his first pay, he said, from the university where he had accepted to lecture. Two hours later, about 5 p.m., one of his friends, sympathetic to the military government but still close to him, told him that he must disappear, and fast. "Roberto, he warned, I discovered that your name is on the list of those the military are after. You will be imprisoned. I checked my information with two other good sources. You must disappear, and fast!"*

*Wynanne ran to Olga's apartment and phoned Mark Dolgin, the First Secretary of the Canadian Embassy and a man who has shown sympathy towards the persecuted. Mark told her we should immediately go to Mr. Ross's residence.*

*After picking up his wife, Edith, who was not even aware that her husband was in such imminent danger — she was visiting with Art Warner —, we immediately drove to Mr. Ross' residence. Roberto and Edith have six children, all girls, and were leaving them all behind with relatives except for the new-born two month old baby. It was about 9 p.m. when we got there. The servant who came to answer the gate door went back inside. At least five minutes later, Mrs. Ross came out. Noticing that it was raining, she returned inside, got her umbrella and came back. We explained everything, but very briefly... She returned to the residence and came out with her husband. After being filled in on the situation, Mr. Ross answered that he would not let the Bellemares in. That according to the latest information, the wave of violence of the first days was all over. The military, he insisted, were merely arresting people now and most often merely for*

*interrogation. People were getting nervous, he felt, for no reason at all.*

*Wynanne pleaded with Mr. Ross. So did I. We explained to him that we couldn't come up with a complete file explaining in great detail why Mr. Bellemare was in danger not only of imprisonment but also of torture and death. That he knew darn well that all the information in Chile right now was very tightly controlled and that it was next to impossible to know what was going on in all sectors. That the Junta was giving grossly false information on a daily basis. That people right now had absolutely no defense whatsoever.*

*The Ambassador repeated that his answer was no. It was still raining. We had no umbrellas and were soaking wet. Anger. Sadness... Disgust and indignation.*

*I understood why ambassadors are sometimes kidnapped. This person in front of us, bureaucratic and cold, from whom one could smell alcohol at least six feet away. Who had not missed one single Sunday tennis match since the beginning of the coup.*

*Wynanne, full of deep bitterness, told the Ambassador: "Well, Mr. Ross, I guess we'll just have to go and see the Canadian reporter from CTV, James Reed, who has just arrived in Chile. He will undoubtedly be interested in our story".*

*Very upset and sad, we all silently drove back to the Warners. Since curfew was about to start, we all slept at their place that night.*

*This morning, we were in James Reed's hotel room at 8 a.m. We spent two and one half hours telling him what had happened. Having promised I would write him a report on what had been going on in the residence of the Canadian Ambassador since the coup, I returned to the Hotel Carera at about 2 p.m.*

*I found James having lunch with none other than Mr. Willoughby, the press representative of the military government. Mr. Willoughby was quite nervous about the news coverage Chile had been getting worldwide. He asked James what general criticism he had concerning the military Junta. James could not but be very cautious but he did say two fairly courageous things.*

*First, he pointed out that the major newspaper, El Mercurio, was acting as a mere mouthpiece of the military, a behavior which he found a bit strange. Second, he wondered why El Mercurio was actually hiding certain things. For example, why was there total silence about what happened during the recent burial ceremony of Pablo Neruda<sup>101</sup> who died just a few days following the military takeover? Why was it not reported that approximately 800 people who were gathered there started chanting: "VIVA ALLENDE! VIVA NERUDA!"<sup>102</sup>*

*Mr. Willoughby ignored James' first remark but pointed out that the news about Neruda's funeral would be easily corrected in El Mercurio's Sunday edition. By so doing, he was merely confirming the fact that the Junta controls El Mercurio.*

**Diary: September 29 (Conflict with Canadian Ambassador)**

*About 10 this morning Wynanne and I were having breakfast when suddenly an envelope appeared under our door. It was a small, hand-written note from Ambassador Ross:*

Dear Mr. and Mrs. Bastien,

Just a quick note to say that I think you should be extremely careful not to draw attention to yourselves. The case of Beaubien, who was picked up simply because someone in the same apartment building informed police he was a foreigner, illustrates what I mean.

I would like to see you in my office either today around noon or Monday a.m. As you know, you are always welcome to take refuge again at the embassy if you feel yourselves in danger.

Regards,  
Andrew Ross

*What a bizarre letter, we wondered to ourselves. Now why would someone who has constantly repeated that people were getting excited over nothing at all write this way? And why the hurry in meeting us?*

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<sup>101</sup> Pablo Neruda is an internationally renowned Chilean poet.

<sup>102</sup> In the context of the ongoing brutal repression, that so many people would come to Pablo Neruda's funeral is impressive. Pablo Neruda, both in his heart and his poetry, was very close to the Popular Unity government. Chanting "Allende Presente!" was extremely dangerous.

*We knew that Beaubien had ended up in the National Stadium and had been freed thanks to the personal intervention of Mr. Ross. But instinctively we felt that Mr. Ross was not really worried about our personal security and that the main purpose of the letter was to call a meeting to discuss our Thursday night confrontation. He must be worried about what we told James Reed, we thought. He probably knows that James' report will soon be on Canadian TV. He might even try to have this report censured.*

*After discussing the matter, we decided to meet him right away but to be very prudent.*

*12:15 p.m. When we arrived in the Canadian Embassy Mr. Ross was just coming out of a meeting with six other ambassadors. Here's what he told us: I am worried about you. Even though I considerably admire your humanism and philanthropy, it seems to me that you are too emotionally involved. This puts you at risk since you can easily be led to do things that compromise your personal security. You are aware of what happened to Mr. Beaubien. Even though he had done absolutely nothing, he ended up in the National Stadium simply because of a neighbor's denunciation. You have been doing all kinds of things for refugees.*

*As I listened to the Ambassador, I could feel that same deep sense of revolt taking hold of me. I knew that Wynanne's nerves were already on edge. And now, all of a sudden, Mr. Ross had changed his mind about the situation in Chile! All of a sudden there was real danger and he was really concerned about people!*

*— "Mr. Ross, I said, I find your remarks very pertinent. It is true that being emotionally involved can sometimes lead one to do something irrational. But do you not find that in circumstances where thousands and thousands of Chileans are experiencing a brutal repression, not being emotionally involved can bring one to behave in an even more irrational fashion?"*

*Ambassador Ross: "Indeed. But you are now indulging in philosophical matters, Mr. Bastien."*





Sept 29/73

Alain Ma and Mrs Bastien,

Just a quick note to say that I think you should be extremely careful not to draw attention to yourselves. The case of Beaubien, who was picked up simply because someone in the same apartment building informed police he was a foreigner, illustrates what I mean.

I would like to see you in my office either today around noon or Monday am. As you know you are always welcome to take refuge again at the embassy if you feel yourselves in danger,

Regards

— *“Very true. But I was doing so only because your own considerations were also of that nature.”*

*Ambassador Ross: “All that I want to tell you is that because of your present attitude, you are incurring a certain danger, undoubtedly not of death but at least of imprisonment. I wonder if you shouldn’t start thinking about leaving Chile. Carrying on studies in Chile in this moment doesn’t make much sense anyway.”*

*Wynanne, from the very beginning of the encounter had asked Mr. Ross what precise facts had brought him to write this morning’s letter to us. He merely replied that there were none. We both felt somewhat scared since we knew he was close to the military. But more than anything else, we felt insulted that he should try to indirectly and subtly blackmail us into leaving.*

— *“We are going to stay in Chile, Mr. Ross, I replied. We shall assume the risk that you pointed out. We are grateful that you went to the trouble of giving us your advice but it is our deep feeling that there are people in Chile right now who are too concerned about risk taking and who subordinate their actions to diplomacy and economic imperatives. The human dimension is totally ignored.”*

*Feeling that the tension between Mr. Ross and myself was mounting, Wynanne tried to change the subject by asking the Ambassador what his colleagues felt about the situation. He was very evasive and told us absolutely nothing about the meeting the ambassadors had just had. He did inform us that none of the 67 professors of the Universidad Tecnica del Estado who had been taken to the National Stadium since the coup had been shot.*

The encounter lasted some 45 minutes. Mr. Ross asked us to consider his suggestion about leaving and insisted he would be willing to cooperate fully should we need help in this way. We thanked him for his kindness and told him our decision was already taken: we were going to stay.

**Letter: September 30** <sup>103</sup>.

(Message to General Assembly of SUCO)

Even though I was in Chile, I still remained for a few months a member of the Board of Directors of CUSO-SUCO. There was an upcoming General Assembly of the French part of this organization, SUCO, in which important issues would be discussed. On September 30<sup>th</sup>, I therefore wrote the following letter to a Board member, Dominique Boisvert, from Montreal:

*Dear Dominique,*

*I would have lots of news to give you but what is URGENT, for the time being, is action. That is why I'm addressing myself to you.*

*On October 4<sup>th</sup>, SUCO will hold its general assembly in which it will discuss its purpose and future orientation. There is only one thing I would like to tell this assembly, and it is something that is on my mind ever since the 11 September. If SUCO does not decide once and for all to put direct, systematic and constant pressure on the Canadian foreign policy makers, then I no longer understand what international cooperation is all about. The more general and fundamental reasons supporting this viewpoint, you are very well aware of: ever since the beginning of our friendship in the board we have had numerous opportunities to discuss them. They are spelled out, furthermore, in Tibor Mende's book, De l'aide à la recolonisation. However there is another, distinct but deeply related reason, to which I would like to bring your attention.*

*In close collaboration with other Francophones from Quebec, Wynanne and I have been trying hard, since the coup of 11 September, to get the Canadian Ambassador to give refuge to those Chileans in danger. Many are being tortured: it is impossible to determine the exact number. Thousands have been shot: just how many, it is also impossible to know. Many thousands have been imprisoned and many thousands are on the*

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<sup>103</sup> The majority of the letters reproduced in this document were written to my very close friend in Montreal, Dominique Boisvert, and his wife, Diane Gariépy. Dominique and I met on the Board of Directors of CUSO-SUCO. Dominique was then still an active member of the Board.

*run, fully aware that the military are on their trail. With great pain and effort, we have been able to get the Embassy to accept a dozen refugees. Quite obviously, it is not the repression which is hitting Chileans that has brought the Ambassador to allow them in, but rather the immense pressure that we, as Canadians, have exerted on him combined with his fear of Canadian public opinion.*

*I cannot find words strong enough to describe the profound disappointment that Wynanne and I feel concerning the Canadian Ambassador, very cold, very conservative, who hides behind the instructions he gets from Ottawa, who accepts people only if they are in immediate danger of death, only if we can provide proof thereof...*

*How very disgusting it is to see our country, on the one hand generously financing the sending of Canadian volunteers to the Third World, and on the other hand, refusing downright to grant refuge to Chileans, Bolivians, Uruguayans and Brazilians who are now being tracked down in Chile, in massive and brutal acts of repression which may turn out to be the most serious in the modern history of Latin America. What did Canada do when the Soviet Union, in the summer of 1968, invaded Czechoslovakia? How did the Canadian Embassy in Prague react? And what did Canada do when people were thrown out of Uganda? What exactly does this damn neutrality of Canada mean and what does the so-called political neutrality of SUCO mean?*

*I am now working on three papers: one on the complicity of the Catholic Hierarchy in the coup d'état, one on the military junta's so-called ideological pluralism and one on my day-to-day experiences here in Chile. If I do not end up in prison—yesterday, the Canadian Ambassador advised us very strongly to leave the country immediately because he felt that we were in danger. I wouldn't be surprised if he collaborates with the military to have us thrown out of Chile—, I hope to send you these.*

*When the coup occurred, we were only a few street corners from the Moneda and about one hundred feet from the Ministry of Public Health. There is not one single window left in this large building. It was quite an ordeal.*

*I hope this letter is not intercepted in the airport. In solidarity and friendship,*

*Regards from my beloved, He that you know...*

### **Military and Cardinal Henríquez Meet: October 9**

*Tuesday October 9<sup>th</sup>, the military Junta paid a visit to the head of the Chilean Catholic Church, Cardinal Henríquez. After the encounter, Gen. Pinochet told reporters:*

“We told him (Cardinal Henríquez) that we are all Catholics and that we hope we can always count on his personal support and that of the Church. The Cardinal expressed his concern over the bad image Chile is now getting outside the country.”

*According to what was reported in El Mercurio, Cardinal Henríquez told the Junta it was not part of the mission of the Church to recognize or not to recognize governments, that it wanted merely to serve the people of Chile and therefore accepted the government that the people wanted. He continued:*

“We are in total agreement with the Junta concerning the task of rebuilding the country, in that of healing the wounds caused by recent events. (...) We have two or three organizations to help refugees and prisoners. And the Junta graciously granted us its full collaboration in this respect. That is the agreement we have reached: the Junta promised to facilitate our task, which is one of being a good Samaritan, of helping heal wounds and relieve suffering. Besides that, we discussed the image Chile presently has in other countries. We want to do all that we can to improve this image. I believe we can also collaborate with the Junta at this level by making the truth about Chile known in the exterior.”<sup>104</sup>

*Exactly two days after this encounter between the military and Cardinal Henríquez, the head of the Junta, Gen. Pinochet made a public speech, reproduced on the next day by El Mercurio, in which he referred to the coup d'état as the day “the hand of God made itself present in order to save us”.<sup>105</sup>*

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<sup>104</sup> Ovide Bastien, *Chili: le coup divin*, p. 119-120.

<sup>105</sup> Idem, p.167. The emphasis is mine.

**Letter: October 12 (Documents on Canadian Embassy, Church...)**

*Dear Dominique and Diane,*

*We have received your second letter. I am sorry that the document on the attitude of the Canadian Embassy in Chile regarding the refugees did not arrive in Montreal on the promised date, October 7<sup>th</sup>. It should be arriving next Tuesday at the very latest. A Canadian friend traveled to Buenos Aires yesterday; he will mail it to you from there. It will be sent either to Jean-Claude Leclerc of Le Devoir, or to SUCO.*

*The names of those who collaborated in producing this document will be revealed later, when the situation is not as dangerous in Chile. (...)*

*I am presently working on two other documents. One is on the attitude of the Catholic Church of Chile during and after the coup d'état. The other recounts our personal experience before, during and after the coup. I would like the first document to be published in Quebec as soon as possible but using a pseudonym. Publishing the second one will have to wait; doing so now would be extremely dangerous.*

*My wife and I are part of two groups that meet on a weekly basis. One is made up of Americans, the other of French-speaking Quebecois. Both groups have the same purpose: documenting as rapidly and accurately as possible what is happening in Chile and sending this information out to Canada, the United States, and other parts of the world. In the context of the extremely tight censorship imposed by the military junta, this task seems very vital and urgent to us.(...)*

*Yesterday we were talking with an American priest who has been in Chile for a number of years and who had become a Chilean citizen. He was just released from the National Stadium — the makeshift prison of thousands. He was arrested last Friday. Accusation: political activism, being a member of the Socialist Party, being a worker-priest. The military, during his detainment, roughed him up, but less than other prisoners — he was a priest, after all!!! The military asked him what he was doing carrying on as a simple worker whereas, according to his vocation, he is a*

*priest. He was freed thanks to the personal influence of Cardinal Henriquez and other religious leaders. But how many are not fortunate enough to benefit from such personal influences? (...)*

*We greatly appreciate the solidarity with Chile that is coming from Quebec. Greetings to Clément and Michel,*

*Us*

**October 17: Letter to Solidarity Groups in Canada:  
(Written by Wynanne)**

*More than a month has passed since Chile became a new country. For me it was a rather unique experience to say the least and I want to tell you all about my personal 'happenings'. Up until now neither time nor peace of mind permitted me to express this. Although neither is normal for me now — or perhaps ever will be again —, let me try.*

*On my husband's birthday —September 4<sup>th</sup> — we invited another couple over for dinner. We decided to eat late 'cause we all wanted to go to the biggest birthday party ever: that of the Popular Unity government. About one million Popular Unity sympathizers walked in the streets of Santiago. It was a happy, friendly and joyous demonstration; we marched and sang and chanted. The noise, the cold and the pushing were tremendous, but everyone was together celebrating this third anniversary of the election of the Popular Unity.*

*One week later, to the day, our alarm went off as usual. That day, it was my husband's turn to go and stand in line for bread... even though we didn't know if there would be any. Meanwhile, I turned on the radio and went about making the bed and pushing the mop around. I thought I heard Allende's voice on the radio but told myself it was really too early for him to be speaking.*

*At 8:45 a.m. my husband arrived with the bread. He told me that the military were attempting a coup d'état. I asked him to go and buy vegetables. Once he had left, I thought I perceived something funny... it wasn't as noisy as usual in the streets. Where were the buses? Then I noticed a road block three blocks from our apartment. Five minutes later it was two blocks from us... then on our very corner. Shooting started, machine gun fire.... People in*

*the streets were running and the cars were going every which way. Where was my husband?*

*When he finally returned, he told me all the vegetables had been sold.*

*We then settled in for three days of steady gunfire. We filled the bathtub with water in case that would be cut. I cooked two big pots of beans in case the gas would go off. We listened to each leftist radio station be bombed off the air 'till only the military radio was left for the whole of Chile. We watched the bombers arrive and listened to the 11 o'clock ultimatum to Allende.*

*At 11:50 a.m. someone knocked at the door. Excited and scared, we fumbled for the keys and finally opened the door to the reporter of Le Devoir. He was filthy and crying like a baby. As I made coffee to settle us all down, he told us how he wanted to reach the Presidential Palace, La Moneda... in good reporter fashion. The taxi driver refused to take him there and left him off fifteen blocks away. So he decided to walk. When he was getting close to La Moneda, he got caught in heavy gunfire. He had never been to our place, but managed to fumble through his address book for our number, found it and reached our apartment. A kind soul let him in to our building. (...)*

*It was only about 6 p.m. on the 11th of September that we realized we had a short-wave radio and thought of using it. We poured over that precious little box for hours... and still do. At about 8:00 p.m. we heard from Argentina that Allende had committed suicide but that no one believed it. It was not until 2:00 p.m. the next day that we knew that Allende was dead. How is another story.*

*On September 12<sup>th</sup> at about 4:30 p.m. the action was getting closer and closer to our place. We didn't dare look but we heard the tanks, jeeps and trucks go down our street and then stop. The snipers, who seemed to be on our roof, didn't let up. Then the military shot at our building with a bazooka. We all went down on our bellies. The building trembled... Thank God, the buildings here are earthquake-proof! Then a huge burly voice yelled several times: "Surrender!" Nothing. Then more firing. Silence.*



*The tanks and jeeps move on... but only a half a block away, in front of the Ministry of Health. Huddled on the floor and giggling like children, we lost count after a while of the number of bazookas they shelled that place with. Honestly, I don't think an earthquake could be worse.*

*By the third day—September 13<sup>th</sup>—my husband decided we must reduce the tension a bit and so he went about cleaning house. As usual, he went to shake the mop over the balcony... 'till our reporter from Le Devoir dragged him back inside, fortunately still alive! Those guys in the street were so nervous they'd shoot at anything... and especially at some idiot with a gun with a rag over the end of it!*

*At noon of that day, we learned on radio and TV that curfew was being suspended a few hours starting at noon. Free circulation would be allowed everywhere except in the downtown area of Santiago where we lived. From this area, people could only leave, not enter.*

*We decided to head for friends who live in the rich, and presumably quieter part of town. The reporter stayed in our apartment. With only a toothbrush we went out and started walking. The military were everywhere. People walked quickly and nervously. Flags were flying from contented people's homes. Broken glass was everywhere and bullet holes could be seen in many places. We walked fast for nearly an hour to reach our friends. Once there, we shared our fears and experiences.*

*The coup had happened; now, the hell was to begin. In order to purify Chile, the persecution of foreigners was—and still is—high on the military's list of jobs to do. All foreigners whose papers were not in order had to report to the Ministry of Defense, and thus faced possible imprisonment, torture, and even execution.*

*That night we slept peacefully for the first time; only a few shots disturbed us. In the morning, a Bolivian came over... scared. How could he, his wife and two children be saved? His wife's papers were not in order. Already his closest friend was "gone". What could we do? He must hide!*

*Not long after, a friend who lived in an extremely poor neighborhood arrived... in tears. She said that the military had*

*killed many people there, taken many people away, including the president of their 'población' (neighborhood), and cut off the hands of the 23 year-old president of their JAP — food distribution organization. We had estimated that thousands were dead; her estimate was 15 to 20 thousand.*

*On the 14th, we returned to our apartment — that was now allowed — and started the long and interminable job of saving lives. Every night it was someone else. In the day, we made contacts with friends to see what they knew and to pass a desperate life in their hands.*

*On the Monday after the coup, we tried to save the lives of five Bolivians. On Tuesday, by the time all the arrangements had been made, it was too late.*

*Wednesday, my husband and I decided to enter the Canadian Embassy as refugees but with the plot to help non-Canadians enter. Believe it or not, we were refused at the gate of this mansion. Only after pressure and tears during some 15 minutes, were we allowed to enter. Inside we found four Chileans and Jean Latulippe, a French missionary from Quebec who was very involved, politically, with the poor. Wow! He was still alive!!!*

*My husband stayed in the Embassy for three days; I, for a week. The atmosphere inside that depressing "prison" was hell. In my opinion the Ambassador and his wife are racist and as fascist as the military junta. It was almost unbearable. Everyday, for the time I was there, there were new arrivals: two Brazilians who had found two of their friends — a married couple — shot in their bed; one who had seen men shot for having scars on their cheeks — presumed to be street-fighters; another who knew of a young fellow who was shot in cold blood in the street for having a pen knife on him.*

*When the work was more pressing outside than inside, I came out of the Embassy. And my husband was very lonely! It was really scary out there but I soon learned to walk in the streets with a smile and always dressed up in my Sunday best... for security reasons. This was a rich man's coup, you know!*

*We have learned a lot in the last month. Funny how you simply learn because you have to!*

*Now we need all the help we can get from you! World opinion is the only salvation here. They are shaking in their pants already.*

*Believe the double of the bad news you get and complain bitterly to Ottawa... PLEASE...*

**Letter: October 19 (Written by Wynanne: Sharp Increase in Prices, No More Scarcity)**

*Dear Dominique and Diane,*

*(...) Yesterday, as usual every Saturday, I went grocery shopping. Usually, I had to buy my meat, fish and eggs in the central market in the heart of Santiago. But now, all of a sudden, I don't have to go so far; one finds all these things in all small, neighborhood stores. You simply walk in and buy whatever you want and as much as you want. No more long one-hour lines, standing in the humidity and cold at 6:00 a.m.! No struggle to get someone to serve you! No starving dogs in my way. No drops of blood spilling on my shirt in the rush to try to get a mere kilo of meat. None of all this anymore...*

*In a matter of a few seconds, everything became very clear to me.*

*Six weeks ago, I had to stand in long lines with thousands of Chilean mothers. We bought one kilo of pork for the official price of 80 escudos. The week after the coup, pork was selling for 980 escudos per kilo in the central market at the free market price.*

*For the ruling class of Chile, this new price represents a price drop, relative to the black market price, of about 40%. For this class that turned its back on an economic system which allowed practically all Chileans to have access to a minimum of meat, the new situation is wonderful. It can now buy all it wants practically anywhere. The free-market has returned to Chile! Now you can have all you want of everything... as long as you can afford it.*

*N.B. Below (see frame in following page), I'm listing the price of basic items. However, these do not include the following: milk (it is assumed that free milk is distributed to each family), fish, newspapers, magazines, TV, radio, clothes, heating, soap, medical and dental care.*

*Diane, please send the above information to the Quebec-Chile Solidarity Committee. I hope that every little drop of information helps to wake people up. It is so important!!*

*I hope you realize the dictatorship is very concerned about the news circulating about Chile in the world. All the newspapers here constantly criticize the bad press Chile is getting abroad. So hang in there!*

*The Canadian Ambassador, Mr. Ross, is impossible and through his inaction causes such harm. Help us save people here.*

*Thanks. W. and O.*

**Cost of Living in Chile — per month, in escudos: October 1973**

For the average family — 5.4 persons — earning the minimum salary of 12,000 escudos (\$15 Canadian) per month

|                                               |               |
|-----------------------------------------------|---------------|
| <i>Housing (3 room; exterior washroom)</i>    | <i>5,000</i>  |
| <i>Gas (only for cooking)</i>                 | <i>800</i>    |
| <i>Electricity</i>                            | <i>200</i>    |
| <i>Water</i>                                  | <i>110</i>    |
| <i>Bread (1 kilo per day)</i>                 | <i>1,200</i>  |
| <i>Potatoes (10 kilos)</i>                    | <i>1,000</i>  |
| <i>Spaghetti (8 kilos)</i>                    | <i>800</i>    |
| <i>Sugar (10 kilos)</i>                       | <i>1,200</i>  |
| <i>Coffee (one can)</i>                       | <i>600</i>    |
| <i>Eggs (9 dozens)</i>                        | <i>1,800</i>  |
| <i>Fruit</i>                                  | <i>1,000</i>  |
| <i>Vegetables</i>                             | <i>1,000</i>  |
| <i>Transportation</i>                         |               |
| <i>Bus (only for the father, 6 days week)</i> | <i>1,440</i>  |
| <i>Bus (school for three children)</i>        | <i>740</i>    |
| <i>Total</i>                                  | <i>16,890</i> |

**Diary: November 1 (Chileans Should Adopt Way of Life of Developed World)**

*(...) The euphoria of those who are fully backing the coup is taking on strange dimensions. Today an editorialist from El Mercurio argued that the 10:00 p.m. curfew may contribute to render Chileans more civilized, i.e. more similar to those in the developed world. Hopefully this curfew, he said, will help Chileans adopt the way of life which one finds "in the great majority of developed nations."*

In New York, in London and in Frankfurt, he continued, people have dinner at 6:30 or 7:00 p.m. [and not at 9:00 or 9:30 p.m. as in Chile], they go out to the movies or the theater at 7:30 p.m. and are back home by 10:00 p.m.; after this hour, the streets are abandoned to people who carry on activities of a dubious nature and to the police responsible for handling them. This developed way of life, concluded the editorialist, has yet another advantage: besides being more respectful of the biological order of human nature, it considerably favors industrial production.

**Letter by Wynanne: November 2 (Becoming Sensitized, Importance of Commitment)**

*Dear Andrée,*

*(...) Now that we're wondering what's next?, what now?, my heart is already on the home front. My husband's work (the book I was writing on the role of the hierarchy of the Chilean Catholic Church in the coup d'état) is nicely and neatly drawing to a close and although the fate of hundreds of Chileans is perilous, what can we do? We're up against a brick wall, all of us. (...) It's really sad that we had to come all the way to Chile and live such a violent event in order to wake up, to see reality, to become sensitized. A powerful but very harsh reality... But will it last? The propaganda cover of the military junta is already beginning to eat me away. And what about the people in Canada who didn't have the chance to see what it's really all about, who haven't an inkling of what the world could be, who think, like I did before my experience in Chile, that fascism is only for the extreme leftists and communists... the bad guys on the other side of the Iron Curtain! They must be awakened... and fast! (...)*

*Each of us is only a tiny drop in the river of History... but a necessary drop. Eventually the waters will rise so high and flow so fast that we'll get to where we're going. What's the solution? We must not dry up, or let ourselves be dried up. We must keep on struggling and we must get others in the fight with us — as every drop counts. And this until "our hour is come" to put our life on the line for the cause. For each and every one that hour, that moment, will be different as will be the manner of struggle for each one.*

*For me, that 'way' is every day clearer... and today especially. The whole question of underdevelopment and suffering and persecution in the world will end only if and when we stop exploiting each other. And as long as we live in a society that is one of "man eat man", all the other men in the world will be eaten or, at least, gnawed at interminably. We must change ourselves. (...) The work is slow, long, even interminable but it's all part of the Historical process of the struggle for real equality, real love.*

*After supper: We're watching the evening propaganda — news? — of the military and I'm overpowered! A bunch of women — old, rich biddies — went and got "remarried" at the government seat today. That is, they turned in gold rings for copper ones for the "reconstruction of Chile". The new copper rings were blessed by some pompous priest and all the ladies will now definitely get to heaven! Didn't we see this turning in of wedding rings under Hitler in Germany??!! Even the bishop of Valparaiso turned his gem in. Didn't the German Church do the same in the 1930s? Study your history books to see what's coming!*

*Love and peace (?) Us.*

**Letter: November 17 (Dark Outside, Also in my Heart; Rise of True Aristocracy)**

*Dear Dominique and Diane,*

*If I did not write before this it is because we are going from one emergency to another! Wynanne is busy trying to get information out of the country. She is collaborating with a growing circle of people here who are working at this. I have been concentrating on writing my dossier on the attitude of the Catholic hierarchy in the coup. (...)*

*This evening we had dinner with a sociologist from the University of Chile. As so many others, he has been suspended.*

*It's strange to see how there are so few of the very poor in the downtown area anymore. A few days ago, the price of public phones went up by 1000 percent! Most of the poor, who represent the majority, can no longer afford meat: it's become incredibly expensive. The consumer club is rapidly going down. Now the stores are starting to look more like the ones at home. Prices are clearly indicated and there are so-called sales everywhere.*

*A few minutes ago, we saw on TV that Canada is considering changing its ambassador in Chile. That was great news to us. Not long ago, Mr. Ross tried to convince us to leave Chile. Despite the fact that he had always been claiming that things were quiet and that people were getting nervous for nothing, he told us he was worried about our personal security because of our attitude — “too emotionally involved” — and because we were helping refugees. He told us we were in danger of imprisonment, not of death. Some time later, he was conversing with another Canadian here and he told her that he was worried about our lives. A nice guy... (...)*

*It's dark outside and it is also dark in my heart. I can see the face of workers who have lost blood, bread, and what is much worse, dignity and freedom.*

*One of the three last books published since a week or so states in so many words: “the calling to become a military is very noble; it is befitting only for the most select group of patriots, the aristocrats. Not in the vulgar acceptance that this latter expression presently has with the idea of class struggle. What we mean by aristocracy here is what this word has always designated throughout History: that group of people who, because of tradition as well as natural intellectual endowments and preparation, normally assume responsibility for the direction of national affairs, or assist those who do. It is government by the very best. (...) It is precisely because one finds the highest quality*

*of people in the Armed Forces that, in a given moment in history, the quality of a country is thus manifested.”*<sup>106</sup>

*A big hug to both of you. Our greetings to all. Let's not give up!*

**Letter November 22 (One Third of Students Expelled or Without Courses)**

*Dear Dominique and Diane,*

*We just received your letter. We recently met the special Ottawa delegation — M. Geoffrey Pearson from Foreign Affairs and M. Gary Schrow from Immigration — which was sent to Chile thanks to the excellent work you are doing. There were six of us: the doctor and his wife, the journalist from Radio-Canada, the daughter of the Member of the House of Commons, and the two of us. They seemed to be relatively sympathetic to us but reserved; it is obvious, however, that trouble is brewing in Ottawa.*

*So far we have received all your letters and you seem to have received all of ours. Be careful, however. There is more control now than in the days immediately following the coup. It often happens now that we receive pre-opened letters. (...)*

*Jean-Claude Leclerc's editorial in Le Devoir on November 14<sup>th</sup> “30,000 HUNGARIANS — 16 CHILEANS!” was great!*<sup>107</sup> *It was right on. When you see him, please send him the congratulations of all those who are struggling at this end. It's food for the heart...*

*Besides those from Chile that Canada has already welcomed, we just found out that only 5 more have been accepted as immigrants. No, I did not forget a zero...Now that 'democracy and pluralism' have been restored in Chile and the universities placed under the direct control of the military, only 'objective and universally valid truths' are being taught. Approximately one third of all students have been expelled or are without courses*

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<sup>106</sup> M. Ibanez, *Fuerzas Armadas y Seguridad Nacional*, collective work, Ediciones Portada, Santiago, Chile, 1973,

p. 29. In my letter only a part of this quote was reproduced. I expanded it for the sake of clarity.

<sup>107</sup> See the editorial in Appendix 4.



*either because their disciplines are no longer taught or because their entire programs have been closed down.*

*The CEREN — Centro del Estudio de la Realidad Nacional — of the Catholic University where we studied is now history. According to the Dean of Studies of the University of Chile with whom we had dinner last Saturday evening, there are now only four professors left in their department of sociology out of the original sixty who were teaching before the Coup d'état.*

*According to what is being said here in Chile, the international press seems to be experiencing a certain amount of mental illness regarding Chile: it is grossly distorting reality. Quite true: while the Arabs are 'torturing' the world with sharp increases in the price of oil and the Soviets are oppressing their intellectuals, here in Chile everything is absolutely pure and free, as long as you only breathe from your right nostril!*

*In solidarity! Me.*

### **Trying to 'correct' the distorted image of Chile abroad: October-December 1973**

During the weeks following the coup, the military Junta was upset about the bad image Chile was getting abroad. It therefore sent representatives throughout the world in an effort to 'correct' this bad image:

- Leon Vilarín, the CIA-financed President of the Chilean Truck Owners Corporation who had spear-headed the work stoppage culminating in the coup, was sent.
- A team of Chilean jurists was sent.
- Representatives of the Church were also sent. A week after his 9 October meeting with the Junta, Cardinal Henríquez traveled to Rome. He told the Italian daily, *Avvenire*, that even though there were "*some regrettable events*" in Chile, it would be false to affirm that the Junta was implementing "*a harsh anti-Marxist repression*". Father Hasbun, the Head of channel 13, also left for Rome in early October and spent an entire month in Europe trying to correct 'the erroneous image' circulating about Chile.

When Father Hasbun returned, he was totally taken aback by the immaturity of the press and the intellectuals in Europe. They say, he bitterly complained, that Chile is undergoing “*a brutal repression*” and that our military are “*fascists*”. For them, Salvador Allende appears as “*a revolutionary hero*.” “*In all three countries that I’ve visited, Father Hasbun pursued, one does not know whether to admire more the Marxist press’s formidable capacity to lie or, instead, the ingenuity and just plain stupidity of those democratic sectors that are now flirting with Marxism.*” Totally exasperated, Father Hasbun concluded: “*There are so many stupid idiots! (...) These are the people behind the present campaign against Chile.*”

Not all Europeans, Father Hasbun commented with a sigh of relief, were liars, manipulators or just plain idiots: “*The welcome I received in the Vatican, in Rome, was excellent. The ecclesiastical authorities have a very clear perception of what is going on in Chile.*”<sup>108</sup>

The Chilean Catholic Church made other efforts to help the outside world ‘see things the way they were’. Just before Christmas 1973, the Chilean Episcopal Conference sent a confidential report<sup>109</sup> to all the Episcopal Conferences<sup>110</sup> of the world. The purpose of the report: to counter the international media reports, “*that have provided a very distorted image of Chilean events*” and to provide Bishops throughout the world “*with an evaluation of the situation in Chile and of the Chilean hierarchy.*”

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<sup>108</sup> Ovide Bastien, p. 126; 137-139 The information concerning Father Hasbun comes from Chilean dailies, *El Mercurio*, 14 November 1973 and *La Segunda*, 16 November 1973.

<sup>109</sup> Quoted in Ovide Bastien *Chili: le coup divin*, 201-206. I obtained this report through a leak. Since the whistleblower who gave me this document has passed away, I feel I can break the secret. His name was Reverend Bill Smith, a remarkably committed priest. During the last meal we shared, Bill spontaneously confided that he wanted to die “*revolted by the situation the poor have to suffer in Latin America and the rest of the Third World*”. Bill died one week later of a heart attack as he got off the plane in Brazil. He died revolted.

<sup>110</sup> The Episcopal Conference of a country is made up of all the Bishops of that country. In short, the leaders of the Catholic Church at the national level.



Photo of Raul Hasbun by Wynanne Watts

*“(...) the Armed Forces and the National Police in Chile, the document states, are in no way ‘putschists’ or ‘fascists’. Their constant tradition has been one of professionalism; they are beyond the political contingencies of the country. The action they undertook on September 11<sup>th</sup> was commanded by the national situation and represented a mere consequence of their obligation to guarantee order in Chile.*

*“For the great majority of Chileans, the 11<sup>th</sup> of September 1973 represents the end of a nightmare: that of the falling apart of the nation, of the use of demagoguery, of political foreign intervention—recall Fidel Castro’s letter to President Allende on 22 July 1973— ,<sup>111</sup> of*

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<sup>111</sup> It is interesting to note that despite the several millions of dollars invested by the Americans to influence the course of political events in Chile both under Frei and Allende, despite their systematic and extremely well documented recourse to manipulation, propaganda, violence and even assassination, the

*violence in all its forms, of the brutal impoverishment of the nation, and, above all, of the Marxism towards which Chile was moving. It is to this nightmare that the Armed Forces and the National Police of Chile have put an end on the 11th of September. For the majority of Chileans, this day is truly one of liberation,”* concludes the Bishops’ document.

**Letter: December 15<sup>112</sup> (Strawberry Picking...)**

*Dear Mom, Dad and family,*

*Wynanne and I are both a bit exhausted of our constant strawberry picking. Even though it is pretty cold in Canada, things here are pretty hot. Believe it or not Santa Claus here is dressed up for winter and goes around on a sleigh in about 90 degrees Fahrenheit weather! And he likes strawberries too so he does not like the idea of our taking them away from him.*

*Wynanne’s mom sends us news at least twice a week. Thank you very much for signing up against air pollution. It is certainly one of the worst evils of modern history and seems to be invading Latin American countries in the past few years. Again yesterday someone here was telling me that it is so bad it is causing deaths.*

*If you have been following the international press in the past few weeks, you will have noted that reporters are still spreading all kinds of lies about Chile. They say that over 15,000 people have been executed in Chile since September the 11th. They say killing is still going on. One article even claimed that there were and still are daily cases of torturing.*

*When you see how people seem to get a thrill out of publishing all these sensational rumors, you wonder what this world is coming to... Here everything is quiet. Of course, we still are in a situation of war, — a situation that should continue for several months — and we have curfew every night from 11:00 p.m. till 5:30 a.m. An occasional shot here and there, but that’s all.*

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Chilean Bishops only perceive one side of foreign intrusion, and by far the weakest. Perception is truly a weird animal.

<sup>112</sup> This letter is coded and very cynical. The term ‘strawberry picking’ refers to our work in trying to help those who were being tracked down by the military, and in danger of torture, imprisonment and sometimes death.

*People are working. Many are donating their gold rings to the military Junta as a sign of appreciation. The streets are very clean. There are no more crazy strikes. Thousands of workers are freely donating part of their salary — the donation is simply taken away from their checks! The great majority of these workers now earn in one month what an average worker in Canada makes in approximately half a day — but that is normal here: Chile is an underdeveloped country.*

*Newspapers, radio and TV stations here speak very highly of the military junta. Before the coup, it was incredible what garbage one would find in the media! Now the news reports are short, happy and objective. It makes you want to be alive again! The media here informs us that Russia is still persecuting its intellectuals. To think that had it not been for the Chilean army and the United States, Chile might still be going towards socialism!*

*There are still several thousands of families in Santiago without jobs. But that problem should be wiped out very shortly: they no longer receive any income whatsoever...*

*Tomorrow Wynanne and I are going to climb a beautiful mountain, situated right in the heart of Santiago. This should take our minds away from the strawberries! As you celebrate Christmas on the 25th,*

*Try to remember... Love, Us.*

**Letter: December 29 (Two Lutheran Friends Expelled from Chile)**

*Dear Dominique and Diane,*

*We have received your two December letters. Presently we are living outside of the downtown area. Two of our friends are in Argentina for three weeks and have asked us to guard their home. The move away from our apartment will do us wonders: it had literally turned into an office, with people constantly coming and going. Here the air is also more pure and it's quiet. My wife runs errands constantly and uses the apartment as a kind of base. I am putting the finishing touches on my text on the Chilean Church. It should be done in a matter of days. Hopefully I'll be able to get it published.*



“IN EACH SOLDIER THERE IS A CHILEAN; IN EACH CHILEAN THERE  
IS A SOLDIER”

Billboard appearing in Chile following the coup  
Photo by Wynanne Watts, Santiago

*The cost of sending you a letter before was seven escudos. Starting now, it will be 200 escudos. A very modest increase in price... The military Junta had declared, after the coup, that the monthly minimum salary of servants would be 12,000 escudos, the equivalent of \$15. It has recently announced that this minimum salary for servants has been abandoned: the market must do its thing, they say. Supply and demand must rule supreme... In October, there were four strikes initiated by workers: the leaders and several others were simply thrown in jail.*

*Last night, we met a reporter from the Toronto Star. He informed us that he went to great pains not to make any value judgments at all in his articles. He flatly told us that he had no ideology whatsoever! That's enough to make one wonder whether a pre-historic zoo should not be opened for such phenomena.*

*Our main actions right now target reporters. Since the coup, we have collaborated, sometimes very intensely, with at least fifteen of them. We feel that this task is essential.*

*The CIA seems to be active even within the refugee camps set up by the United Nations in Chile. Our two friends from the Lutheran Church who were publishing Between the Lines<sup>113</sup> are being thrown out of Chile and they say they have proof that the CIA was behind their expulsion. You might soon hear from them in Canada. We hear shooting every night, even in our new wealthier neighborhood. Helicopters keep watch over us every night also. Gosh, when will Washington ever equip them with good mufflers so we can sleep!*

*Greetings to all,*

*Peace...We just heard more shooting outside!*

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<sup>113</sup> *Between the Lines* was an information bulletin sent to the United States from Chile on a regular basis. It reported on the economic and political situation and on human rights abuses.

## Dumping Bodies in the Ocean

On two different occasions while I was in Chile, I noted in my diary that I had come across people who reported that bodies were being dumped in the ocean. As noted in this chapter, on September 18, 1973 I wrote:

*Yesterday someone informed us that many bodies were being sent to the airport, not the morgue. If this is true, the only feasible hypothesis, according to Jacques who has a long experience in Bolivian coup d'états, is that they are dumping bodies in the ocean. Knowing the number of dead would then become an impossible task.*

And again, on September 26<sup>th</sup> I wrote:

*Today I met the wife of a Chilean lawyer and her two sons. One of them works on a fishing boat in Valparaíso. He told us that some fishermen had caught bodies in their nets in the last few days.*

On July 14, 2000, nearly 27 years later, the newspaper Clarín published an article titled *State Terrorism*. The article reports the testimony of the Christian Democrat Senator, Jorge Lavandero, who chaired the Human Rights Commission of the Chilean Senate in 1998. Lavandero claims that two former members of the secret police under the military regime had told him, during investigations, that there were at least 2000 Chileans disappeared following the coup. Approximately 1200 bodies would have been thrown, by helicopter, in the ocean. The others would have been buried. In 1988, the remains of many of the buried would also have been removed and thrown into the sea, as the fact that Pinochet had lost his referendum meant that the families of the victims would start taking actions against the military.

In the same article, the reporter relates that in 1984, Andrés Valenzuela, a member of the Armed Forces who was then working for the Secret Police, told him the following:

*In 1975, one of the helicopters that were participating in this kind of mission arrived in the military base, Aéra de Colina, with about 15 prisoners aboard. It was a helicopter of the Chilean Air force, but at the time the Air Force collaborated very closely with*



*the Secret Police. The helicopter left, and when it returned, I was told by one of the agents who participated in the mission, 'Fifo' (Adolfo Palma Ramirez) that they had thrown the prisoners in the ocean, if I remember correctly, in front of San Antonio. He told me that the prisoners were not dead, just drugged. In fact, one of them woke up, and he had been obliged to knock him out. Before throwing the prisoners in the ocean, three army officers would open up their stomachs with their daggers so that they would immediately drown and sink to the bottom.*

## Chapter 6

### Diary and Letters

#### January - September 1974

##### **Letter: February 8 (Total Control of Media, Fear)**

*Dear Dominique and Diane,*

*Last night we had the company of Father Gilles Casabon, the Provincial of the Oblates of Mary Immaculate in Montreal. He is visiting Latin America. Since I have, at long last, just finished my book on the Chilean Church, I asked him if he could take it out of the country for me. Apparently, controls are now getting even tighter. He said he would give me his answer tomorrow. The Canadian Embassy has refused to allow me to use the diplomatic pouch for this. Yet it has just recently allowed Serge<sup>114</sup> to get his documents out. They are probably afraid of Serge because he has written several articles in Montreal newspapers.*

*What is new in Chile? Very hard to say. Nothing, nothing... absolutely nothing about the real situation. Reading newspapers and magazines, listening to the radio or watching TV has become an incredible psychological burden. Nothing, nothing absolutely nothing! One has the impression of living in a kind of total vacuum. If living has anything to do with communicating, one must conclude that in Chile presently the dead are in the millions! Yesterday afternoon, I was chatting with a university Prof. He says he can't meet his friends, or only very little. Why? Because meeting and talking have become extremely dangerous.*

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<sup>114</sup> Serge Mongeau is a doctor from Quebec. He was in Chile with his wife and three children. Serge has published more than a dozen books, mostly related to health and preventive medicine. He published a book on Chile: *Le rêve écrasé: Québec-Chili, Québec-Amérique*, Montréal, 1990, 268 pp.

*There are government spies everywhere. Everybody is afraid of everybody. Even people who were firmly committed to the Popular Unity government are now full of distrust among themselves, for events have clearly shown that even before the coup they were deeply infiltrated.*

*Another Prof. from the University of Concepción told us that the American ship 'Operation-Unitas' which was not far from the port of Valparaiso on the day of the coup was loaded with spare parts for the truckers. These were unloaded on September 14<sup>th</sup>. In the Lota coal mines, strikes, caused by the fact that workers and their families were going hungry, were brutally handled: four workers were shot. He expects that there will be popular revolts soon because with the incredible increases in the price of many essential food items, many people are eating only one or two good meals a week.*

*I'm off to the embassy to give the diplomatic pouch another try.*

*In solidarity,*

**Letter: February 11 (Reporter Listens to Moving Testimony with 'Objectivity')**

*Dear Dominique and Diane,*

*Normally you should receive my geography document (the expression I used for the document on the Chilean Church) at the end of this week. The Canadian Embassy finally accepted to allow me to use the diplomatic pouch. They asked me to call the next day to see if the text had effectively left; I did, and they said everything was okay.*

*Last night, we spent the entire evening with a Canadian reporter, Jack Best, who has just arrived in Chile. He is about 50 years old and comes from Ottawa. He works as a freelancer for six dailies: The Globe and Mail, The Ottawa Journal, The Vancouver Sun, The Winnipeg Free Press, The Montreal Star and a sixth that I do not recall. His specialty: Canadian foreign affairs and Canadian defense. He can speak French but with considerable difficulty.*

*Maria Denise—a Quebecois nun who has spent ten years in Chile and is living in an extremely poor neighborhood, Violeta Para—spent a full two hours giving her personal testimony on the situation in Chile since September 11<sup>th</sup>. It was the most*

*remarkable and moving testimony I have heard since the coup: precise facts, places, dates, names, surrounding circumstances... Since she works with the Peace Committee headed by Bishop Ariztía, undoubtedly the best organization in Chile attending to the needs of the poor and repressed, she not only knew about individual cases of torture, executions, and imprisonment but she could also describe the global situation in this respect. She said that two lawyers of the Peace Committee, left-wing members of the Christian Democratic Party, estimated that there were approximately 18,000 prisoners being held in Chile and that torture in some form or another had been practiced on some 70% of them. She also described the rapidly deteriorating economic and living conditions of those living in the poorer neighborhoods.*

*During the entire testimony, Jack Best listened with a considerable and obvious skepticism. All that he seemed interested in was meeting those who had actually been tortured. He wanted to see with his own eyes. His questions, in the circumstances, seemed completely out of place.*

*Eventually one of us—there were seven of us—asked him what his impressions were concerning the situation in Chile. His answer: “You know, I’m very slow at forming an opinion”. We made our question more specific: “When you were still in Ottawa, what opinion did you then have on Chile?” His reply: “Oh, my point of view was.... objective, quite objective.” And that was the end of that.*

*A bit later in the evening he made several remarks implying that he was fully aware of our views. The tone was very condescending and paternalistic. The message was quite clear: you are very committed and involved; therefore your evaluation is subjective, not objective...*

*We asked him to help us get a young man out of Valdivia. The military had condemned this Chilean to death for “high treason” and quite obviously he would not be granted the right to any kind of defense. The request for help in this case was made to us by the Ambassador of India with whom my wife has been working very closely. If he would use his prestige as a reporter to try to bring this case out in the open by merely asking the military why*

*someone could be condemned to death without a fair trial and any public scrutiny whatsoever — a very modest and democratic question — perhaps the fear of world opinion would suffice to save this young man's life. Mr. Best flatly refused to help us in any way whatsoever.*

*As I watched him during the nun's very powerful testimony, I could not believe my eyes. He did not take a single note. He seemed somewhat bored, ridiculously on his guard. For me, it was like a dream. I would never have imagined that someone could be so prejudiced as to merely shut off reality.*

*It is possible that I am mistaken about him. You will see it when his articles on Chile come out in the Canadian newspapers. If I'm right, please do not hesitate to use my letter to unmask his so-called objectivity, one that I would equate more with downright fascism! What is a concrete person's life worth to someone not the least bit interested in lifting his little finger to denounce actively and with personal commitment the systematic torture of thousands of human beings?*

*Mere emotions on my part? Perhaps. Where are the human institutions in this country? Where is the human being in man hiding? (...)*

*With every passing day I'm starting to learn that there is a little Hitler buried in every one of us. It takes a long time to recognize it, to see it. There are thousands of people here in Chile and elsewhere in the world that will only wake up when it is too late. And then they will claim that they just did not know what was going on.*

*Enough for tonight. I hope your baby is coming along well.*

*Me*

**Letter: February 14 (Examining Work of Jack Best; Views of Supporters of Coup)**

*Dear Dominique and Diane,*

*It is 4:30 p.m. I've just returned from a visit in the población (neighborhood) Violeta Para. The purpose of my visit: to examine how Jack Best would carry out his work as a reporter. Yesterday afternoon Mr. Best called to see if he could actually*

*pay a visit to the Violeta Para población. "I'm leaving for Brazil at noon on Thursday, so my visit to the población will have to be relatively short" he said. I called the nun to see if that was possible. She had not been at all impressed by him the night before but said that she would organize it and give him good contacts. We agreed that I would be Mr. Best's guide.*

*I met Mr. Best at 8:15 a.m. today at the Hotel Forestal. We took a taxi to the Violeta Para población. As we were driving there, he informed me that he had to be back downtown no later than 10:00 a.m. This report, I thought to myself, will be a fast-food report...*

*We arrived in the población at 8:45 a.m. We met the nun who immediately brought us to the home of a French missionary priest. The nun had made arrangements so that Mr. Best could meet a Chilean worker who had spent two months in the Quiriquina Island prison camp and had lived with several prisoners who had experienced torture. This Chilean worker was on the run; he was fleeing to Argentina tomorrow morning, since a lawyer had warned him that he would be given another prison term, this time of at least five years, and that he should therefore leave the country.*

*Even though Mr. Best had been informed that he was going to meet an ex-prisoner who was now obliged to flee the country, he only addressed his questions to the priest. The latter gave a testimony similar to the one the nun had given the night before. Then Mr. Best asked him: "Are the military preventing you in any way of carrying out your priestly duties?" The French priest replied that they did not appreciate the fact that he was celebrating the Eucharist in private homes but that given the fact that there is no Church building in the neighborhood, there is not much choice. He added that many people did not dare attend the ceremonies for fear of being accused of belonging to a political party (the military had banned, after the coup, all public meetings and even private meetings of more than six people).*

*After a few more fairly light questions to the priest, Mr. Best looked at his watch—it was 9:55 a.m.—and asked me if I had any questions I would like to address to them. I politely commented, totally puzzled by the fact that he had totally ignored, throughout*

*the interview, our main witness, the Chilean worker, that an ex-prisoner of the Quiriquina Island was sitting on the other side of the table and might have a few things to tell us. Mr. Best turned to him for the very first time and listened to his testimony. And, he actually started taking a few notes, for the first time since the beginning of our encounter. The worker, it was more than obvious, was very emotional and had oceans of darkness buried in his heart; he was dying to get some of this out. Mr. Best, however, was dying to leave... At 10:20 he excused himself and took a taxi back to his hotel. Completely taken aback, I stayed the rest of the morning with the priest and the ex-prisoner to let off an immense amount of accumulated steam...*

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*Last night we had the company of two grade school teachers from Limache, a small town not far from Valparaiso. I had been forewarned that our visitors were very conservative and pro-military and that it was best to be very diplomatic.*

*When they arrived it was around 10: 00 p.m. Once they discovered that we had been in Chile only since the 23 July 1973, the oldest of the two, a guy about 35 years old, remarked with considerable enthusiasm: "You arrived just on time to witness our resurrection!" Then he continued: "As foreigners, how did the recent events in Chile appear to you?"*

*Even though being diplomatic is not exactly my forte, I tried very hard to appear not too negative. After a rather difficult moment of silence, I meekly remarked: "The only thing I do not appreciate is the repression I'm witnessing."*

*Obviously taken aback, he asked: "Repression, did you say? You have actually seen repression in Chile? What exactly are you referring to? Quite true, some people have been made prisoners but they are all delinquents. What do you mean exactly by repression?"*

*With great caution and prudence I specified: "When it is impossible to say and write what you really think."*

*He immediately agreed with me: "You know that in Chile, people spend a considerable amount of time talking, debating...That is*

*one of our biggest faults. I hope the military Junta stays in power for at least ten years!"*

*A bit later in our conversation, he qualified his previous statements by commenting that some degree of punishment was necessary because foreign ideas had been introduced into the country. Not quite clear as to why an idea, because of its mere status as "foreign", would not be valid I asked him to give me a concrete example of a foreign idea (Our conversation was, if anything, free of aggressivity. He seemed to have full confidence in me and was very kind).*

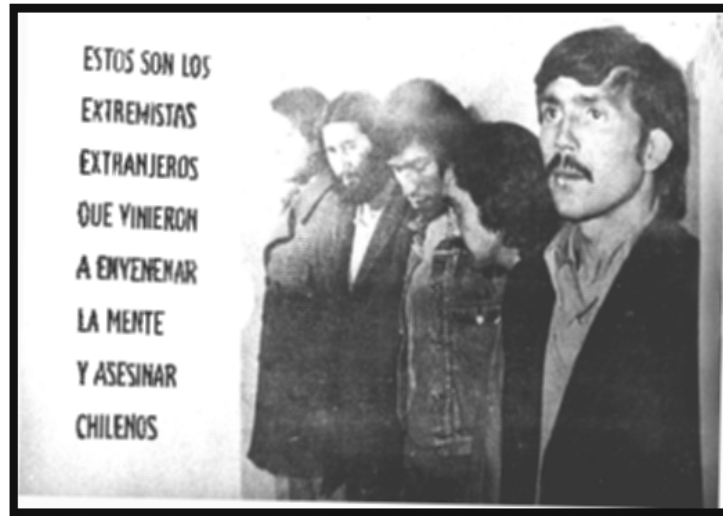


Photo by Wynanne Watts, Santiago  
Poster appearing in Chile after the coup. It reads:

"THESE ARE THE FOREIGN RADICALS WHO CAME  
TO POISON MINDS AND ASSASSINATE CHILEANS"

"An example, *he said?* Well, take Marxism. Marxism, you see, was perhaps fine for Russia. There it possibly fostered in some ways a greater liberation and more social justice. But here in Chile the situation is totally different. The more educated people are very noble and refined. There is respect, generally speaking, for absolutely everyone. There are no social classes in Chile. We are all law abiding and equal."



*I was observing quietly this man in front of me. He had told me that he was a Christian Democrat. He was wearing a suit and a tie. I knew he was part of the middle class and although not at all wealthy, extremely better off than the large majority of Chileans. I felt his total spontaneity, his transparency and joviality. It was like a dream...*

*A bit later in the evening, as we were taking a snack together, this same schoolteacher — he was doing most of the talking — started speaking of Catholicism. “I’m a full fledged Catholic. As far as I’m concerned, all I want a priest to do is to hear my confession and celebrate mass.” Another one of our guests, also a Catholic but more of the liberation theology type, remarked: “At home I have a swimming pool. Some of the children in my neighborhood are extremely poor. Sometimes they come and ask if they can have a swim. What would Christ do in this situation? My wife and I decided to let them swim for a while. As a Christian, I feel we should share.”*

*The schoolteacher did not agree: “It is obvious that you are American and not Chilean. I believe that one should never have confidence in people of lower social strata, whether this inferiority is economic or cultural. First of all — most Chileans know this as a fact — if you trust them, they will immediately abuse of your confidence. I would not share my swimming pool with them. As far as I’m concerned, one must always aim towards the top, not the bottom. They are the ones who should move upwards. It is not up to me to stoop down to their level.”*

*At this point in the conversation, I just couldn’t take it any more! With as much calm and composure as I could muster I commented: “Your philosophy is indeed very interesting. Basically what you’re saying is exactly what Christ did!” My wife looked at me with darts in her eyes. She wanted me to show more restraint and quickly I did. The subject of conversation thereafter rapidly turned to lighter topics.*

*That night, once in bed, I just couldn’t get to sleep. In the morning of that same day, I had read an article in a book published before 1970 by James Petras and Maurice Zeitlin. In this article, the author argued that the so-called remarkable political stability of Chile and its renowned democratic nature*

*were the result of a coalition reached very early in Chilean history between the elite and the middle class. Thanks to this coalition the controlling political parties were able to maintain a socioeconomic system that simultaneously provided a stable legislative and judiciary system and kept the masses of poor and excluded in their subordinate place. The middle class, maintained the author, does not have a class conscience, or rather it has the same ideology as the elite. This, he argued, is the main flaw in the Christian Democratic Party. Even though it promotes reform, basically it accepts to maintain a grossly unjust system in place. That very night, I had bumped into concrete proof thereof. A proof so overwhelming that I just couldn't sleep. It's enough to make one wonder whether human beings are all asleep...*

*In solidarity, Us.*

*N. B. Use the information above as you wish. Please do not mention the población Violeta Para. It could be dangerous for the security of the priest, the nun and the ex-prisoner.*

**Jack Best's article, *POST-COUP CHILE—Even the Church feeling the heat*, appears in The Ottawa Journal on March 11<sup>th</sup> 1974:**

(...) The church hierarchy is being criticized by those, including priests, who feel that it has maintained an unholy silence in the face of government suppression of civil liberties. "The Church is the only institution left that could speak out with the assurance of being listened to," said one Santiago priest. "Instead..." He closed his lips tightly and pointed to them. Bitterness was written all over his face.

**Still, it is not easy for a visitor to pass judgment on the extent of the repression. Most foreigners, consciously or sub-consciously, no doubt adopt a variation of the formula used by one diplomat whose policy is to multiply by two in the case of punitive measures which the government admits to have taken, and to divide by five in the case of abuses alleged by the Left.<sup>115</sup>**

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<sup>115</sup> The emphasis, in this article, is mine.

Two thousand or more were killed in the fighting that accompanied the coup, one of the bloodiest in Latin American history, and in the period of retribution that followed as the government rooted out pockets of resistance and moved to eliminate the most dangerous Marxist cadres.

In the process, it appears, a lot of personal scores were settled and instances of summary justice multiplied, giving rise to reports abroad that Chile was going through a reign of terror.

It is probably a valid criticism of the ruling four-man military Junta, composed of well-meaning though politically inexperienced men trying to bring order out of chaos that it has exercised insufficient control over local commanders who have dispensed the military rule, in a needlessly harsh and arbitrary manner.

Apart from those who perished, large numbers of Chileans were held in custody without trial. Gen. Augusto Pinochet, the silver-haired president of the Junta, told me that 14,000 were detained at one stage but all except a few thousand had been released.

Pinochet denied in an interview that prisoners are subjected to torture. "There are thousands of other ways to make a person talk without that," he said, with a touch of unintended irony.

On the day I left Santiago, in a poor neighborhood on the outskirts of the city, I talked with a young labor activist named Miguel who claimed to have been held for 55 days on Quiriquina Island, 100 miles south of here. He said he had seen and talked with men who had been tortured, men who had been immersed in cold water containing excrement: or whose skin had been etched by a piece of cold steel, with the letters of a well-known Marxist political movement. **It sounded like the usual litany.**

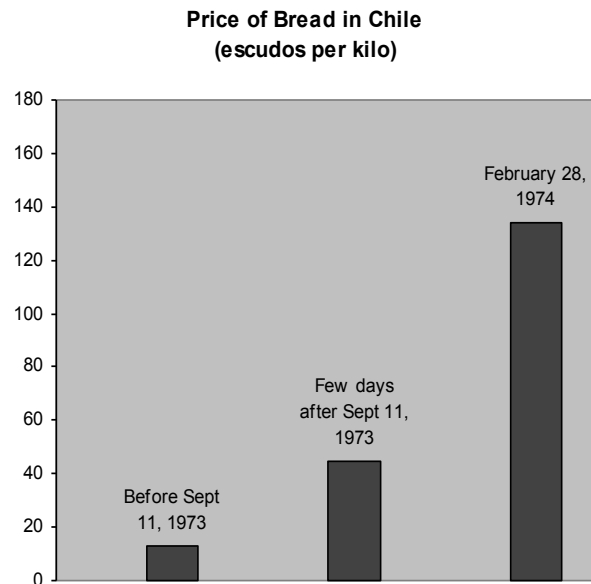
**So how do you evaluate the accounts of someone like Miguel? All you can do is make a judgment based on your estimate of his credibility and the objective probabilities as far as you can measure them. My inclination was to believe him — by a factor of something more than one-fifth.**

**Letter: February 28 <sup>116</sup>: (Price of Bread Skyrocketing, More Repression)**

*Dear Marie-Paule,*

*I've wanted to write to you since a long time. But I just never got around to doing it. On the one hand, I was plunged in what seemed like an ocean of disturbing events. On the other hand, whenever I would write it was always for a very precise cause and I felt the urgency of getting the news out to those best suited to be multipliers. A few minutes ago Wynanne and I were listening to a cassette from North-Western Quebec called 'Abitibi' by Suzanne Jacob. This makes us feel close to Quebec, to which we are deeply attached, and most especially to all of our friends in Rouyn.*

*Lots of water has flowed in our life since our arrival here. We feel that we are starting to see more clearly: the clarity originates directly from the fact that the water has been considerably dirty and disgusting.(...)*



<sup>116</sup> She had been my secretary as regional director of SUCO in Rouyn-Noranda, Quebec.

*Last night we had dinner with a Quebecois nun who lives in a poor neighborhood of Santiago. Again we heard very disturbing things. This morning, El Mercurio announced that Chile had just purchased another six new Hawker-Hunter bombers. The price tag was of course not mentioned. About two weeks ago the price of bread went up again. After the 'divine' coup it had increased from 13 to 45 escudos a kilo. This time round it went up to 134 escudos a kilo! One has to realize that bread is the basic staple in Chile, especially for the poor. A lot of people are hurting terribly right now, in silence... Meanwhile, the military are announcing that they are setting up a program to combat malnutrition. It's enough to make an extremely ignorant monkey vomit...*

*Some people claim that there will be trouble for the military in one or two months, that people just can't take it anymore. I have strong doubts. To react in this context would be suicidal: the repression with every passing day is becoming increasingly organized and systematic. Our next door neighbor was telling us a few days ago: "You people are foreigners. You can see what is going on in Chile. And you know that all that the foreign press is reporting about the repression in Chile is totally false!" Having been a student of La Fontaine who wrote: "Pour vivre heureux, il faut vivre caché!" I just told him that I agreed one hundred percent. The idiot seemed to believe me!*

*Yesterday as I was strolling in our back alley, I bumped into a small boy. He was armed with a wooden machine gun that his father had undoubtedly made for him. Nowhere, at least, did I see "Made in the USA" on it. He did not shoot me because he has not yet grown up. But one day he'll be an adult... Newspapers here are full of nothing. Or rather, they are bulging with military matters: promotions, a gold medal for this one, new military schools. The radio and TV stations constantly bombard the public with slogans about the reconstruction of Chile. These slogans are then regurgitated by "thinking" people. I would have many more things to tell you, but that will have to wait. We terribly miss the cold, the snow... and especially the wonderful friends we have in Rouyn. However, in some ways, we feel closer to you than ever. On revient toujours,.....Us.*

**Letter: March 4<sup>117</sup>: (Desire to Study Marx, Latin American History)**

*Dear Fernand,*

*It's been some nine months now since we parted with you in Rouyn but it only feels as if it were one or two months. I guess the coup d'état has hit us pretty hard and has blown our psychological clock.*

*Concerning the events going on here, I will be very brief, since you probably have more information in Rouyn than I do here. Even though the military have the power of arms, all indicates that they sorely lack people's hearts, especially the poor majority. With every passing day, they seem to commit another blunder that could very well mean, over the long run, their funeral. The control of the media is total and nothing indicates an easing off. Only a few days ago, the major daily of the Christian Democratic Party, a party that had collaborated in carrying out the coup, stopped publishing. The official reasons given: financial difficulties. Real reasons: two hypotheses are possible; they closed up as a sign of protest against the military because they disagree on the repression and the economic policies, or because the military ordered them to.*

*In any case, the majority of the workers and ordinary people are being smashed in a brutal, inhuman and very revolting manner. Their purchasing power has plummeted by some 400% . The exact number, no one in Chile right now really knows given the rapidity and depth of the changes. Unemployment, according to the Peace Committee, has risen since the coup by some 6.5% and has mainly affected, of course, those who were sympathizers of the Popular Unity government. Instead of denouncing an economic policy that is rapidly multiplying the number of needy and marginalized, the Church and the International humanitarian organizations are developing ways to make the growing misery more tolerable. Universities are now returning to their previous status: they are exclusively for the privileged. Tuition fees have skyrocketed. In fact the military are insisting*

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<sup>117</sup> A colleague from the Philosophy Department of the Collège de Rouyn-Noranda (now known as the Collège de l'Abitibi-Témiscamingue).

*that not everyone has the “calling” to go to university and that the Popular Unity government was not respecting this fact of nature. The price of many basic foodstuffs like bread, sugar, milk, etc. has increased from 1000 to 2000% whereas salaries have only been allowed to double.*

*All that we have experienced is having a powerful influence on my research project. I would like to study Karl Marx. I would like to study Latin American history. I have the strong impression that the type of capitalism that the military are setting up here is similar to the one analyzed by Marx in the 19th century.*

*Jacques and Michael gave me news about the College. Apparently the union is in a pretty bad state. It seems to me that the fundamental question in the ongoing union debate concerns basic objectives. When I think of the director general who never wants the union to get involved in those matters that are at the heart of contemporary issues; when I see him promoting a purely corporate type of unionism and when I realize that many teachers seem to agree with him and want the union to be completely apolitical and only cater to the immediate needs and working conditions of its members; when I consider all this in the light of what I’m seeing here, I am absolutely convinced that this orientation is too narrow. If unions do not broaden their concerns to embrace those of ordinary people, of human beings in their very concrete and specific condition on a worldwide basis, one would have to be relatively unbalanced to devote lots of one’s time and energy to them. And if that knowledge which we are trying to impart to our students does not seek to awaken both their minds and hearts to that situation which some two thirds of human beings are presently experiencing on the planet; if our college programs address basic contemporary issues with the same superficiality and fast-food mentality as we find in the bulk of the mass-media; if the knowledge we transmit basically fosters a status quo which smacks of utter irrationality; if that is our global orientation, then I believe that something is terribly wrong. (...)*

*It’s getting late. There are so many things I’d like to discuss with all of you in the department but that are hard to commit to paper.*

*My greetings to all members of the department. To Lucie also.*

**Diary: March 15 (The Power of Ideology)**

*(...) The other day I was talking with a friend who works for the Centro de Investigación y de Desarrollo de la Educación, a center directed, I believe, by the Jesuits. I asked him who was funding the center. "Foreigners, he replied. Churches in Germany, France, the United States and several other countries". The government of Chile does not provide them with one single escudo. "Here in Chile, he remarked, we don't have any money". But where, I wonder, do those Chileans who build themselves houses that look more like castles take their money? Where do they find the money to live like kings? (...)*

*I find it very striking to see how so many institutions here in the area of health, religion and education are totally financed by the "developed" countries. Some are directly foreign but the majority are Chilean. In the latter case, they are always operated with the help of an important number of foreigners. The psychological dependence seems even greater, however, than the financial one. In certain ways, it reminds me of James Bay and the attitude of many natives regarding Indian Affairs.<sup>118</sup>*

*In Temúco there is a diocese where more than 95% of the Catholic clergy comes from the First World.*

*Development? One's living style. Values, those that are expressed in words and those that are really lived. A solidarity merely expressed in words as opposed to one that is really effective. People who talk as if they did not give a damn about the fate of the very poor majority and whose lifestyle actually reflects this. People who say they are committed to the poor and whose lifestyle differs not an iota from those who do not make this claim.*

*How very deep is our tendency to rationalize. To measure our commitment by the teaspoon, to lie to ourselves! If I am conservative, then I have a servant, I relax comfortably on my chesterfield, dine with fine foods and expensive wine, and I develop, often with the help of a culture, a religion and a feeling*

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<sup>118</sup> After leaving the Oblates in 1968, I did not go directly to Rouyn. I first taught primary school for six months in Fort Albany, James Bay, on an Indian reserve.



*of nobility, a mental framework which makes me feel okay. If I am an armchair leftist, I often have a servant and behave exactly like the conservative. I am skilled in the art of justifying my behavior.*

*If I am obliged to smash the poor to preserve my “material and spiritual peace” I relieve my conscience by giving them a few goodies. If I am obliged to create massive unemployment for the poor, to imprison them, to submit them to torture, I seek the cooperation of my friends: lawyers, judges, reporters, doctors and priests.*

*Of reporters I ask but one thing: on the one hand, to deny that there are people being imprisoned, tortured and killed here in Chile; on the other, to insist on making very public all the human rights abuses taking place in those countries where another alien or foreign mental framework is predominant.*

*Of priests, I do not request political support — after all, religion has nothing to do with politics! — but only that they, on the one hand, manifest patriotism by accepting to celebrate nationally televised religious ceremonies in my presence, to dine with me around a table well garnished with fine food and prayers bursting with noble and pure intentions, and, on the other hand, agree to set up charitable committees to tend to the physical and psychological wounds of those I am in the throes of torturing.*

*Of lawyers and judges, I merely request that they publicly acknowledge that according to their scientific expertise the rule of law has finally been restored in the country, that freedom has at long last returned to this land, that the constitution, not being sufficiently constitutional, is in need of revision.*

*Of doctors, I demand that they be very discreet when they treat patients who have been subjected to torture. No pictures, no testimonies.... Simply a patriotic silence.*

*At first, I claim that I had to smash the poor because their government was not respecting the constitution. Then, a bit later, once they are being smashed, I suddenly discover the existence of a plan Z, and this plan somehow becomes the primary motive of my coup. Finally, I affirm that the coup was never really meant to restore respect for the existing constitution, since this*

*constitution is basically erroneous (the recent speech, in Mexico, of the Junta's Foreign Affairs Minister, Admiral Ismael Huerta). (...)*

**Letter: March 16 (Studying at ILADES)**

*Dear Dominique and Diane,*

*I hope you have received the geography document (code name for the text on the Chilean Church) that I sent you at least one month ago. If not, let me know immediately because that will mean that something is fishy...(.)*

*My wife and I have decided that we are going to stay here till July 1975, depending of course on the global situation here. We are now studying at ILADES — Instituto Latinoamericano de Desarrollo Economico y Social —, an institute under the direction of Jesuit priests who are sympathetic to the Christian Democrats. We are now living in a lower middle class neighborhood in a tiny house. There are lots of people and it's rather noisy but we are slowly getting used to it.*

*The bishop of the Chilean Lutheran Church has recently been detained, interrogated and then let free. He signed an awful declaration that is now circulating in the press. It's a declaration that doesn't really say much but it is formulated in such a manner that the military can put it to good use in their official propaganda.*

*Besides that, nothing very new. Summer is coming to an end. The economic situation remains absolutely abominable for millions of Chileans. In the last week certain of the former leaders of the Popular Unity have "passed away". General Bachelet, who played a key role under Allende in the distribution of food rations, is said to have died of a heart attack in prison. José Toha, Allende's former Minister of Defense, is said to have committed suicide yesterday in the military hospital. (...)*

*I'm looking forward to hearing from you. Don't overwork! We feel very close to both of you.*

*Donald Duck!*

**Letter: March 21 (Book on Church Still in Chile because of 'Mistake')**

*Dear Dominique and Diane,*

*(...) It's 11:15 a.m. and I've just returned from the Canadian Embassy. I was going there to help someone with my "Canadian" presence and also to get my mail. I had received your letter dated 9 March and was deeply disappointed to see that you had not yet received my document (book on the Chilean Church). I immediately checked with Marc Dolgin, the First Secretary. He checked and reported back that there had been a technical mistake. On February 14<sup>th</sup> I had phoned and they had assured me the document had left and all was okay. Now they say that if it didn't leave on February 12<sup>th</sup> it will surely have left on March 14<sup>th</sup>! I can't believe it: what happened? I worked like a fool for months to get this manuscript finished hoping that if it could be published when the situation was still hot it could make a difference. And now this... (...)*

*Jean Charpentier from Radio Canada is now in Santiago. We'll undoubtedly see him soon.*

*A big hug, On revient toujours....*

**Diary: March 27 (Questioning God, Meditation, Gandhi)**

*Internal crisis. Faith in God, faith in the Catholic Church, one, holy and apostolic. Against Protestants. Against communists. Each one with his or her own conviction, each one with a particular faith, a congregation to provide assurance and comfort. For monogamy, against polygamy. Good on one side, evil on the other. A multitude of prejudices...on the part of individuals, on the part of groups.*

*Fear of disappointing mom and dad. Fear that they will discover that I am no longer a believer, or rather that I am no longer sure that I am one.... Fear of not attending mass on Sunday if I'm in their presence. Fear of upsetting them very deeply. Fear of doing something that could threaten or weaken the psychological cane that provides meaning and purpose to their entire life, to their old age and approaching death. Fear of having to experience a confrontation with them. Of having to explain my way of thinking. Try to make them understand by using reason, but*

*especially experience, the experience of traveling, of living in other cultures. Blockage. Reason trying to reason on the basis of a postulate that escapes reason, and that makes one inclined to hold as unreasonable to step outside of belief.*

*Meditation attracts me a lot. What attracts me about meditation is the simplicity of a country scene full of life and dialogue and peace and oxygen in the midst of a situation where some are undergoing torture. It is the peasant woman who has remained very close to earth, sun, cows, sheep, and who with her whole being makes one with her environment, through work and play, with an affection full of transparency and warmth. What attracts me about meditation is the quiet yet intense plenitude that it allows one to perceive in everyday life, in the smallest detail, a look, a smile, a handshake. What attracts me about meditation is that it allows me to discover the origin and nature of all that attracts me.*

*Gandhi claims that the truly non-violent human being must, in order to achieve the highest level of this attitude, practice chastity. According to him one should make love — at least he posits this as an ideal — strictly for the sake of reproduction.*

*Gandhi also claims that only those human beings who believe in God can really practice non-violence.*

*I tend to think that Gandhi is wrong in both respects. True enough, it would be very easy to make fun of his rather surprising attitude towards human sexuality and love and to forget just how much control of one's passions and knowledge of oneself the true experience of love requires. Nevertheless, I find his opinion very narrow and suffocating. The human body, the flesh and the senses seem to represent for him an obstacle to the birth of the spirit, to communion and knowledge. Plato and Gandhi seem to share views in this respect. Saint Augustine and a good part of the Middle Age thinkers are also on this same wavelength.*

*Must one believe in God in order to be non-violent? Must one recognize God in order to be fully human? Is God, as Marx claims, man's production or is it the other way round: God, the creator of man?*

*When I look at what is happening, when I see the degree of stupidity, of lying, of internal hardness, of hypocrisy, of prejudice... When I see the leaders of the Church, the representatives of God on earth, glorifying a history which is basically filth, kneeling down with torturers in order to commemorate not those Christians tortured 2000 years ago but the good deeds of those who are now actively torturing in 1974.... When I see how so many people can be made to believe all kinds of things that are totally ridiculous and contradict the most elementary truth..... When I see the terrific power the mass media have over peoples' mind... When I see how the Catholic Church controls its own truth just as democratically as the military Junta controls its own truth... When I see what extraordinary and incommensurate capacity a human being has of rationalizing and justifying individual and collective behavior by having recourse to a system of beliefs, a commonly shared world-view, an all encompassing interpretation... When I see just how incredibly divided people on earth are, how so many belong to a particular group with certain beliefs, a congregation with or without God, and consider they are right and all others wrong... When I consider all this I wonder if Marx was not right in trying to shed light on collective behavior by exploring reasons beyond the realm of those reasons explicitly avowed, recognized and articulated, somewhat like Sigmund Freud did in the realm of individual psychological behavior.*

**Diary: April 13 (Searching for Meaning Based on Something Solid)**

*(...) At the end of our session of meditation<sup>119</sup> with Art and Natalie Warner Thursday evening, Wynanne made the following comment: "If we don't celebrate Easter, if we don't believe in all that, then what is left to celebrate, what is left to give special meaning to your life?"*

*That evening, I did not attempt to reply for the simple reason that I had no answer. Yesterday, however, I thought about it and gave*

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<sup>119</sup> Starting some time in March, we would climb a mountain near Santiago with our close Quaker friends, Art, Nathalie and their son and daughter, and would spend an hour or two meditating together in silence. Then we would have a discussion.

*her my opinion on this: "Do you think that we should continue believing certain things merely because doing so provides us with a feeling of well-being and of psychological comfort? If we discover that some thing we adhered to is an illusion, should we not adapt our lives accordingly? What is left once the illusion is put aside? Well, you are there and I am there. And millions of human beings are there. And many millions are experiencing a sub-human life, living in a chronic state of subordination and oppression. We both love silence. We love nature, the forest, fresh air, and simplicity. We enjoy our friends and have many deep friendships. Together we are constantly adjusting our lives, trying to discover that which is valid and beautiful. " (...)*

*What Wynanne and I are feeling more and more is the need to give life a meaning, but not a meaning whose primary purpose is to provide meaning regardless of its basis in reality, but one that is true and without illusion. We feel the need to adjust our daily behavior to what we discover through knowledge and awareness, and this motivates us, keeps us going. At the same time, however, this attitude has ended up isolating us somewhat. We are cut from our traditions. We are cut from our parents, and, to an important extent, from our old friends. For friendship is not merely based on the fact that each one is searching. It also rests on shared values and beliefs. (...)*

**Diary: April 20 (Suffering of Voiceless Many, Purpose of Education)**

*People in North America live in a very special psychological world. They tend to see reality in a very narrow, egocentric fashion.*

*The educational system in North America will not experience a deep change before those who control the political and economic levers wake up. For the time being it is not centered on world issues: we contemplate our belly button and we call that "world news". Furthermore, this system is really not geared to satisfying deep human needs. Rather, it reproduces a way of life in which it becomes normal to allow what happened in Chile to happen: the military Junta can go on torturing, spreading propaganda, etc. with little fear of reprisal. Canadian and American investments are returning here to resume "business as usual".*

*It makes one wonder whether North America is not experiencing a psychological disturbance that is so common that it passes unnoticed.*

*How many messages spring up from the blood, the torturing, the hunger and the oppression of these Latin Americans I see all around me. And just how many of these messages make it into the mass-media of the 'democracies'! How many seconds, how many hours, how many days, months and years are we going to continue listening, like stupid idiots, to those profound messages encouraging us to drink this kind of beer, to smoke this brand of cigarettes, to buy cars, soap, perfumes, etc.? And how many students, how many intellectuals or so-called intellectuals, spend long hours and entire days studying, reading, soaking in thousands of ideas, facts and images and strong emotions, in the near total absence of the cry emanating from millions of human beings literally smashed in their very dignity, treated like dirt, used and abused, reduced to near slavery and manipulated by mass-media! If getting an education boils down to inserting oneself in the socioeconomic status quo, we are in for a very sad, perhaps dramatic future...*

*Sometimes I dream of an embassy placed right in the middle of a poor neighborhood. Sometimes I dream of an ambassador who rejects wine, whisky, cocktails, a luxurious house, high-fluting manners and diplomacy, and who merely recognizes things the way they really are, and acts on the basis of this awareness in simplicity and love. Sometimes I dream of a business man whose main business is not to cater to his own private interests, financial, economic, immediate pleasures, etc. but rather to serve that which is human in those he meets on life's trail. Sometimes I dream of politicians who are not intellectual enough, educated enough, experienced and realistic enough to know how to hide, nay justify, or at least excuse, a cognac in hand, the thousands of gross human rights abuses that are going on, people being tortured, shot. Sometimes I dream and I hope that someone will believe my dream. And not merely tell me that I'm speaking like an ignorant child.*

*Sometimes I tell myself that the developed person in today's world is a person without dreams. A person who has learned to accept reality, life, and the way things are without further ado.*

*The developed person is like someone who claims that he loves meditation but never practices it. Who says he wants to stop smoking but never stops because he wants to go on being able to repeat that he wants to stop. Who proclaims that he wants to help his fellow man get back on his feet but continues kicking him so he can go on repeating this.*

*The developed person is someone who invests his money in a bank, a trust, etc. and who feels happy if this money generates interest. Most of the time, he does not bother finding out why his money is growing, the important issue being that it is growing. If perchance he does try to find out what is happening, why his money is growing, his bank or trust company will inform him that investments are confidential matters. Business secrets are important.*

*Being totally nuts is being able to enjoy reading the newspapers and magazines, listening to the radio and TV in Chile right now.*

*The manipulation of the mind and the exploitation of the body are both the cause and consequence of all torture.*

*Tell me if you can kneel with a dictator who is in the throes of torturing the poor, and I will tell you if you have the makings of a cardinal.*

**Letter: April 21<sup>120</sup> (Does Capitalism Keep People Ignorant and Divided?)**

*Dear Pierre and Hélène,*

*We received your letter of March 24<sup>th</sup>. As always, it's a real pleasure to hear from you. The two of you, our other friends in the College, the snow, and our many discussions around a coffee: all that comes back as we read your letter.*

*We are moving ahead in life just as before, trying to feel our way, searching for meaning and wondering where we should put our energy. But the kind of subtle emptiness that we somehow*

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<sup>120</sup> Colleagues from the Collège de Rouyn-Noranda.



*experienced when in the College has now disappeared. More than ever before we feel the need to become part of a community striving for an ideal, a lifestyle, a commitment. And those issues that appear vital and fundamental, we feel we are starting to identify them. When I think of the teachers Union, I wonder if the conflicts do not arise from one thing: the lack of orientation in our interior commitment as individuals and the lack of concrete articulation of such a commitment. United to obtain fatter salaries? United to liberate both student and teacher from that which is oppressive and alienating? United with other sectors of workers to free us from a society that prioritizes individual profit making? United for what exactly?*

*I sincerely wonder if capitalism, even in its modern version as we experience it in Quebec and Canada, does not prefer to hold people — if not all of them, one heck of a lot —, divided, locked up in their private small world, uninterested in political matters, far removed from the global issues of our contemporary world. What is an educational institution for? What goals should the mass media pursue? Why does one seek to speak to another human being? What is being said and to what end? Should education seek to form that kind of person who, by economic pragmatism, does not hesitate one second to invest millions in a country where torture is commonly practiced? A type of person that does not hesitate to deposit money in a bank or trust without giving a hoot about how interest is made? A person quite content to have a little beer and go skidooing? Am I right or wrong in considering that it is nothing but a collective folly spending, on the one hand, hours on end soaking in commercial after commercial — Labatt, O'Keefe, Ford, Kresge, etc., — while completely ignoring, on the other hand, those concrete mechanisms whereby millions of human beings on earth are made to bleed and die prematurely?*

*In our college, what is the link between the Sector Deans, the Director General, the Academic Dean, and the members of the various departments — economics, psychology, sociology, philosophy, political science, etc.? Does the economist primarily teach students how to make money, how to make an intelligent use of the stock market, etc.? If so, would it not also be appropriate for him or her to show students the art of torturing*

*or of killing people? Does the Director General really believe that politics are like a private religion that each should learn by himself or herself? Does he think that it is inappropriate to teach students, right at the Cégep level, to become politically involved? Does he believe that the teachers union should strictly limit itself to the collective agreement?*

*Enough questions.... It's something that is on my heart and that Wynanne and I often discuss. (...)*

*We often think with you and about you. I'm happy to hear you're taking a break of a couple of years away from the college. One day, I hope, we'll be able to relax together and share our thoughts and feelings more in depth.*

*You mean a lot to us,*

*Say Hi to the whole gang!*

*The two idiots*

**Letter by Wynanne: April 21 (Cardinal Speaks Up, Christian Democrats Censured)**

*Dear Andrée and George,*

*Our thank you is slow in coming but know that we have been admiring your picture, George, of our Quebec ever since the day it arrived. We got it on a Thursday at noon and were leaving for a village out of town for the weekend but before we left Ovide just had to frame it. Now it adorns our dining room in an apple crate frame painted black — super! We really love it! The whole feeling of snow and our winter comes right back to you and you tingle all over. Amazing how quickly we'd forgotten.*

*That same weekend fall arrived: a breeze, a smell in the air, the feel of the sun, a fallen grape leaf, a bushel of apples. But in these close quarters of our house and neighborhood, under the smog of downtown Santiago and with the blasting radios of neighbors, the seasons are barely detectable. Fortunately friends have offered us weekend trips to the 'campo' (countryside).*

*One weekend we went to help repair a house on a farm in the south and the guys nearly killed us all. They were attempting to attach a newly filled liquid gas tank to a small stove. The valve*

*on the tank was old and as one was securing the hose to the tank, gas would actually spurt out. So full of the wisdom of their university degrees they decided that what was necessary was to keep on turning the knob until the spurting would stop. And they were actually doing this in a tiny, closed room and by candlelight! Of course the whole thing exploded and they ended up flat on their face and with burns. They ran out of the house. Of course it had to be my dumb honeybunch who decided to go back in. He managed to pull the blazing tank free — flames were shooting up two feet high — from the hose connecting it to the stove, backed out of the house and threw it on the ground. By then the small room was on fire — the house was a Swiss chalet with a completely wooden structure and the wind was blowing hard! First we got the old folks out of the house — they were sleeping in the next room. Then we found a well not far from the house, primed it, and hauled water to put out the fire. Our nerves were totally shot but all were safe and alive.*

*The atmosphere at ILADES is good although the courses are very lop-sided in you know which ideological direction. But we don't seem to have much time to get down to studies as we've been back into the business of saving lives quite thickly.*

*The scene is forever worse — more refined, if you like: guys shot in broad daylight in the public place, women tortured by inserting live mice into their vagina. In only one concentration camp — there are about six — where the torturing has been centralized we know that 200 to 300 people go in and out of there every two or three days! Where do they come from? Entire sectors of Santiago are raided regularly, especially poor areas. And they take about 25 of the people — men, women AND children; 11 years old is the youngest I've heard. Meanwhile people are beginning to die of starvation — not malnutrition. In some sectors of Santiago, unemployment among families not touched by imprisonment is as high as 50%.*

*At Easter, when the Cardinal spoke much too clearly for the Junta — he in fact denounced torturing and loss of human rights —, it became obvious that the right is starting to experience a split. The last Christian Democratic radio station was ordered to close down. Since they had already lost their newspaper, La*

*Prensa, as well as their TV director, it is ultra-clear that the National Party now rules the roost. Meanwhile people suffer — the middle class included — for no one except the very wealthy can make ends meet anymore. Winter is upon us and who can afford heat? We knit and make love. We eat lots of beans and get lots of diarrhea. And Canada invests in Chilean mines and forests and closes her eyes to the 'pueblo' and its tyrannical torturers. But life goes on — it never fails to amaze me! And we do have happy times and laugh.*

*The jokes about the Junta are priceless. A Chilean asks his neighbor in a crowded bus:*

*Is anybody in your family in the military?*

*— No.*

*Do you happen to have an uncle in the military or a cousin?*

*— No.*

*Do you have a next-door neighbor who is a military?*

*— No.*

*Do you happen to know any military personally?*

*— No.*

*— Well then would you please get off my foot!*

*In all their suffering the Chileans have a wonderful sense of humor, much like the Vietnamese. We maintain a sensitivity on top of all this too. Weird! I was warmly touched by your idea Andrée of sending an Easter special from Minique's own hand. (...) We love you all so much...*

**Letter: April 24 (Attempt to Get Refugee in Embassy,  
Dream of Creating Commune)**

*Dear Dominique and Diane,*

*I'm taking advantage of a safe contact who is now leaving Chile to write to you free of any censorship concerns.*

*Just last week we provided refuge in our house to a person that the military are looking for very actively. We collaborated with our American friends, Art and Natalie to try to get this Chilean*

*into the Mexican embassy. First we met with Bishop Ariztía who has contacts with the Embassy. Once that was arranged, we developed a concrete strategy. Since the military have been guarding the embassy entrances very closely — in fact more closely than before — getting someone into an embassy is not an easy matter. Ruthie, Art and Natalie's sixteen year old daughter, spent several afternoons wandering in the park just in front of the Mexican embassy, carefully observing everything that was going on: at such a time, the milk is delivered; at such a time the embassy gates are open; there is a house right next to the embassy where it would be possible to sneak in and jump the very tall wall into freedom. Once her expertise was done, we organized the escape.*

*Just as it was starting to get a bit dark, we drove to within three blocks from the embassy. Art walked first, then Ruthie, then myself and finally, our Chilean refugee. If Art saw something fishy, he would take his handkerchief out of his pocket and the others would all turn back. Both Ruthie and I were to do the same if we saw something fishy. We felt very nervous and tense. But everything went remarkably well and our Chilean ran into the yard right next to the embassy.*

*Convinced that it was a total success, we all drove home to our little house and started celebrating by having coffee and biscuits. As we were celebrating, there was a knock on the door. It was our Chilean refugee, his face covered with blood! He was breathing heavily and had been running hard. He explained what had happened. He did make it into the yard, but there were two girls there with their boyfriends. When he attempted to jump the fence to get into the Mexican embassy, one of the guys ran up to him and pulled him down. That's when he hit his head on a stone on the wall and started bleeding profusely. He was able to break away from the guys who were trying to grab him and ran all the way back to our place.*

*As we were listening to his story, we were all in a state of shock. Our house is situated in a neighborhood where there are always lots of people on the streets and everything is very promiscuous. The possibility, we thought, that some neighbors, possibly sympathetic to the military government, saw him running with*

*blood on his forehead is 100%! Within a matter of seconds we all abandoned our house, jumped into Art's car, and rushed to their place in the suburbs of Santiago. We stayed there a full three days before we dared come back home. Fortunately, we were able to develop an easier strategy and our Chilean refugee finally made it into the embassy.*

*Your request that Wynanne and I be the godparents of your child flattered us but we feel you should realize that events here have considerably shaken us up in our faith. We no longer set foot in a Church here in Chile. We feel we must radically dissociate ourselves from an institution that has provided such a bloody regime an important support at a very critical moment of the coup.*

*However, once a week we get together with our American friends to meditate and share our concerns and values. We have been reading Gandhi quite intensely in the last couple months. We are fascinated by him but are not convinced that his solution is the right one for Chile. On the long run, I do not see any other valid philosophical and spiritual orientation one could provide the world with. However, as I was telling our American friends, only he who has the courage to permanently embrace the fate, the economic conditions and the repression which the poor are facing, has the moral right to preach them the doctrine of non-violence. He who lacks this courage should remain silent, or should collaborate with, or at the very least not hinder their plans to resist with violence. In other words, it is not the theory of non-violence itself that creates a problem for us, but rather the extremely heroic attitude it logically entails.*

*Between the Jesus of the Gospel and Gandhi we can see considerable resemblance. Between the Chilean Episcopal Conference with its seemingly endless ambiguity and diplomacy and this Jesus, we do not see any at all.*

*Anyway, that's where we now are... Lately I've been attending lectures in economics at ILADES and I'm reading Marx. The books on Marx I got from the basement at ILADES; there are heaping piles of books in a total disorder! The Jesuits accepted to hide as many of the books of the CEREN library as they could because they knew the military would probably burn all of them.*

*The courses in economics are, I'm sure, the exact replica of any similar course I would take in the States or Canada. Reading Marx in this particular Chilean context turns me on. I'm searching...*



Photo by Christian Montecino *Chile From Within*  
People arrested after trying to enter the embassy of Argentina 1973

*If we're staying in Chile, it's because we feel, since the September 11<sup>th</sup> coup, a certain responsibility. It's also due to the fact that despite our very strong temptation to return to Quebec immediately, we feel that staying our full two years will allow us to grow much more intellectually. (...)*

*Wynanne and I have developed a dream lately. We are toying with the idea of setting up a small commune based on the desire to carry out research on development issues. This research effort would not be mainly theoretical. We would live together, a certain number of individuals and couples, and help one another discover a concrete life style in conformity with our global analysis of major development issues and congruent with values such as simplicity, authenticity, peace, joy and mutual understanding. Exactly how such a commune would be connected to the world around us is not yet clear to us. But we believe that thinking out in very realistic and concrete terms this insertion is*

*of utmost importance. Of course, we immediately thought of you two. We do not believe that our friends in Rouyn would be up to that kind of thing, at least, not as of yet. In any case, we're throwing this idea at you: give us your reactions. (...)*

*Before ending this letter, a few words about the general situation right now. The big news these days is that tension has developed between the Church and the Junta. In his homily on Holy Saturday, Cardinal Henríquez has partially put an end to his silence. Besides formulating a criticism that was obviously aimed at the repression exercised by the Junta, he made an astonishing announcement: he said his own life was being threatened. The next day, the Junta recognized this as true, but expressed the opinion that the threat was forthcoming from sectors of the left. This, to say the least, is very far-fetched. In any case, the military have provided the Cardinal with police protection. Today, in fact this very afternoon, the Chilean bishops have made a public declaration in which they declare some solidarity with the workers but at the same time mention that the Junta is 'well-intentioned'. Can you see that in an ethics book: those who massively torture and who have been killing by the thousands and implementing an economic policy of extreme harshness for the have-nots are 'well-intentioned'? What would it be like if they weren't??*

*Radio-Balmaceda, the Christian Democratic radio station, has just stopped being on the air for a period of six days. This cannot but indicate growing tension between the Christian Democrats and those more on the right. Besides still more repression and economic hardship, the future is hard to predict.*

*Pinochet has announced this week that some 14,000 Chilean 'extremists' were preparing to attack Chile from Argentina. This is obviously another bit of propaganda in the psychological war now hitting the population. It renders the harsh suspension of civil liberties, the state of war, the numerous raids in the poblaciones more digestible.*

*Wynanne says Hi.... In solidarity, Ovide*



### **Diary: June 1 (Reflection on Violence and Non-violence)**

*Should one refuse all violence or only certain types of violence? Should one refuse all forms of violence immediately, even at the risk of facing an immediate death or should one accept, temporarily, forms of violence perceived as necessary to bring about the elimination of mechanisms and social institutions which oppress and smash the many? Should one follow the thinking of the Chilean Bishops who accused the 'Christians for Socialism'<sup>121</sup> of having gone astray in their Catholic faith by reading Chilean history within the artificial and totally unfounded intellectual framework of 'class struggle'? Should one argue, as the Bishops do, that the so blatantly obvious oppression of the Chilean masses does not in any way originate from the concrete behavior and actions of certain Chileans and American business firms with very specific names? Should one use the labor of the peasants and workers to build, under the supervision of Bishops, beautiful temples such as the huge and luxurious Maipu Church which we recently visited, temples from which the representatives of Christ on earth will put the consciences of workers to sleep, temples in which ideas, directly emanating from the wisdom of God but somehow always comfortable with the status quo, will be preached?*

*The Chileans who are now being subjected to torture — in their bodies but more importantly through the implementation of economic laws considered so 'scientific' as to transcend all moral considerations — are totally alone. In our world, they are alone, without support, voiceless, without truth and dignity. (...)*

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<sup>121</sup> This movement, more recently called *Liberation Theology*, originated in Latin America in the late 1960s. It argues that the Catholic Church has all too often sided with the dominant and oppressive forces in society, a trend that constitutes a departure from what the real historical Jesus Christ was all about. Jesus, it claims, questioned the powerful of his time and as a result died on the cross. So did the early Christians, and they were therefore tortured, persecuted and forced to live in the underground. Christians in Latin America - priests, nuns and laymen - who side with the poor and marginalized masses in their struggles against the mechanisms of oppression are often tortured and murdered and sometimes have to live in the underground. In the meantime, the leaders of the Church practice a "real-politik" and constantly make compromises with the powerful, compromises that allow the maintenance of the status quo.

*Last week, there was a big controversy over a Peace Committee report leaked to a Mexican daily, El Excelsior. According to this report, systematic human rights abuses are occurring in Chile: massive detentions, torture, thousands of deaths. The Chilean dailies categorically accused the Peace Committee of inventing stories. A couple of days later, an ordinary worker knocked on the door of the Peace Committee. He walked in and said: "I read the articles in the newspapers about the report. What you say in this report is the truth. I am one of those who have been detained and tortured. I know coming here is very dangerous now but I have thought about it and am ready to go public on this. I am ready to face the consequences: the truth must be known."*

*In the shantytown where Maria Denise — a missionary nun from Quebec — lives, Violeta Para, garbage trucks used to go by once a week before the coup. They no longer come at all. Before the coup, twelve buses were available for commuting; now there are only eight, and traveling is a real nightmare.*

**Letter: June 9 (Third Degree Malnutrition, Neoliberal Economic Plan)**

*Dear Jacques,<sup>122</sup>*

*I hope this letter finds you somewhere, if not in Hull at least somewhere in Latin America. Are you coming to see us in this neck of the woods? (...)*

*Wynanne is now pregnant! If our calculations are exact, it should be a Christmas baby. She is often sick these days but always very happy. She sleeps, sleeps and sleeps: some 12 to 13 hours per day. Besides taking care of her I am assuming full responsibility for all household chores: shopping, cooking, washing clothes — quite a task when all is done by hand! (...)*

*A friend who works in a medical clinic in Santiago told us three days ago that they are now treating some people who are suffering from third degree malnutrition. Prices of essential foodstuffs have skyrocketed: cooking oil, for example, has gone from 60 escudos per kilo (July 73) to 1,140.... And the harder winter months are only starting. It is clear that the military want*

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<sup>122</sup> Jacques Meunier, a colleague in the Cégep de Rouyn-Noranda

*to reinforce the role of private enterprise at all levels: in teaching — according to an official document of the Junta all universities will be totally self-financing by 1976 —, in health — presently some 90% of all hospitals are publicly owned: the plan is to make all of them private —, in industry — enterprises that the Popular Unity had nationalized are being returned to the private sector, tariffs and trade barriers are being removed to expose Chilean firms to the rigor of foreign competition, foreign investment is more than welcome —. Even the affairs of the nation have been turned over to private initiative — the September 11<sup>th</sup> coup.*

*Today it was blooming cold and incredibly humid. Yesterday, heaps of rain.*

*As you may have noticed, my emotions in this letter have calmed down considerably since the last one. I believe that this change is less a reflection of a change in the situation itself but rather one in my own self: somehow, one just learns to cope.*

*I hope you have by now finished your thesis and are slowly heading our way.*

*Our greetings to Marie,*

*Wynanne, Ovide and I/3...*

**Diary: June 12 (Meaning of History, Difficulty of Interpreting Events)**

*This morning I attended a course in political science at ILADES. The teacher was Eduardo Palma. Initially announced as a political and socioeconomic analysis of Latin America, the course has suddenly been transformed, without explanation, to one single theme: the importance and influence of Diego Portáles in the history of Chile. A very strange coincidence, since the great hero of the military Junta happens to be none other than Diego Portáles!*

*At the beginning of his course, M. Palma briefly discussed various conceptions of history. Should one, he asked, give priority to what the social actors themselves say or should one dig deeper and attempt to uncover other hidden motives and*

*interpretations? His own preference: the first method that relies primarily on the social actors' own awareness.*

*But what exactly is history? Is it the mere assembling of facts and events? Obviously not, for the mere juxtaposition of facts does not provide meaning, and history would then be reduced to mere tape-recording. An ideological framework is necessary if only to help one decide, among the ocean of existing facts and events, which ones to choose and which ones to set aside, which are important and which are not.*

*Is history the examination of great events as selected and interpreted by the social actors involved in these events? Should one give priority to these events and interpretations or should one also consider other events and especially other possible interpretations?*

*If one emphasizes the unconscious motives, does this boil down to denying the existence of human freedom? Does it mean determinism pure and simple? I think not. In fact, I wonder if he who emphasizes the unconscious forces does not actually accord greater value to human freedom.*

*What do unconscious forces mean? Are they not a form of ignorance, some unknown? What does it mean to be aware? Does it not mean a form of knowledge? In day-to-day life, both ignorance and knowledge constantly evolve, they are not static phenomena. The very life of the human mind represents a history of never-ending discoveries: what is unknown becomes known, what is known superficially becomes known in depth.*

*Is it not possible to live as an individual or even as a community in a sort of false awareness? Is it not possible as an individual or a community to be mistaken about the causes of a situation? In other words, to experience a form of alienation?*

*Let us assume that great multitudes of people are living in considerable ignorance concerning many important issues in their lives. Let us further assume that a historian decides to study these people only from the angle of the interpretation that they themselves attribute to events. Would this not lead to a dead end? Would he really gain an understanding of these people?*

*It is quite possible for someone to develop a false interpretation, to live in a state of alienation. I may believe that I understand my behavior but in fact be dead wrong. I may be very convinced that I know why something is happening to me and yet be mistaken. If I am starving or malnourished or do not have a job, I may think that God is punishing me and that I am responsible for what is happening. I may have listened to a priest, a bishop or the Pope and I take their interpretation of what is happening as solid rock. I may think that my boss is a great guy even as he makes me toil 75 to 80 hours a week for peanuts. I may believe the Chilean bishop when he claims that Chileans all belong to one big, happy, united family and that the history of Chile is truly a reflection of love and deep humanism. I may even believe that he who is in the throes of smashing the smithereens out of me, of suddenly depriving me of popular organizations that required years of struggles to develop, of making my salary drop drastically, is my brother and loves me and deserves my “total and disinterested collaboration”. (...)*

*Does not the military Junta have as much right to declare its infallibility as the Pope does? After all, it is hard to run an empire without some form of inquisition. Without torture and repression. Without excommunication. Without censorship and truth, a truth that is absolute and crystal clear. Without a deep faith in Divine Authority. Without celebrations emphasizing the real meaning of history.*

**Letter by Wynanne: June 17 (Chile Now Run by Fear...)<sup>123</sup>:**

*Dear Léo,*

*(...) Living in a military state gives you a whole new pair of glasses. During curfew every night the air becomes pure in Santiago and there is a strange quietness that renders the sound of jeeps and gunshots even more frightening. The unknown is scary: in the daytime, one notices small details — secret police standing on the corner of some streets, a father who obviously lives underground meeting his son in a large downtown crowd —*

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<sup>123</sup> Léo Dénommé, a very old friend of mine, was then an Oblate priest. He was the Pastor of the Oblate parish in Maniwaki, Quebec.

*a quick hug, a few words of warmth — or meeting his wife and children in a public park after a long separation.*

*What can one do? At ILADES where we are attending courses we must swallow silently analyses that only reflect one single point of view. Ovide and I dare ask a few questions — perhaps at the risk of being thrown out of the country — but no one else dares say a word. Chile is now run by fear...something that is very powerful. In many Chileans now there is no longer any feeling of revolt, just pure resignation before a situation of brutal economic and military repression. A resignation that naturally leads to the loss of one's human dignity. A real tragedy... (...)*

*Ovide finds your gray hair so attractive that he has decided to follow your example! Such is life... and it's now your anniversary. Hope you're all the wiser for it.*

*Happy Birthday!*

*Love,... Us*

**Diary: July 6 (Is It Wrong to Incite People to Fight Against Others?)**

*Is it right or wrong to encourage one group or class of people to start struggling against another?*

*The great majority of Chilean bishops answer a clear no to this question. Why? Because we all have, they say, the same Divine Father who has sent us his Son who died on a cross so that the sins of all men and women shall be forgiven. It is not Christian, they say, to fight against your brother or sister.*

*It all depends. One must, I believe, distinguish two things. If Marxism means fighting against people, encouraging some to hate these people, then I agree with the bishops. It is not Christian to foster hatred. However, if Marxism means allowing men and women who are alienated in their mind and body, who have learned to accept as their own a way of life which maintains them in a servile and subordinate role; if it means teaching them to stand up, to develop awareness, to perceive the economic, political and social structures which maintain them in their sub-human state, and to undertake an organized struggle to alter this state of things, then I do not share the views of the Chilean*

*bishops. Even though this struggle may be directed against those who try with all their might to maintain the status quo.*

*In this latter sense, I believe it is of utmost importance to encourage those Chileans who are treated as underdogs to stand up to those they have learned to consider as their superiors and masters and to say: Basta, enough! They must learn to despise a newspaper like El Mercurio which at the same time that it values so highly God and the Virgin Mary, sticks the dagger of torture, psychological, economic and physical, in their backs.*

### **Back in Montreal (Publishing Book and Touring Quebec)**

At the end of July 1974 I received a telegram from Dominique, my friend in Montreal, who had been sending my manuscript on the Chilean Church to different publishers. The telegram was short:

*Come home immediately. Book will be published September 5<sup>th</sup> by Éditions du Jour. Refuse to use a pseudonym: consider your life would still be in danger.*

My strategy to stay in Chile one more year was down the drain!

In a telephone conversation with Dominique the next day I learned that I would have to write another chapter explaining what happened between the Church and the military Junta from February, the time I finished the manuscript, until August. Since September represented the anniversary of the coup d'état, the date, it was felt, was very important. But how could I get out of Chile so fast? The usual procedure requires at least three weeks...

When I found the appropriate place to go to ask permission to leave Chile immediately, I told the military officer who was sitting at the desk that my aging father had just passed away. He seemed to be moved and actually offered me his condolences. In the meantime, Wynanne was phoning the Canadian Ambassador, Andrew Ross, and asking for his collaboration. As Mr. Ross had tried to persuade us much earlier to leave Chile, we knew that he would be only too willing to help.

Thanks to Ambassador Ross's collaboration, the very next day, I was on the plane for Montreal. It was agreed that Wynanne would stay one week more to take care of our meager belongings,

pack up, etc. I was only able to say good bye to a couple of very close friends. I had to leave in a hurry, like so many thousands of Chileans had done in the preceding months, but in dramatic circumstances.

One week after I arrived in Canada, Wynanne also arrived, as planned, in the Montreal airport. When I greeted her, she was as white as a sheet. In fact, she fainted in my arms. She was in her fifth month of pregnancy and the stress had been unbearable.

The following days were very hectic. I had to concentrate on a project that I had abandoned for several months — writing on the Chilean Church — and there was only one week left for the final chapter to be handed in. The fact that I was also experiencing a deep culture shock did not help. Without the immense editorial help of Dominique, who worked long hours with me and actually sat up all night writing the final version of the chapter non-stop for twelve hours, I would not have been able to meet the deadline.

On September 4<sup>th</sup>, exactly one year after the very impressive demonstration in Chile commemorating the third anniversary of the electoral victory of the Popular Unity government, I wrote the following in my diary:

*The Chilean resistance is starting to rebuild its morale and to organize. Carrying out actions of violence directed at those who are organizing the systematic and brutal repression of the Chilean masses is not the top priority at this moment. The urgent task is merely learning to live and to function in the underground. The second priority is slowly getting out of a state of shock and disarray. Developing an understanding of the meaning and origin of what is happening, an understanding without which it is impossible to react, and, eventually to revolt. No one envisions a short struggle. The most probable time frame appears five, ten or even fifteen years.*

On September 5<sup>th</sup>, Jacques Hébert, who was then the Director of Éditions du Jour — he later became Senator and founded Canada World Youth —, organized the book launching. Even though I was disappointed that my book, *Chili: le coup divin*, had not been published several months before when it could have made more



of a difference, I experienced a deep satisfaction. The very deep internal revolt that had been building up for several months in Chile was finding an outlet...

Thanks to SUCO and Éditions du Jour, I spent several weeks—from September 3<sup>rd</sup> until October 30<sup>th</sup>—touring Quebec, New Brunswick and the Ottawa region. The idea was to promote my book and to talk about the situation in Chile. I gave talks on a nearly daily basis, met with reporters from ten different newspapers, spoke on radio and TV shows and attended solidarity meetings. Several articles appeared in the newspapers on my book and on my testimonials. To experience first-hand the intense ongoing mobilization concerning Chile was very moving and comforting.

Some time before Christmas I received the visit of the Royal Canadian Mounted Police (RCMP). They knocked on our Montreal apartment door, identified themselves, and said they were looking for an Antoine Bastien who, according to their knowledge, wanted to join the RCMP. Somewhat taken aback, we told them there was no one of that name living at our place, nor, for that matter, in the entire apartment building. They excused themselves and left.

In the coming days, we discovered that some of our friends who had been in Chile with us had also received strange visits from the RCMP. We did not know exactly what to make of all this. Most likely, we felt, they merely wanted to intimidate us and to make sure we knew they were on our trail.

For several years I maintained very close links with the Chilean resistance. Every month, a small meeting was held at our place; we discussed the ongoing situation in Chile with a dozen or so friends, and funneled money to the resistance. This continued until the late 1970s, at which time we started concentrating more on the ongoing struggle in El Salvador that seemed strategically more important. With the outbreak of the Nicaraguan revolution in 1979, we started collaborating with the Nicaragua Solidarity Committee.

As revolutionary changes were taking hold of Central America, the United States developed a strategy very similar to the one it

had successfully implemented in Chile in the early 1960s and early 1970s. On the one hand it backed political forces promising to reform capitalism, on the other it collaborated with those sectors, primarily the military, most capable of actively repressing the revolutionary forces. At once reform and counterinsurgency...



Photo SQAL

**One of the many demonstrations in Montreal  
following the military takeover in Chile**

**Part III**  
**The Pinochet**  
**Dictatorship**  
**1973-1990**



## **Chapter 7**

### **Why Study Chile?**

So far my description of events in Chile from July 1973 until July 1974 has been based on the letters and the diary I wrote. Events were described as they happened, and from a very personal perspective.

In what follows I will now examine, in a more rigorous and systematic manner, the entire period during which the military dictatorship ruled over Chile: September 1973 to March 1990. I will provide a historical overview of the entire period, focusing on the secret police, the legal establishment, and the birth and evolution of an opposition to the dictatorship: students, unions and popular movements, media and political parties.

In Part IV, as explained in the introduction, I will focus on the neoliberal economic revolution implemented by the Junta. First, the economic policies themselves will be outlined, along with their historical roots and underlying philosophy. Then, in order to provide context for the ensuing sector analysis, I will describe the five key economic periods of the Pinochet-dictatorship. Finally, the concrete application of these policies in key sectors of Chilean society, as well as their effects on the ordinary lives of Chileans, will be examined in considerable detail: privatization, health, schooling, housing, public transport, fruit industry, fishing and forestry.

### **Pertinence of Studying Chilean Economic Miracle**

Examining this part of Chilean history can be very relevant for several reasons. Soon after the September 11, 1973 coup d'état, the military Junta implemented, with the help of a small group of Chilean economists trained at the University of Chicago in the United States, a radical economic reform. The basic idea was to completely overhaul the economy: not only would the socialist policies implemented by the Popular Unity government be totally eliminated, but the long-standing Chilean tradition of strong government intervention in economic affairs, a tradition accentuated during the Frei regime, would be abruptly discontinued. In a nutshell, the free-market, neoliberal agenda of the dictatorship was the following: selling public firms to private investors, lifting subsidies on essential goods, subjecting social programs, education and health to radical privatization schemes, drastically reducing trade barriers in order to expose home industries to the "*winds of foreign competition*", drastically devaluing the national currency, bending over backwards to welcome foreign investments, prioritizing exports as the driving force of the economy and, last but not least, transforming labor into a remarkably supple and flexible commodity.

This economic reform was unique in five respects:

1. It preceded by several years an economic trend — known as neoliberalism or monetarism — which would eventually spread like fire, first to most Western economies and then to the entire globe. Under the leadership of Ronald Reagan in the United States and Margaret Thatcher in Great Britain, free-market ideology rapidly swept the Western world. As the Third World debt reached crisis proportions in the 1980s, the IMF and the World Bank bailed out deeply indebted developing nations but, by making this rescue operation conditional to the scrupulous adoption of structural adjustment programs, it plunged them into free-market reforms. With the sudden and momentous collapse of socialism in Eastern Europe and the former Soviet Union at the end of the 1980s and their conversion to fairly radical forms of capitalism, free marketers felt their success was so

complete that some even claimed that the world was now rid of all ideology and that History had come to an end.

2. It was implemented with incredible speed and thoroughness, two qualities that fully reflect the expression — shock treatment — coined by its intellectual father, Milton Friedman.
3. It enjoyed a surprising degree of continuity and stability: it lasted a full, consecutive 17 years.
4. It was implemented in a context of brutal repression in which the population was totally deprived of basic civil liberties.
5. It produced what has been widely acclaimed as an economic miracle.

In the late 1970s, the economic performance of the Junta started to be recognized as an economic miracle. By the late 1980s, this reputation had gained considerable momentum. Powerful international financial institutions such as the IMF and the World Bank repeatedly praised Chile. The World Bank called Chile “*its best student in Latin America*”. Articles underlining the achievements of the Chilean economy literally mushroomed in the world, particularly in America’s most powerful media: the New York Times, Business Week, and Time Magazine. Toronto’s Globe and Mail published an article by Peter Cook on 5 January 1993 titled *Chileans savor taste of success*. Radio-Canada’s *Le Point* produced a special program on Chile on December 9, 1993 in which it claimed that:

- Canada was and remains a leader in direct foreign investments in Chile, some \$3.5 billion;
- Bombardier hopes to sell at least 1000 seadoos in this new exploding market;
- Investments in copper mining in Chile are twice as profitable as those in Canada, given the quality of copper deposits and wages 75% lower than in Canada.

The American government also congratulated Chile for its remarkable performance:



*Chile has moved farther, faster than any other nation in South America toward real free-market reform* stated President George Bush on December 6, 1990. *The payoff is evident to all: seven straight years of economic growth... You deserve your reputation as an economic model for other countries in the region and in the world. Your commitment to market-based solutions inspires the hemisphere.*<sup>124</sup>

Small wonder, then, that by the early 1990s, leaders of Latin American countries and from Eastern Europe and the former Soviet Union were flocking to Chile in the hope of discovering the secret formula for moving from government planning to market-driven economies. Many of Pinochet's former economists are now busy publishing books, delivering conferences and acting as well-paid consultants.

For all these reasons, it seems obvious that the historical period that gave rise to the Chilean economic miracle is worthy of closer examination. The economic policies pursued as well as their concrete effects in the daily lives of the population of Chile may well hold important lessons not only for other developing nations but also for the developed world in which free-market ideology has rapidly been gaining momentum in the last few years. It is possible that there is a similarity between the Chilean model and changes in the Canadian labor market, reforms affecting our unemployment insurance programs, our social programs, our post-secondary educational institutions and our health programs.<sup>125</sup>

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<sup>124</sup> Quoted in Joseph Collins and John Lear, op. cit., p. 3.

<sup>125</sup> In the early 1990s, Alberta underwent a major economic restructuring under Premier Ralph Klein. More recently, Ontario also embarked, under Premier Mike Harris who was elected on 8 June 1995, on a neoliberal economic reform. Both of these provinces have reproduced policies first pioneered in Chile. For the nature and impact of these changes during the first year of the Harris government, see Diana Ralph, André Régimbald and Nerée St-Amand, ed., *Open for Business — Closed to People* (Mike Harris's Ontario), Fernwood Publishing, Halifax, 1997.

## Why Study Chile?



Photo SQAL

### CHUQUIKAMATA

Chile's immense open-pit copper mine. In the 1970s, it was producing more than 1,000 tons of copper per day



## Chapter 8

### DINA: The Pinochet Gestapo

On September 11, 1973, as was previously seen, the four member ruling Junta headed by Augusto Pinochet rapidly took over the entire country by force. Despite rumors that many Popular Unity sympathizers were preparing for an armed confrontation to defend the elected government, — military intelligence had been made to believe, for example, that forestry centers in the south were equipped as guerrilla camps — there was very little resistance. Even though there were some small pockets of resistance, the left had very few arms and basically no armed strategy whatsoever. When Major Fernando Reveco advanced with heavily armed troops on the world's largest open-pit copper mine in Chuquicamata, a veritable bastion of Popular Unity supporters, he encountered no resistance at all and felt like a fool. *"Everything was quiet, he recalled, not one weapon."* He was later awarded a combat medal for this conquest.<sup>126</sup>

Within a matter of days, the Junta had come out with a series of edicts — the new way of ruling — closing down Congress, banning all Popular Unity and leftist parties, suspending the activities of the other parties, declaring the censorship of all news, warning that anyone who manifested any resistance to the new government would be shot on the spot. It declared that all the gains attained by the workers under previous governments would be maintained. It insisted that the military pronouncement, — the Junta's way of describing the coup — was in no way political.

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<sup>126</sup> Constable and Valuenza, p. 18.

Night curfews became part of the new way of life. The National Soccer Stadium of Santiago was transformed into a massive detention, interrogation, torturing and execution center. Several other similar prison camps were set up throughout Chile to accommodate the growing demand: jails, military installations, ships and public auditoriums bulged with political prisoners. By a conservative estimate, some 50,000 persons were detained and interrogated. Mass raids continued for several months; the targets were mainly Popular Unity bastions, in other words the middle class sectors and the populous shantytowns. By Christmas thousands of Chileans had fled to exile and many embassies — mainly the Mexican, French, Swedish, Italian, British and Argentinean — were packed full with asylum seekers.

One of the many executed in the National Stadium was Charles Horman, the son of an American businessman from New York, who had traveled to Chile for reasons similar to my own. He also wanted to witness what was considered a promising, revolutionary change. On the day of the coup, he happened to be in Valparaiso, far from his wife in Santiago. While staying in a hotel, he bumped into an American naval officer who told him quite bluntly: “*I came to do a job, and she’s done!*” Immediately after the encounter, he jotted this information down in his diary, amazed at what he had just learned. After being trapped a couple of days in Valparaiso, he was able to bum a ride to Santiago with none other than the American responsible for CIA activities in Chile. Shortly after meeting his wife Joyce who had been worried sick about him, he was kidnapped in his apartment, taken to the stadium, interrogated and executed. In the book *The Execution of Charles Horman: an American Sacrifice*<sup>127</sup>, the American government is formally accused of complicity in this murder. Charles knew too much, it claims, and was coldly made to disappear. The secret documents of the CIA, the State Department and the Pentagon, released in 1999, give even more

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<sup>127</sup> Thomas Hauser, New York: Harcourt Brace, Jovanovich, 1978.

credibility to this accusation.<sup>128</sup> The film *Missing* by Costa-Gavras is based on this book and is well worth seeing.<sup>129</sup>

Not long after the military takeover, the Junta declared the coup had prevented the Popular Unity government from implementing a secret plan Z. According to this plan, senior military figures and prominent members of the opposition were to be executed. The plan, widely circulated in Chile as well as Washington to justify the coup, was a pure invention of the military with the collaboration of the CIA, an organization well versed in black propaganda tactics. “*In hundreds of barracks and police stations, write Constable and Valenzuela, prisoners were beaten and tortured in an attempt to extract confessions related to the diabolical plan*”.<sup>130</sup>

On 11 October, one month after the coup, Pinochet made his first ‘state of the nation’ message. He declared that on the 11 September, it was the “*hand of God*” which had made its presence felt in Chile. The junta, he said, had a mission: purifying Chile of its vices, ridding national life of “*politicking, sectarianism and demagoguery*”.

It soon became clear that the strong man in the four-member Junta was Pinochet. Within a matter of months, he had not only taken full control of the Junta — under the ‘advice’ of conservative legal experts, it was proposed that Pinochet act as the executive and the other three as the legislative — but had eliminated all possible competition: fifteen of the army’s twenty-five generals were retired. Two very influential generals, Bonilla and Lutz, who were more respected than Pinochet and started questioning his policies relative to the poor and the shadowy activities of the new secret police force, met a mysterious death. Lutz fell ill at a party and was taken to a military hospital where he somehow died. Bonilla crashed in a helicopter.<sup>131</sup> On September 30, 1974, General Prats, Commander and Chief of the

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<sup>128</sup> See appendix 5 Declassified documents confirm US role in 1973 death of Charles Horman.

<sup>129</sup> Starring Jack Lemmon and Sissy Spacek, Color, 122 minutes, VHS 71009, 1982.

<sup>130</sup> Constable and Valenzuela, p. 37.

<sup>131</sup> Constable and Valenzuela, p. 56.

Chilean Army until just a few weeks before the coup, was blown to pieces by the Chilean secret police in his apartment in Argentina. Shortly after the coup that he firmly opposed, Prats had moved to Argentina and was busy writing his memoirs and corresponding with domestic opponents of the military regime.



Soldiers Burning All Progressive Books and Articles after the Coup

**Photo taken from** Fernando D. Garcia and O. Sola, *Salvador Allende*, El Pais, Aguilar, Buenos Aires, 1998

### **DINA Set Up With Help of CIA**

In November 1973, Colonel Manuel Contreras, a former student of Pinochet and his friend — the dictator had stood as godfather at one of his children's baptism — was secretly named head of the intelligence department of SENDET, a newly created National Prisoners Service. Officially SENDET's task was to oversee and administrate the prison camps that were mushrooming throughout the country. Its real mission, however, was different and rested with its intelligence department later officially named, on June 18, 1974, the DINA. Contreras, acting under the personal command of Pinochet, was to morally cleanse Chile: leftist parties were to be infiltrated, their leaders eliminated, and radical thought was to be uprooted from society. The techniques used were those of institutional terror: spying, deceiving, kidnapping, interrogating under torture and breaking the human spirit.

*The most frequent forms of torture used by the DINA, write Constable and Valenzuela, (...) were electric shock on sensitive body parts such as genitals and temples ('the grill'), repeated dunking in excrement or filthy water ('the submarine'), prolonged suspensions with the body twisted around a pole ('the parrot perch'), cigarette burns, close refinement, exposure to blinding light or deafening noise, and sleep deprivation.*

*An equally effective method of coercing confessions and collaboration, they continue, was extreme psychological pressure. People were forced to watch their spouses being tortured or listen to tapes of their children screaming.<sup>132</sup>*

Before obtaining his new responsibility, Contreras had proven very efficient. Several months before the coup, he had received the command of Tejas Verdes, the top military post in San Antonio, a strategically important port city with very strong Popular Unity leanings. During the work stoppage preceding the coup, he had collaborated with the truckers to make sure that the cargo sitting on the ships would not make it

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<sup>132</sup> Constable and Valenzuela, p. 95.



to Santiago where shortages had become extreme. On September 13<sup>th</sup>, two days after the coup, the radical dockworker's union of San Antonio had staged a sit-down strike to protest the abolition of job protection rules by the military. Contreras had invited the four union leaders to his office to negotiate with him. The next day, four sealed-coffins were sent to the union leaders' families. Thereafter strikes in San Antonio were unheard of.<sup>133</sup> In the Tejas Verdes music room, Contreras conducted particularly methodical and fruitful interrogations; thanks to his torturing techniques he provided Pinochet with the most complete information concerning the resistance, surpassing that of the army, navy, and air force intelligence services.

As head of the DINA, Contreras quickly got down to work. Within six months he had built a small empire, recruiting members of Patria y Libertad and other rightist civilians, handpicking officers among lieutenants and captains at the War Academy and soldiers, many of who had already gained a solid experience at Tejas Verdes.<sup>134</sup> *"I thought he was some kind of genius, a former DINA agent said, to have built such a large, complicated apparatus in such short time — then I found out how much help he got from the CIA in organizing it"*. He went on to say that he only became aware of the extent of the connections between the DINA and the CIA in 1975 when he actually saw *"manuals of instruction and procedure"* provided by the CIA.<sup>135</sup> This cooperation reached its zenith around the time when General Vernon Walters, deputy director of the CIA, received Contreras in Washington in August 1975.<sup>136 137</sup>

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<sup>133</sup> Dinges and Landau, p. 121-2.

<sup>134</sup> The Chilean writer, Hernán Valdés, spent two months—February and March 1974—in the Tejas Verdes concentration camp. For a description of his experience, see his book *Tejas Verdes*, Editorial Ariel, Barcelona, 1974.

<sup>135</sup> The Clinic published this manual, *Operaciones Secretas*, online. See : <http://www.theclinic.cl/2013/09/11/operaciones-secretas-el-manual-inedito-de-la-dina/>

<sup>136</sup> Dinges and Landau, p. 126.

<sup>137</sup> Constable and Valenzuela, p. 91.

### **Increase in Repression**

In January and February 1974, human rights workers at the Peace Committee noticed that the number of arrests was going up — approximately 250 a week — and that the techniques were changing. Now those carrying out the arrests were mostly men dressed in civilian clothes, not as before men in army uniforms. They arrived in homes at night after curfew and refused to identify themselves. Victims were blindfolded, thrown into canvas-topped beds of pickup trucks without license plates.



**Photo by Helen Hughes** *Chile From Within*  
Detention, Santiago

DINA's first priority was the MIR, a radical leftist party that, as we have already seen, had refused to join the Popular Unity because it felt that the peaceful road to socialism would not work. Contrary to Popular Unity followers, surviving MIR members were more prepared for underground activity. They were extremely committed and vowed to resist. Under the leadership of Miguel Enríquez, they organized commandos that moved among safe houses, named one another only with code names, distributed their own information on tiny two by

three inch sheets of paper with incredibly small print, and sometimes staged small attacks against the military.

In early 1974, Wynanne and I had been reading a considerable amount of Gandhi. When keeping the home of our American Quaker friends, Art and Natalie Warner, we had discovered several books by Gandhi in their library and had started devouring them. I was also busy reading books on Karl Marx. Even though we were deeply torn — the letters and diary excerpts<sup>138</sup> are very revealing in this respect — by what strategy the Chilean resistance should follow, and more specifically whether or not it should have recourse to violence, we started collaborating with the MIR in the last months of our stay in Chile. This collaboration resulted partly from circumstances — the contacts we happened to develop — and partly from the fact that we greatly admired the immense courage manifested by the MIR in standing up to and confronting the Junta.

MIRista leaders used our home as a safe house. When they would arrive for a meeting, they would first check the entire house to find ways to escape in case the military caught them by surprise. Then they would chat with us for a while, give us a copy — well hidden in a pair of stockings or some other object — of their tiny two by three inch news bulletin, and then proceed to their meeting. They did not know our real names nor did we know theirs. We called our main MIR contact, who sometimes came to visit us alone, by the code name Anna. In the last two weeks of our stay in Chile, just before our surprise departure, we had accepted that the MIR use our house to store one of their small libraries. Each book was to have its real cover removed and replaced with another very conservative book cover. When the publication of my book in Montreal suddenly obliged us to leave, the books had not yet arrived.

Late in 1974, the DINA quietly surrounded the house where MIR leader Enríquez and several other comrades were

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<sup>138</sup> See above, for example, the diaries of 27 March, 13 and 20 April and 1 June; also the letter of 24 April to Dominique and Diane.

sleeping. Gunfire erupted and people were seen running. When it was all over, Enriquez was dead. After that, several other MIR cadres fell into Contreras hands. Four of the MIR captives were made to appear on television, urging their comrades to admit ideological and military defeat.<sup>139</sup>

On October 15, 1975 another MIR safe house was stormed by the DINA. Pascal Allende, Salvador Allende's nephew who had become the new MIR leader, was able to flee with another wounded comrade and took refuge in a Catholic parish house. Having found the trails, the military made yet another attack, this time on the parish house, killing the maid in the entrance. Pascal and his comrade, however, were able to flee once again and ultimately took refuge in an embassy. The British doctor, Sheila Cassidy, who treated the wounded MIRista before he entered the embassy, was imprisoned and tortured.

In her book on her experience in Chile, Doctor Cassidy refers to the testimony of Bishop Frenz who was head of the Lutheran Church of Chile at the moment of the coup and was later thrown out of the country by the military<sup>140</sup>. According to this testimony, he and Catholic Bishop Ariztía, two founders of the Peace Committee, were having an encounter with Pinochet when the latter told them the following:

*You are pastors and priests and you have to think and act in that way. If I were in your position I would undoubtedly be acting as you do. But consider that I am the President of Chile. And in this capacity I must say to you that security is more important than human rights. The members of the MIR must be tortured as they are insane and mad. Without torture, they don't sing (in the original: "Los MIRistas tienen que ser torturados porque son locos y enfermos. Sin tortura, no cantan.")*<sup>141</sup>

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<sup>139</sup> Constable and Valenzuela, p. 92.

<sup>140</sup> In a letter to Dominique and Diane, on 16 March 1974, - reproduced above - I referred to the fact that Bishop Frenz had been detained, interrogated and freed. Then I qualify a declaration that he made and was abundantly circulated in the press as 'awful'. I now realize I was wrong about Bishop Frenz.

<sup>141</sup> *Audacity to Believe*, Collins, London, First published in 1977, Second

Source: *Today Is Not Like Yesterday*

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The DINA also targeted, of course, the Popular Unity members, most of whom were academics, labor leaders, students and politicians desperately trying to maintain their organizations alive. In 1976 alone, more than 100 Communist party members were seized and never seen again. Between 1973 and 1980, some 1000 prisoners vanished according to the Catholic legal aid office.



Photo SQAL  
A typical arpillera produced by Chilean women

Many of those prisoners who were freed had been successfully turned into DINA collaborators thanks to psychological torture. Torturers made their victims believe that they had considerable information about their friends. By building webs of lies they created doubt, guilt, anger and fear. Over time, many thus became psychologically dependent on their destroyers and were then sent out to mingle with their old left contacts, only to be picked up later and pumped for information. This, of course, could not but have a very destructive effect on organizations that were merely struggling to remain above water.

As women saw their husbands, sons and daughters disappearing, they eventually began to speak out, even in the context of fierce repression. They formed organizations, met regularly in church facilities, shared stories of their legal battles, sewed colorful quilted squares with political themes — ‘arpilleras’<sup>142</sup> — and staged protests outside churches and courts, brandishing cardboard human silhouettes and snapshots on which appeared the question: WHERE ARE THEY? Most of the time riot police broke up their demonstrations using tear gas and some were hauled away in paddy wagons.

Chilean solidarity groups sold thousands of arpilleras throughout the world. In Montreal, Wynanne and I sold many of these in solidarity rallies, in house parties and to friends and acquaintances.

### **Letelier Assassination**

Bernardo Leighton, a very well respected Christian Democrat who, contrary to the influential Frei faction, had clearly opposed the coup, took refuge in Rome. He was collaborating closely with Popular Unity leaders who had also taken refuge

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<sup>142</sup> Marta Miranda, in her unpublished paper *Women's Textile Art Under Conditions of Political and Economic Duress: The Arpilleras*, (unpublished, Concordia University, Montreal, 1994) reproduces several of these "arpilleras" and analyzes their political meaning.

in Italy and was intelligently calling for unity among all the forces opposed to the dictatorship. In October 1975 he was shot in the head by DINA agents but was able to survive. The attempted assassination was fruitful, however; Leighton thereafter became very quiet.

Pinochet had yet another political enemy he wanted silenced, Orlando Letelier. The latter had been Allende's brilliant Ambassador in Washington. Following the coup Letelier had spent one year as a prisoner in the Dawson Island concentration camp, along with other dozens of Popular Unity leaders. For food, he had lentils. During the daytime, he would work twelve hours constructing buildings, latrines and fences, hauling and breaking rocks. When he was freed, he was allowed to take refuge in the United States, where he soon got a job in the Institute for Policy Studies. Although the military had warned him to stay quiet, he soon became very politically active. He gave talks on the situation in Chile and attended solidarity rallies. He traveled to Europe to start discussions about a possible new Chilean government, should the Pinochet dictatorship eventually fall.

On September 21, 1976, Letelier was in Washington driving to work in his Chevrolet. Two passengers were with him: his twenty-five year old assistant, Ronni Moffit and her husband, Michael. At 9:38 a.m. a remote-control bomb exploded Letelier's seat. Chunks of metal hurtled into the sky. Letelier's legs were completely blown off and he died within minutes. Ronni was seriously injured and died in the hospital not long after. Completely stunned but with only minor cuts, Michael ran around the car shouting: "*The fascists killed him! DINA killed him! Pinochet, the murderer!*"<sup>143</sup>

The assassination was performed by Michael Townley, expatriate American who, as we have seen earlier, had collaborated with Patria y Libertad in the 1972 work stoppage, more specifically to help Father Hasbun get rid of the device that was distorting the image of his two pirate TV stations. Townley had been recruited by Contreras and was DINA's

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<sup>143</sup> Dinges and Landau, p. 209-210.



explosives expert. Also collaborating in the assassination were two anti-Castro Cubans and Armando Fernandez, a Chilean army captain. Orders, of course, came from the very top of the dictatorship, more specifically from Pinochet, Contreras, and DINA's operations chief, Colonel Pedro Espinoza.

A hard working US prosecutor, Propper, and FBI agents put the pieces of the plot together after a twenty-two month investigation. When they traveled to Chile, Pinochet had little choice but to accept Townley's extradition, since he was a US citizen; however he refused that of the three others (he, of course, claimed that he was totally unaware of the entire plot!) involved in the affair. Contreras, Espinoza and Fernandez were confined to a military hospital for fourteen months and, the Supreme Court of Chile having formally refused their extradition, were freed. Townley was tried in a US federal court and was convicted along with the Cubans. Having signed an agreement to be open and collaborative in exchange for a soft sentence, he only spent three years in jail.

US prosecutors apparently did not find any evidence suggesting that the CIA was in any way involved in the assassination. However, Letelier's family remains highly skeptical. So do Dinges and Landau, authors of the remarkable book, *Assassination on Embassy Row*. These two authors summarize the evidence which, to say the very least, raises very serious questions:

- When accused of having participated in the assassination of Letelier, why did Contreras reply that the CIA had helped his agents travel to Washington to prepare the plot? (Evidence in fact indicates that just a few days before the assassination contacts had been made between DINA agents and the CIA).
- After the killings, why did top CIA officials, — one was George Bush, who would later become president of the United States — not reveal this information to Propper? Instead, why did these officials come up with the extremely far-fetched hypothesis that Letelier had probably been murdered by some of his leftist enemies?

- Why had Townley contacted the CIA on several occasions in the past ten years?
- Why was it left to a pro-junta Chilean journalist to identify Townley's photograph when it came out in the press, while the CIA simply claimed it did not possess this photograph in its files?
- Why was Townley often seen speaking with high-ranking members of the American Embassy in Chile?
- Why was Townley, during his trial, allowed to establish the limits of his own testimony while lounging casually in the courtroom corridors and freely using the prosecutor's telephone for international calls?
- Why was Townley allowed to demand and receive immunity from prosecution for his wife and in effect extend his own immunity to crimes committed in foreign countries — for example, the assassination of General Prats in Argentina?
- Why did the United States accept so candidly the idea that General Pinochet was innocent, whereas General Contreras was under his immediate personal command and regularly met with him in the morning several times a week?
- Why did the United States submit its extradition request concerning Contreras, head of Chile's most important intelligence service, to the Chilean court instead of treating the issue squarely as a political-diplomatic issue? By entertaining the fiction of the independence between the judiciary system and the dictatorship was it not acquiescing in advance to the failure of its request?
- Finally, could the United States be serious about its extradition request without exposing itself to a similar one? Could not Chile just as reasonably request the extradition of Richard Helms, head of the CIA, when this organization collaborated in 1970 in the plot leading to the assassination of the Commander-in-chief of the Chilean military, General Schneider?<sup>144</sup>

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<sup>144</sup> Dinges and Landau, p. 382f.

### **New Name, Same Reality**

In Chile, the brutality of the DINA had already started to worry even some of the people who were very close to Pinochet. The Letelier affair made the bubble burst and at the end of 1977 an angry Pinochet removed Contreras from his post and replaced the DINA with a new agency called the CNI, or National Center of Information. Contreras's punishment? He was promoted and became a General.

At first it seemed that the CNI, with its new leader General Mena, was softening up the former harsh repression. Indeed, hundreds of agents were fired and disappearances practically came to a stop. However, two elements rendered this change very temporary: on the one hand, Contreras, who made sure he kept an iron grip of the strategic information, continued organizing clandestinely with the help of many fired agents; on the other, a number of exiled MIR leaders who had been training abroad returned to the country and gunned down an army intelligence officer in July 1980.

Pinochet reacted to the murder by abruptly replacing the head of the CNI with a more determined man, General Humberto Gordon, who happened to be very close to Contreras.

Throughout the 1980s, as mobilization against Pinochet started gaining momentum, the CNI continued its mission of eradicating leftist thought; any questioning of the dictatorship was considered subversive:

- An economist who criticized the economic model was kidnapped and severely beaten.
- Two lawyers from the Chilean Human Rights Commission were arrested and tortured.
- A moderate but increasingly powerful labor leader, Tucapel Jiménez, was found shot and slashed in his car.
- Particularly infiltrated by the CNI were university students who were spearheading the rising opposition to Pinochet.

In 1986, a new surge of leftist guerrilla activities once again provided a *raison d'être* to the CNI whose reputation was increasingly under attack, even in rightist circles. It was

discovered that members of the Manuel Rodríguez Patriotic Front, created by the Communist Party in 1980, had been receiving large quantities of weapons from Cuban ships. On September 6, 1986, twenty-four commandos attempted to assassinate Pinochet. It was a failure but the attempt allowed the ruler to seek systematic revenge: a brutal repression followed. Even as the guerrilla left was in total disarray, the purification machine kept running...



**Photo taken from** Fernando D. Garcia and O. Sola, *Salvador Allende*, El Pais, Aguilar, Buenos Aires, 1998.

La Moneda was ferociously attacked on the morning of September 11, 1973. Those inside the Moneda, including President Salvador Allende, resisted for nearly two hours. Finally, Allende ordered his guards, and the doctors and collaborators that were with him in the Moneda, to come out. In the photo above, one can see the military threatening to run over the body of the civil servants, who had been working for the Popular Unity government, if the armed resistance in the neighbouring buildings does not come to a stop.

## **Chapter 9**

# **Perfect State of Legal Order and Civic Rights**

When the Popular Unity was trying to implement its peaceful road toward socialism, the Supreme Court of Chile wrote several letters to President Allende accusing him of abusing of his executive powers. By using his presidential powers to veto the laws against nationalizations presented and approved by the opposition in Congress, Allende was not, it claimed, respecting the spirit of the law. When he adopted an attitude of compromise and tolerance with the thousands of peasants who were actually taking over some estates by force, or with workers who were putting an end to the business work stoppages by actually taking over and running the companies by themselves, Allende was again accused of not respecting private property. Chile's long-standing tradition of law and order, the Supreme Court stated, was no longer respected.

Yet when faced with a brutal military takeover which violently overthrew an elected government, suspended Congress, put a ban on some political parties and suspended the activities of the others, set up dozens of prison camps, assumed full legislative and executive powers, declared the Constitution faulty and undertook to revamp it, submitted the media to full censorship, created a brutal secret police (that spied, kidnapped, interrogated, tortured and murdered, assassinating political opponents even in far away countries), directly assumed full control of universities and the entire educational system revamping the curriculum and burning thousands of books, eliminated municipal elections and thereafter directly named all the mayors of the nation, this same Supreme Court considered that the situation was just fine. In

1975, when DINA was forging ahead full steam with its ruthless repression machine, the Chief Justice of Chile delivered a speech in which he claimed, *“that the nation enjoyed a perfect state of legal order and civic rights”*.<sup>145</sup>

When interviewed in December 1989, a former prosecutor, after requesting that his name not be revealed for the safety of his children, began to speak. In a torrent of rage, shame and anguish he burst out: (...)

*“For years there was practically no justice in this country! Terrible things happened, and the courts washed their hands. I used to believe in these books (he directed his arm towards shelves of law books), but not any more. Maybe I could have done more to help people, but they would just have gotten rid of me. You have to understand, the country was full of hatred. Where did so much hatred come from? I ask myself that every day. Nobody escaped.”*<sup>146</sup>

Fear and hatred undoubtedly account for much of the silent collaboration of the judicial system and lawyers with the dictatorship. It is true that the Popular Unity had been particularly critical of the judicial establishment during its three years in power and the polarization was such that a strong backlash became unavoidable. And it is also true that standing up to protect basic human rights would have been dangerous in the context of violent repression.

However, it seems obvious that other factors were intervening. Pinochet, explain Constable and Valenzuela, *“played to judges’ vanity and conservatism”* by assigning them state cars and chauffeurs, thus ensuring the collaboration of all but a few. But the most important point is perhaps neither fear, nor hatred and

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<sup>145</sup> Constable and Valenzuela, p. 117. In my diary of 15 March 1974 reproduced above, I violently condemned the complicity and silence of lawyers and judges. Note added in the 2014 edition: It was only on September 5, 2013, forty years after the coup, that the Chilean Association of Judges formally asked forgiveness for failing to protect basic human rights during the dictatorship of Pinochet from 1973 to 1990. See: <http://internacional.elpais.com/internacional/2013/09/05/actualidad/1378356025053445.html>, consulted on May 24, 2014.

<sup>146</sup> Constable and Valenzuela, p. 115-116.

not even intelligent strategy on the part of the military, but rather a common world-view. Indeed, Pinochet did not have to play to the judges' vanity to obtain their collaboration; nor did he have to twist lawyers' arms to enjoy their support; they were firmly with him from the start.

This being acknowledged, there were, however, some exceptions. A group of fifty lawyers, most of them leftist leaning Christian Democrats, offered their services to the Peace Committee (later known as the Vicariate) set up by the Chilean Churches. They worked hard at tracking down thousands of prisoners, listening to testimonies, and representing defendants before war councils. They also tried to evaluate the global situation in the country and secretly forwarded the information so that it would come out in the foreign press. A Quebecois nun, Maria-Denise, to whom I referred in my letters and diary excerpts<sup>147</sup> above, worked in close collaboration with this committee. Much of the information that we passed on to reporters originated from her. Many of the collaborators of the Peace Committee were involved in organizing strategies of escape for people who were on the run and were being actively tracked down by the military. Bishop Ariztia, one of the founders of the Committee, was especially remarkable.

Except for a few courageous judges and lawyers, who often defended people with whom they disagreed politically but nevertheless respected as human beings, the legal establishment turned a blind eye on human rights abuses. When Supreme Court members made inspections of secret police facilities, they politely warned them in advance of their visit and then reported all was fine. When the Peace Committee lawyers presented courts with hundreds of well-documented cases of people who had just disappeared into thin air, the courts systematically believed the official version of the military that there simply were no detainees. *"Between 1973 and 1983, write Constable and*

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<sup>147</sup> See, for example, my letter to Dominique and Diane on 11 February 1974. Note added for 2014 edition: Maria-Denise passed away in Montreal on March 12, 2014. See my testimony on her life in *Le Devoir* on March 6, 2014: <http://www.ledevoir.com/societe/ethique-et-religion/372509/marie-denise-dubois-ou-l-autre-visage-de-l-eglise>



Valenzuela, *the Supreme Court rejected all but 10 of 5,400 habeas corpus petitions filed in by the Vicariate* — the new name eventually taken by the Peace Committee. <sup>148</sup>

If fear played a certain role, common ideology as just pointed out undoubtedly explains the astonishing complicity shown by the legal profession. One rural jurist, when questioned in 1989 about local vigilante killings after the coup, merely put the blame on “*leftist agitators*” for stirring the peasants and leaving them open to reprisal.

*“You have to understand, he commented with a smile; this was the countryside. From time immemorial, we sat at the table and the maid didn’t. People did not want that hierarchy to change.”*<sup>149</sup>



Photo by Marcelo Montecino *Chile From Within*  
Inside the Human Rights Office of the Vicariate

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<sup>148</sup> Constable and Valenzuela, p. 122.

<sup>149</sup> Constable and Valenzuela, p. 126.

### **Amnesty - New Constitution**

On April 19, 1978, Pinochet decided the time had come to absolve all his men of their crimes. He issued Decree Law 2191 which granted amnesty to all “authors, *accomplices*, or *concealers*” of politically connected crimes committed since the coup. The time has come, the law stipulated, to “*leave hatreds behind*” and to foster national reunification. As a result of this amnesty, several hundred imprisoned leftists were freed and sent directly into exile but its major effect was to leave totally unpunished those who had perpetrated brutal and relentless repression.<sup>150</sup> Several hundreds of well-documented court cases of gross human rights abuses were suddenly rendered inoperant...

In 1978 the newly named head of the Supreme Court, Israel Borquez, produced a legal gem. He bluntly affirmed: “*The disappeared are driving me crazy. I don’t believe they exist!*”

During the 1980s, the military courts kept on widening their jurisdiction. Theoretically, they were to be used to handle cases of anti-government violence. In fact, they were used to systematically repress all opposition, even the most peaceful. Journalists spent time in prison for printing cartoons of military generals; a TV reporter was jailed sixty days for having insinuated that the secret police were behind the murder of labor leader Tucapel Jiménez, something true and well documented.

As I had foreseen in my diary on September 23, 1973 in the full heat of the coup, the conquerors and ‘liberators’, once they considered their job well done, would adopt a new and very noble sounding constitution. After perpetrating massive and systematic human rights abuses, they would now give birth to a new, noble constitution.

On September 11, 1980, Pinochet proposed a new constitution to the people of Chile and asked them, through a plebiscite, whether they approved of it or not. The constitution stated that all illegitimate forms of punishment and forced confessions were prohibited. It affirmed that prisoners should be held in public places and that defendants should be presumed innocent and

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<sup>150</sup> Constable and Valenzuela, p. 129.

guaranteed a legal and public defense. It guaranteed workers the right to collective bargaining. With only a few exceptions, it guaranteed the right to free association and free expression. It affirmed that the police could not raid private homes without first obtaining legal authorization...

Exactly seven years after the hand of God had intervened in Chile through a violent coup, 6.2 million Chileans — 67% of the voters — not having been able to read the fine print and to become aware of what the constitution was really all about, accepted the new constitution.

Not surprisingly the noble rights guaranteed by this new constitution were watered down, nay bluntly neutralized by several other shadowy clauses which the Inter-American Human Rights Commission charged “*gravely injure the international order in matters of protection of human rights*”.<sup>151</sup>

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<sup>151</sup> Constable and Valenzuela, p. 138.

## **Chapter 10**

### **Birth of an Opposition**<sup>152</sup>

For at least a decade after the September 1973 coup d'état, Chile remained a very divided nation. On the one hand there were the winners, those who had actively supported the coup and welcomed it with joy and relief. On the other hand there were the losers, those who had firmly believed in the Popular Unity dream of an altered society, more attentive to the needy and downtrodden, and who were now utterly broken, in their bodies, minds and hearts. Between the two, communication no longer existed.

The world of the winners was small and powerful: the wealthy elite and a portion of the middle class. So great was their gratitude following the military takeover that they generously gave money, jewels and even wedding rings for the ongoing 'national reconstruction' effort.

Some of the sons and daughters of the well to do had been strong supporters of the Popular Unity; they also met with fierce repression. It sometimes happened that a friend in the military allowed one to escape repression. Generally, however, there was no escape. Anti-Popular Unity sentiment caused the break-up of friendships, of families, of marriages. In fact the polarization was such that some seemed undisturbed by the torture and imprisonment of a brother, a sister, a nephew. One of my Chilean friends confided that although his brother from Chillán had been detained and tortured, most of his family manifested no sympathy

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<sup>152</sup> Unless otherwise indicated, the information in this chapter is taken from Constable and Valenzuela.

at all; they simply ignored him. Being a member of the Popular Unity, he well deserved, the family felt, his punishment.

The vast majority of the wealthy and middle class Chileans lived in their own little world. Now that the chaos of the Allende years was over, ordinary life simply resumed. For them, the military takeover represented liberation from the 'communist cancer', the beginning of a promising future (For example, the Christian Democrat teacher with whom I had spent an evening<sup>153</sup> felt that Chile, as a result of the coup, was experiencing a resurrection. He was totally taken aback when I even suggested that there was repression in Chile: such thoughts were solidly shut out of his mental framework.). The activities of their political parties were suspended, but since the Junta was implementing policies with which they basically agreed, no real loss was felt. According to their opinion, human rights abuses simply did not exist in the new, liberated and 'free' Chile. When the foreign press, in the months following the coup d'état repeatedly alleged that the military junta was subjecting the people of Chile to gross and massive human rights abuses, they simply accused this press of falling prey to an anti-Chilean campaign initiated by international communist propaganda. That such allegations originated even from such renowned and hardly left-leaning publications as the New York Times or Time magazine, did not deter them from their conviction.

For the losers, however, it was as if life had suddenly come to a stop. They had lost their publishing houses, some of them renowned throughout Latin America, their dailies, journals, radio and TV stations. They had lost their music, their artists.<sup>154</sup> Their

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<sup>153</sup> See, above, my letter to Dominique and Diane: 14 February 1974.

<sup>154</sup> Victor Jara, Chile's extremely popular protest balladeer, was imprisoned on the day of the coup in the National Soccer Stadium. According to an eyewitness account, — see *For Neruda, For Chile*, An International Anthology edited by Walter Lowenfels, Beacon Press, Boston, 1975, p.79-80 — when a military officer recognized Jara, he brought him in front of some 6,000 prisoners seated in the stadium and chopped two of his fingers off with an ax. As Jara fell to the ground in pain, the officer threw himself on him, hitting him and shouting: « *Now sing, you motherfucker, now sing!* » Jara laboriously raised himself to his feet, and, turning towards the bleachers of the Stadium he cried: « *All right, comrades, let's do the señor Commandante the favor* ». Steadying himself, he lifted his bleeding hand, began to sing the anthem of the Popular Unity, and

political parties were banned, their leaders dead or dispersed, their political activities now confined to the rigors of an underground with which they were totally unfamiliar. Many of their friends were now living in exile: some 500,000 Chileans. Their powerful National Union Federation (CUT) was eliminated. Even the names of their shantytowns, symbol of the revolutionary heroes they admired, were changed.

To some extent repression increased unity among them, past ideological differences suddenly appearing trivial in the light of detainment, interrogation, torture, the threat of losing one's very life. But the methods of the DINA and its large network of spies and informants created an atmosphere of doubt and distrust that substantially dampened communication. Visiting each other's houses became dangerous.



Source: Clippings I gathered from various Chilean dailies  
Articles appearing in Chilean press in weeks following the military takeover

everybody sang with him. The military immediately riddled him with bullets, and then turned to the crowd and opened fire.

*“For thousands of people who emerged from prisons or experiences of torture, write Constable and Valenzuela, the sense of isolation was especially overwhelming. The government denied what had happened to them, society refused to acknowledge it, and even intimate friends often shrank from knowing the details. Sexual torture produced shame and withdrawal, ruining marital relations. Many victims retreated into a tormented internal exile, haunted by nightmares but pretending to be normal for fear of alienating those around them.”*<sup>155</sup>

Despite its claim of returning Chile to one, big, happy family the military Junta did just the opposite. The Allende years were constantly described as years of chaos and violence and the coup, as already mentioned, was presented as a glorious national liberation. When accused of making people disappear, the military junta invented stories. In one case, the junta collaborated with the secret police of Brazil and Argentina in making newspapers in these countries print accounts according to which 119 MIRistas would have sneaked out of Chile and been killed in guerrilla activities. In another case, the junta went as far as to have the United Nations delegate of Chile affirm that a list of allegedly disappeared Chileans were either alive or had died of natural deaths. This scheme, however, backfired: not long after this, the bodies of three of those listed as having died of natural deaths were found in the lime oven of Lonquén, in Chile, and submitted to official medical examinations.

## THE MEDIA

Not having hesitated to collaborate in contributing to the downfall of the Allende regime, the now surviving media happily became the mouthpiece of the military government. El Mercurio played a leading role in the Junta's propaganda effort. It systematically denied that human rights were not respected in Chile and accepted, as we have seen above, to use its front page to publish the photographs of the Popular Unity leaders that the military were attempting to capture. Furthermore, it also bent

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<sup>155</sup> Constable and Valenzuela, p. 148.

over backwards to praise the new government and to promote its radical free-market economic policies. Its owner, the very powerful and wealthy Augustín Edwards, —the same man who, in the Fall of 1970 had met with Kissinger and President Nixon to prepare a coup against the Popular Unity government and who, in September 1976 happened to share the first-class lounge of Lan-Chile with the two DINA agents who had come to Washington to prepare, during a two-week mission, ‘preoperative intelligence’ on Orlando Letelier who was assassinated in his car a few days later<sup>156</sup> —, returned to Chile in 1979 and started breakfasting weekly with Pinochet.<sup>157</sup>



Commander-in-Chief Augusto Pinochet addressing the nation  
Photo by Hector Lopez *Chile From Within*

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<sup>156</sup> Dinges and Landau, p. 6 (Footnote).

<sup>157</sup> Dinges and Landau, p. 154.



Although also totally subservient to Pinochet for a long time, the weekly magazine *Qué Pasa* eventually aligned with moderate conservatives against the director of the DINA, Gen. Contreras. In 1977, when it dared publish the testimony of a teenager who had been kidnapped by the secret police, its editor, Jaime Martinez, was seized in his car by two armed men and barely escaped.

Television was an especially efficient propaganda tool of the military. Thanks to the virtual elimination of heavy tariffs on foreign televisions, 78% of Chileans owned a set by 1982. If few people could afford to buy newspapers and magazines, nearly everyone watched TV, a medium highly suited for a dictatorship: a direct link was created between Pinochet and the people; the official version was constantly bombarded, interspersed with soap operas, military parades and exposés about leftist violence. In the heart of the 1983 economic crisis, by far the worst in all of Latin America, during which streets protests raged, “*a typical newscast featured ministers cutting ribbons on housing projects and Pinochet receiving visitors*”.<sup>158</sup> Neither a word nor a picture, though, of the protests...

So total was the control of the media that even Father Raul Hasbun who, as we have seen earlier, did not hesitate to collaborate with *Patria y Libertad* and systematically used his Catholic channel 13 to facilitate the military takeover, ended up opposing censorship. He was immediately fired and his station reassumed tame programming for years.

Opposition media under the military only appeared very gradually and slowly. From 1973-1977, only the journal of the Jesuits, *Mensáje*, was allowed to publish, undoubtedly because their orientation was that of the Christian Democrats who had given a firm, if not unanimous approval of the coup. In 1977, *Hoy*, a newsweekly again associated with the Christian Democrats, was allowed to publish. When it attempted to bring back some form of political debate in Chile by publishing, in 1979, an interview with two exiled Socialist leaders, it was suspended for two months. In the early 1980s, other dissident

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<sup>158</sup> Constable and Valenzuela, p. 156.

magazines, such as *Apsi* and *Análisis*, were allowed to publish but were constantly harassed by the government. By 1986, “*more than thirty journalists had been prosecuted and some jailed for offending the armed forces*”.<sup>159</sup>

It was not before the 1980s that other forms of critical artistic expression such as theater emerged in Chile. The plays were of necessity cautious but the basic message was clear. Playwright Marco Antonio de la Parra, author of *The Raw, the Cooked, the Rotten* and *The Secret Obscenity of Every Day*, commented how during this period from “*a total vacuum, there was an explosion of culture at the margin of official life*”.<sup>160</sup>

## LABOR AND UNIONS

Chilean workers have a long history of struggle and social achievements. One particular struggle—a symbol of their courage—that has profoundly marked them occurred at the very beginning of the century. Striking mine workers, along with their entire families, walked from their mine to the city of Iquique where they occupied the Santa Maria school. They demanded that their incredibly harsh working conditions be improved. Acting on orders from the central government, the military gave the workers an ultimatum: they were to put an end to the strike immediately and accept the same working conditions or face an outright attack. When the workers refused to comply the army intervened and executed all the occupants in the school: more than 3,000 men, women and children.

Starting in the 1930s, organized labor became solidly incorporated into Chile’s political system. Continuing pressure for reform and the rapid growth of an urban and industrial workforce led to the adoption, in 1931, of a Labor Code in which the government guaranteed the enforcement of certain minimal work conditions and the right of most workers to organize. Conflicts in the collective bargaining process were to be settled through labor courts and tripartite tribunals: representatives of workers, employers and the government would arbitrate disputes.

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<sup>159</sup> Constable and Valenzuela, p. 157.

<sup>160</sup> Constable and Valenzuela, p. 159.

**Employment:** In developing countries, employment does not always mean a full-time job with regulated conditions of work and pay. Many people earn their income in the so-called informal sector running errands, working as part-time handymen, washing windshields on street corners, etc. In recent years, the informal sector in the countries of the South has been expanding very rapidly.

**Real Wages:** these are the wages one receives minus inflation. For example, if you receive a 5% increase in your wages in 1997 but the rate of inflation in that year was 10%, your real wages (that is, in terms of their purchasing power) have actually decreased by 5%.

During the next 40 years, organized labor made important gains in income, job security and the right to negotiate working conditions. Unionization spread beyond miners and factory workers to include middle-class groups such as teachers, clerks and government employees. Under Frei, rural workers employed on large estates were given the legal right to organize. By 1970, 24 percent of the work force was unionized; by 1973, 35 percent.

Unions in Chile had very strong links with political parties. In the 1960s and 1970s, the Christian Democrats, Communists and Socialists — all three were almost equally strong — vied for leadership within the union movement. Unions were not directly tied to governments, as in Mexico for example. Union leaders were remarkably accountable to their members.

Two-thirds of all unions were incorporated into the powerful *Central Unica de Trabajadores* (CUT), a federation that allowed workers to play a role similar to that played by workers in most developed European countries. The CUT channeled worker input into national development strategies. It participated actively in

national debates over questions of employment and social policy, often defending the unorganized majority of workers.<sup>161</sup>

### **Unions Following the Coup**

As already noted, the CUT was simply disbanded after the coup. All union elections were suspended and vacant posts were filled by senior company workers, selected by starting date and alphabetical order. Unionism was now to become, stated the Junta, free and apolitical. What that meant in real life, however, was that practically every labor right for organized and unorganized workers no longer existed. All tools of collective bargaining, including of course the right to strike, were outlawed.

Firm and estates owners, frustrated by three years of popular revolution where the balance of power had been temporarily shifted towards workers and peasants, were only too happy to reaffirm themselves. Tough, impersonal management styles became the rule. One worker, Ramón Pizarro, a veteran carpenter who worked for bosses who repeatedly fired workers after a week without pay, could no longer take it anymore. *“I answered every ad, he said. I defended my family like a cornered cat. But when they offer you 40,000 pesos — \$133 — a month with no days off, that is beneath a man’s dignity.”*<sup>162</sup>

By 1975, real wages and per capita social spending had dropped to 63% of their 1970 levels. More than 43,000 public sector workers had been dismissed — the great majority, of course, Popular Unity sympathizers —, and unemployment stood at the official rate of 18.7% (in 1971 it was a little over 3%). From 1977 to 1985, the level of unemployment officially averaged 20%, the highest in all of Latin America. Even though GDP would grow an average of 6% annually from 1984 to 1989, the average wage was 5% lower in 1989 than it had been in 1981, and nearly 10% lower than it had been in 1970.<sup>163</sup>

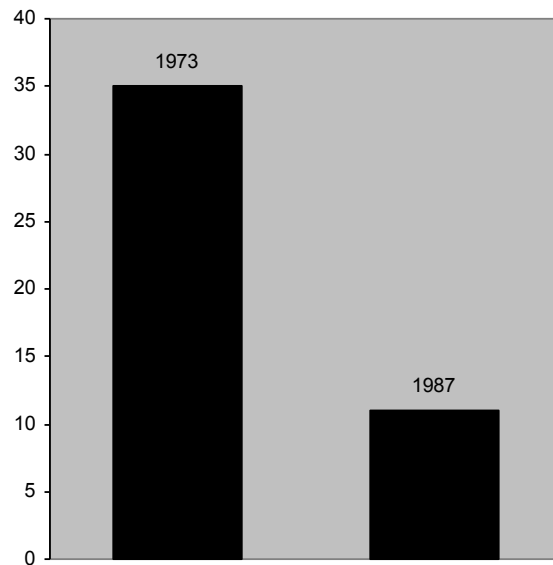
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<sup>161</sup> This brief history of the Chilean labor unions was drawn from Collins and Lear, p. 68-69.

<sup>162</sup> Constable and Valenzuela, p. 227.

<sup>163</sup> Wage and economic growth from Banco Central, cited in Jaime Ruiz-Tagle, *Crisis de la Experiencia Neoliberal*, Santiago: PET, 1989, and again quoted in Collins and Lear, p. 83.

Percentage of Workers Unionized in Chile



Minimum wages were allowed to fall even more drastically. Initially, the economic advisors of the military Junta — known as the Chicago Boys — called for the elimination of minimum wages. Their argument, already explained in the section on neoliberal philosophy, was that a minimum wage pushes unemployment up. But public discontent, especially in the years of economic crises, made it politically inopportune to adopt this measure. The more discreet path chosen was simply to let the purchasing power of the minimum salary erode with inflation. By 1988, it was 40% lower in real terms than it had been in 1981. In that year, 32% of the workers in Santiago were earning the minimum wage — \$43 a month — or less.<sup>164</sup>

In such a context, small wonder that unions became ineffective and saw their membership melt like ice. In 1972, Chile had 855,000 unionized workers; by 1983, that number was down to

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<sup>164</sup> Ruiz-Tagle, *Crisis de la Experiencia Neoliberal*, p. 16, cited in Collins and Lear, p. 84.

320,000. By 1987, as shown on the graph to the preceding page, union membership accounted for no more than 11% of the labor force, compared to 35% in 1973. Among all workers, even the few who remained unionized, fear was widespread. A harsh and ruthless repression accounted for this. But also, and perhaps more importantly, the deep fear of losing one's job. The 'shock treatment' to which the Chicago Boys subjected the economy starting in 1975 resulted in a wave of bankruptcies that literally threw thousands of workers holding formerly sound jobs into the streets; the economic collapse of 1982-1983 repeated the same scenario. Under such circumstances workers who managed to hold on to their jobs often submitted to onerous terms.

### **Dissident Union Created: Labor Unrest**

In late 1975, a group of centrist labor leaders, deeply disillusioned with the government, broke away from the apolitical union system created by the military and created their own dissident organization known as the Group of Ten.

The military regime tried hard to rally workers behind its 'unions', but its efforts backfired: each year on May Day when government unions, courted by officials, would hold their demonstration, parallel rallies organized by dissidents would take place. During the latter rallies, riot police would regularly intervene with tear gas.

The first serious labor unrest since the coup occurred in 1978. Workers at the Chuquicamata copper mine boycotted mess halls after failing to win a wage increase. When the protest continued swelling despite severe threats from officials, seventy-two boycott leaders were banished to mountain villages and denounced as communists.

Thanks to initiatives of foreign labor unions, the Junta came under increasing pressure. In 1978, delegates from the AFL-CIO traveled to Santiago and presented Pinochet with a list of concerns. A few months later the latter announced that union elections would be held throughout the country but added that new laws would soon 'free' unions from obligatory dues and affiliation with labor federations. On October 31, union leaders were in fact elected throughout the country, but all candidates

had to obtain the prior approval of the Labor Ministry and swear not to join any political party.

In November 1978, the Regional Inter-American Labor Organization adopted a motion calling all members to boycott cargo from Chile. Pinochet first reacted angrily to this 'plot' by American labor leaders and a more critical Carter administration but named a new Labor Minister, José Pinéra, who persuaded George Meany, president of the AFL-CIO, to suspend the boycott. Then Pinéra rapidly set up a new, revamped Chilean Labor Code which became effective in 1979.

### **1979 New Labor Code**

The new Labor Plan, according to minister Pinéra, was to "introduce democracy into the world of Chilean unions and resolve problems that for decades had been obstacles for the progress of workers. (...) The basic pillars of the law of union organizations, he adds, are the values of democracy and freedom."<sup>165</sup> The progress and freedom he was referring to, as we shall now see, were those of the moneyed elite, not of labor.

Under the new Labor Code, not all workers were granted the right to organize. This right was reserved for those employed for at least six consecutive months. Seasonal workers — in agriculture, forestry, construction and many service industries the majority of workers is seasonal — were excluded. In these areas laborers could organize if, as was practically never the case, employers agreed.

Permanent workers, according to the Code, could form a union if at least 25 workers and 10% of all employees agreed. In companies with fewer than 25 workers, at least eight workers and more than 50% had to agree. No unions could be formed during the first year of existence of a company. In a single company, workers could adhere to different unions. In other words, the closed shop, in which a single union dominates a workplace, was not enforced. What this greater worker freedom meant, of course, was a much more divided, and hence weaker work force. The benefits accruing to some workers were not automatically

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<sup>165</sup> Quoted in Collins and Lear, p. 77.

extended to others. In fact, the company could, to discourage unionization, provide superior benefits to their non-unionized workers. Not surprisingly, the size of the average union in 1985 was only half what it had been in 1970.<sup>166</sup>

The Labor Code further isolated unions from political parties and in fact from each other. Union elections had to forgo formal nominations or slates of candidates; instead, each member voted on a blank ballot for whomever he wished, and the name that appeared most often, won. Union funds had to come only from voluntary contributions from members; dues could not be deducted automatically from the paychecks. Both provisions represented a complete break with what was practiced in Chile before, and in fact with what is generally practiced in the industrialized world. In the guise of greater freedom, they severely undermined the financial viability of unions.

Another important innovation of the Code, undoubtedly to assure the progress of workers (!): collective bargaining was limited to a specific workplace. In other words, federations that might effectively represent large sectors of the economy or regions were simply not allowed to enter negotiations with employers. To increase this individual freedom still further, the Pinochet government shuffled the country's companies into alphabetical order and assigned them the date on which they were required to negotiate a new contract. The intended result was blatantly obvious: when workers in one factory were negotiating their contract, those in related factories were not. Since strength comes from unity, the military regime institutionalized division among workers.

Strikes were authorized but after 30 days scabs could be hired and after 60, all striking workers would be fired. Workers could now organize, without government approval, union meetings but employers could maintain the right to dismiss anyone if it was deemed 'necessary' — quite a gain!!

Finally, the new Labor Code restricted collective bargaining to wage demands. Issues that deeply affect working conditions and

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<sup>166</sup> Eugenio Tironi, *Los Silencios de la Revolución*, Santiago: Puerta Abierta, 1988, p. 73, quoted in Collins and Lear, p. 77.



which previously were part and parcel of negotiations, such as size of work crews, the technology used, or mechanisms of internal promotions, were excluded.

### **Labor Code Amended Downwards**

As Chile entered a very serious economic crisis in the early 1980s, the Labor Plan was amended in such a way that labor, already brought once to its knees by the coup and the ensuing repression and again with the implementation of the 1979 Labor

**Labor Code:** represents the set of rules, established by the government, to regulate the relations between workers and their employers. These rules usually determine the length of a normal working day and week, the procedures to be followed should labor disputes arise and the precautions that employers must take to assure the health and safety of their workers. They also determine which workers are allowed to unionize, how collective bargaining is to take place, etc.

Under the leadership of the NDP leader, Bob Ray, Ontario, for example, adopted an anti-scab legislation in the early 1990s. However in June 1995, after the election of Mike Harris, the neoliberal-minded leader of the Conservative Party, this legislation was rapidly scrapped, along with many other pieces of progressive legislation adopted by previous governments. In 1996 and 1997, several thousands of Ontario workers mobilized to attempt to counter these radical reforms.

In the Summer 1997, more than 650,000 workers (teachers, nurses, firefighters and police officers) were making plans for a general strike to counter yet another threat to their rights — Bill 136.<sup>167</sup>

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<sup>167</sup> *Ontario unions to march on Queen's Park today*, The Globe and Mail, July 28, 1997.

Code, was now crushed to the ground. Labor courts were dissolved, thus curtailing worker's access to legal redress. Employers were allowed to offer new contracts at less than the minimum wages and benefits agreed upon in previous negotiations. The 1979 Code had reinstated indexation: salaries were to be adjusted for inflation; the new provisions eliminated this gain. Severance benefits were lowered. Piecework rates were legalized. Maximum shifts were extended from eight to twelve hours and, of course, employers were no longer required to pay overtime after eight hours! Stevedores could now be obliged to lift more than the previous limit of 176 pounds at once (even this limit represents three times the limit imposed in the United States!). The foundations for a new economic miracle had been laid.

Extended days became commonplace in the 1980s. In 1990, many restaurant and hotel employees worked 12-hour days, and 72 hours a week, according to the Federation of Hotel and Restaurant Workers. Piecework, legalized by the amendments to the Labor Code, became common in the fast-growing fruit industry, imposing a brutal step up in the pace of work. Many companies, especially in the service industries, reduced their permanent staff to a minimum and regularly brought in temporary workers, who are by law non-union and therefore have lower wage and benefit levels. Subcontracting, that is contracting out work once performed inside a company, became common practice.

Alejandro Olivares, a CUT officer responsible for organizing workers in the informal sector, described what subcontracting often entails: "*Take the Jarmin shoe factory. Before the crisis of 1982-1983, the factory produced 4,000 pairs of shoes a month. Now they produce 30,000.*" This was made possible, he explained, because workers now only cut pieces of leather in the factory; these pieces are then distributed to people's homes where they are assembled for peanuts — 30 pesos a pair — into shoes.

With such a generous Labor Code and widespread economic hardships, a more radical labor organization soon appeared: the National Union Coordinator (CNS). Its most prominent leader, Manuel Bustos, a Christian Democratic textile worker, was

detained and imprisoned in 1981, an experience which made him into an outspoken critic of the dictatorship and more open to banned Marxist groups.

One labor leader who seemed particularly able to unite all Chilean labor forces was Jiménez Tucapel, a respected bookkeeper who had headed the white-collar civil service union for twenty years. Initially considered by Pinochet as one of his 'good' labor leaders, Tucapel became increasingly harassed as he started denouncing repression and the massive firing of public servants. Nevertheless, he continued with renewed energy attacking the regime and pleading with labor leaders to overcome their differences. On February 25, 1982 he was shot and stabbed to death in his car.<sup>168</sup>

### **Mushrooming Dissident Community Groups**

In the months following the coup, a network of dissident community groups, often formed by banned Popular Unity parties and various Church programs, started developing. First operating in secrecy, subject to raids and constant harassment, they gradually came out in the open: unemployed were taught skills, homeless sheltered, women assembled in crafts workshops and social problems analyzed. As already discussed above, the Churches, enjoying a greater impunity right from the start, formed committees to help the detained and the families of the disappeared. Many priests organized seminars, workshops and even meetings of prisoners' families, all disguised as catechism classes.

As the housing problem in Santiago increased, hundreds of thousands of families were forced to squeeze in with relatives. Beginning in the 1980s, growing community groups thus started, for the first time since the coup, staging urban land invasions, a reality with which, as we have already seen, both Frei and Allende had to cope. The military regime immediately evicted

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<sup>168</sup> Note added in 2014 edition: The Vicariate of Solidarity, founded in 1976 by the leader of the Catholic Church in Chile, Cardinal Raul Silva Henríquez, provides abundant information on this murder. The military junta had developed a detailed plan that would make it seem that delinquents, and not the military, killed Tucapel. See in the 'documentos' section of the website, "Fallo del caso Jiménez Tucapel": <http://www.vicariadelasolidaridad.cl/index1.html>.

them but two huge squatters' camps erected in La Granja became a symbol of political defiance. Even though the camps were subjected to several pre-dawn police raids and many homes ransacked, a qualitative jump had been made in resisting the dictatorship. Impressed with this courage, other similar land invasions—called *tomas*—started mushrooming and neighborhood groups multiplied as well as numerous self-help groups. By 1985 more than eleven hundred such groups existed in Santiago.

### **National Strike of 1983**

In May 1983, as Chile was experiencing its worst economic crisis since the 1930s, organized labor made a bold move, its very first since the coup: it called for a one-day national strike. Quite surprisingly this strike received a massive response: Santiago, home to 40% of Chile's population, was paralyzed all day and in the evening as well, cars beeping their horns, women clanging their kitchen pots out their windows.

The most influential leader of the strike was Rodolfo Sequel, a young long-haired chain-smoker working as a cashier at the El Teniente copper mine. Sequel courageously spoke to crowds telling them that he was ready to face imprisonment or exile, and that whatever the outcome of the strike, the important thing was that of losing fear.

As could be expected, Sequel, after the amazingly successful strike, was detained three times. A bomb was placed in his children's school. When he found freedom, a cheering crowd was there to greet him. As he looked at the crowd, he felt in his heart that something deep was happening in Chile and that the dictatorship's days were numbered.

The leadership of the struggle, however, soon shifted from the labor movement to opposition parties and university students. For several reasons, the militancy of the labor movement was severely curtailed:

- The unions had indeed expressed enormous courage in daring to take strike action in a context of severe repression. However, after the impressive strike efforts, thousands of

workers were immediately dismissed from their jobs and labor leaders were fired.

- In order to obtain the collaboration of the already better-off copper workers, the military Junta seduced them by offering them wage concessions. As a result, these workers accepted to elect, to the satisfaction of the Junta, new conservative leaders.
- In 1970, some 36% of the Chilean work force was unionized; in 1985, at a time when real and minimum wages were far below their 1970 levels, only 18% of the workers were unionized; by 1987, as mentioned above, the level of unionization was down to 11%.
- Between 1973 and 1988, the job market, in an economy subjected to long and bold free-market shock treatments, had been substantially modified: jobs shrank in heavily unionized sectors like mills and manufacturing and expanded in areas such as data processing and export fruit growing. In the latter areas, seasonal and part time work was more the norm than the exception. Seasonal and part time workers were not allowed to unionize.
- Long years of extremely high unemployment levels had spurred the growth of the informal or self-employed sector. By 1988, about 30% of Santiago workers occupied jobs in unregulated, untaxed jobs as housemaids, messengers, watchmen, seamstresses, etc.
- Even though salaries in the informal sector were only half of what they were in the formal one, workers in the informal sector tended to reject not only the idea of having a boss but also that of solidarity with colleagues, preferring the individualistic competitive culture hammered in by years of exposure to free-market ideology.
- Even among the organized, union workers, this culture of competition and mass consumption had made substantial inroads: union members were less committed to a common cause and more to private gain.

As the militancy of the workers was dwindling, that of the students was, on the contrary, rising. As we shall see, they would play a historical role in the downfall of the military dictatorship.

## **STUDENTS ORGANIZE**

Under Frei, but especially under Allende, university campuses were experiencing exhilarating times. The mood, as in many other parts of the world, was one of profound, radical questioning. American involvement in the Vietnam War was lambasted. Capitalism was increasingly seen by many young and not so young minds as the basis of world exploitation, and criticizing American imperialism in the Third World had become common currency. In Latin America, the Cuban revolution exerted a powerful magnetism; Fidel Castro was considered a great, revolutionary hero. Students did not hesitate to occupy buildings to demand radical changes in the curriculum. They readily got involved in grass-roots movements and political parties, often spending more time organizing, demonstrating and discussing than in formal intellectual pursuit.

With its long-standing and powerful socialist and communist roots, Chile was a world leader in this mood of the times. The victory of the Popular Unity represented an immense hope. On the night of his election, Salvador Allende delivered an impassioned speech from the balcony of FECH (Federation of Students of the University of Chile). Thousands of students danced in the streets all night celebrating the victory of revolution.

For the military dictatorship that took over Chile in September 1973, the universities represented the intellectual heart of that which they formally vowed to eradicate from Chilean society: Marxism, or to use their favorite expression 'the Marxist cancer'. One of the Junta's first acts was not only to name military officers in charge of all the universities of Chile but also to ban the powerful FECH. Some 20,000 students and staff members were forced to leave the eight state university branches. Prominent scientists and intellectuals fled abroad, some to escape the dangers of repression, others because they could not bear life

in military-run campuses. Doctor Roberto Bellemare<sup>169</sup>, whom Wynanne and I unsuccessfully tried to get out of Chile (he was eventually accepted in the United States, thanks to the hard work and influence of Art and Natalie Warner, two of our American friends in Chile), was one of them; he ran for his life.

Some did not leave the country. A few months after the coup I was shocked to meet a renowned intellectual and professor whom I had known at the CEREN where I first registered when I arrived in Chile: he was selling pencils and other goodies on a street corner of Santiago trying to make a living.

Twenty-five research units were closed and student fieldwork was abolished. Marxist books — in fact, even those with a social democratic leaning — were systematically burned. If those of the CEREN were spared, it was only because the Jesuit-center ILADES accepted to hide them in the large basement of their institute, piled right up to the ceiling. All sociology departments were closed down. By 1983, only one public university had initiated a sociology program, one recast in a narrow, technical mold where politics and especially issues of poverty and popular struggles were systematically excluded. Geography, which had been broadened to emphasize the human effects of land and population trends, was reduced to the quantitative analysis of dry, physical aspects. Historians were of course obliged to adopt a theoretical framework where oppression and exploitation do not exist; history was not to cover the Allende period, and not even the Frei period. Economics was particularly controlled, the monetarist or Chicago school of economics being transformed into the single truth. Cristian Moscoso, for example, who studied economics at the University of Chile from 1978 to 1982 comments: “*All our training was in monetarist theory; the others were never mentioned. We tried to hold forums on other theories, but it was not allowed.*”<sup>170</sup>

Since real thinking was not allowed in universities, some social scientists quietly started working in small research centers. One such center was the Latin American Faculty of Social Sciences

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<sup>169</sup> See above my diary of 1 October 1973.

<sup>170</sup> Constable and Valenzuela, p. 252.

(FLACSO), a United Nations institution already existing at the time of the Allende government. Another important one was the Corporation of Latin American Economic Studies (CIEPLAN). Protected by the Archbishop of Santiago and financed by foreign institutions, these social scientists worked in small, cramped buildings. The Junta tolerated them, undoubtedly in order to avoid antagonizing the Church and foreign critics but they were not allowed to publish books or to hold public forums. However, by the 1980s, the emerging opposition parties and press were relying on them for expertise. Particularly influential was the Center for Development Studies (CED) that became a meeting ground for intellectual enemies who had not exchanged ideas since the coup. Its leader, Edgardo Boeninger, later commented: *"We broke the ice and melted years of hostility. It was critical to get sectors of society to respect each other again."*<sup>171</sup>

### Students Spearhead Opposition

The Junta enacted several bold reforms in education that we will discuss later. These reforms, but especially the systematic repression of freethinking which rendered university life asphyxiating, sparked a protest movement. *"Long before other sectors of society were prepared to challenge authoritarian rule, write Constable and Valenzuela, students began to push against the confines of military-run universities."*<sup>172</sup>

At first, students made timid attempts. After the successful Nicaraguan revolution of 1979, a handful of students gathered to celebrate: a hostile crowd of fellow students shouted them down. In that same year 105 students were expelled from the University of Chile for gathering to sing hymns as a sign of protest. In 1980, various groups expressed their rising protest in other ways: they organized folk-song workshops, satirical dramas and poetry readings; they published underground journals offering poems, political essays and jokes. By 1981, dissident student groups were growing larger and bolder: hunger strikes were being staged and prayer vigils held to protest government educational policies and military rectors.

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<sup>171</sup> Constable and Valenzuela, p. 253.

<sup>172</sup> Constable and Valenzuela, p. 260.



When the one-day national strike was launched in May 1983, energy that had been repressed for years suddenly exploded. Hundreds of students shouted, applauded and sang. In the five months following the strike, students continued mobilizing: they regularly took to the streets chanting, "*It's going to fall!*" and were joined by cars and bus drivers honking their horns in unison. Riot police drenched the demonstrators with water and choked them with clouds of tear gas.

FECH, the historically powerful student federation of the University of Chile banned after the coup, had been eventually allowed to resurrect but with Junta imposed leaders. Students started calling for the democratization of their federation; they wanted to elect their own leaders. Officials finally gave in and elections were held. During the campaign, some of the Christian Democratic leaders demanded that students with socialist leanings be shunned. But in the end, a broad, nonpartisan approach prevailed: a coalition of anti-dictatorship groups united behind one single candidate and easily defeated the pro-regime candidate. At a time when the opposition political parties were far from united, this was a remarkable achievement. That night the historic FECH banner was hoisted for the first time since the coup.

The new FECH leaders soon became the national leaders not only of student protest but also of the growing opposition to the dictatorship. In October 1985, the FECH president Ljubetic and ten other students were charged with violating state security laws: they had called for a strike. Surrounded by cheering crowds they marched to the courthouse and turned themselves in. Their imprisonment, along with a number of labor leaders, transformed them into national heroes. During their stay in prison they produced a poem "*Our hands are clean*" and on being freed, they posed outside the prison gates holding up the palm of their hands: the clean hand gesture thereafter became the symbol of the struggle against the military regime. Ricardo Lagos, one of the student leaders imprisoned, is now the President of Chile.



Students at a rally for unity. The banner reads:  
STUDENTS MUST STRUGGLE FOR UNITY  
Photo SQUAL

Some students paid very dearly for their activism. In 1985, an engineering student, Patricio Manzano, died after his arrest in a police raid on a FECH project: his heart stopped beating during his detention. In that same year, Rodrigo Rojas, a nineteen-year-old Chilean exile visiting from Washington, and Carmen Quintana, eighteen, were participating in a two-day national protest when they were confronted by an army patrol in a shantytown, doused with gasoline, set afire, and abandoned in a roadside ditch. Rodrigo died of his burns. Carmen was hospitalized, and, thanks to solidarity groups in Quebec, treated in a highly specialized Montreal hospital; she survived and was left, after months of unbearable pain, with a horribly disfigured face. She courageously returned to Chile and joined once again the struggle for freedom.

An old friend of mine, André Jacob — we entered the Oblates of Mary Immaculate together in 1961 —, who now teaches at the University of Quebec in Montreal, published a book<sup>173</sup> in which he recounts the story of Carmen Quintana and the political and social context in which this tragedy occurred. André had spent a few years in Chile in the late sixties as an Oblate seminarian and has always been deeply involved in the struggle of the people of Chile.

### Youths Join Guerrilla Struggle

As university, and even high school students were increasingly mobilizing, teenagers in the shantytowns were also expressing their frustration. They were not only fighting against a ruthless dictatorship and educational reforms; they were struggling against a regime that marginalized them and offered them a very bleak future.



Photo by Alvaro Hoppe, *Chile from Within*, 1988

After recovering from her severe burns in a Quebec hospital, Carmen Quintana returned to Chile. Her face heavily scarred, she is seen above participating in a demonstration organized by the Sebastian Acevado Anti-Torture Movement

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<sup>173</sup> André Jacob, *Carmen Quintana te parle de liberté*, Éditions du Jour, Montréal, 1990, 135 pp.

Between 1976 and 1979, the unemployment rate for fifteen - to nineteen-year-olds averaged 30%; for twenty - to twenty-four-year-olds, it averaged 23%. In 1982, more than 36% of all urban youth in Chile were without a job.<sup>174</sup>



Photo by Alejandro Hoppe 1985 *Chile From Within*  
Student wounded during sit-in at the University of Chile

In this context, it is not surprising that young men in the shantytowns of Santiago barricaded their streets night after night with burning tires and chunks of concrete and hurled rocks and bottles when riot police arrived. Thousands of youths were drawn into a guerrilla struggle that appeared to them a matter of life and death. Some joined the MIR, which, as we have already noted, was rejuvenated by the return in the early 1980s of exiles that had been trained abroad. Others were drawn to the Manuel Rodríguez Patriotic Front, a brigade created by the Communist party in 1980 and which was committed, as the MIR, to armed struggle. Fighting with homemade weaponry and explosives, they launched an urban war: “between 1983 and 1986, such groups were responsible for 3,326 dynamitings (usually electric towers), 1,889 acts of sabotage (burning buses or subway cars), 649

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<sup>174</sup> Constable and Valenzuela, p. 265.

*armed assaults, and 162 kidnappings or assassination attempts.*<sup>175</sup>

Many youths experienced a radical evolution: From shantytown teenagers, seething as they watched troops shove their neighbors to the ground, they became student protesters, finding thrills in throwing rocks at the military; having experienced detainment and torture, they finally joined combat units and learned how to make explosives and blow up electric towers.

## **POLITICAL PARTIES**

When the military Junta intervened in September 1973, it banned all the Popular Unity parties, and, of course, the MIR. It also suspended Congress as well as the activities of all other parties. Party elections were not permitted, nor were political discussions. A long tradition of establishing public policy through debate, where political parties provided alternating governments, came to an abrupt end.

As explained earlier, there were four major political parties in Chile:

- The Communist and Socialist parties, both members of the Popular Unity coalition;
- The Christian Democratic party, a centrist party very close to the Catholic Church;
- The National party, a rightist and very conservative party.

### **Communist Party**

The Communist party had been founded in 1922. Enjoying a long history of remarkable discipline, deep roots in the working class and having gained a solid experience of the underground during the period when it had been banned starting in 1948, it was better able to weather the organizational difficulties posed by the repressive post-coup d'état Chile. When its secretary-general Luis Corvalán was imprisoned, a new underground leadership

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<sup>175</sup> Constable and Valenzuela, p. 265.

was immediately established and the old cell structure put back in place. Considerable unity under a firm leadership was preserved.

Of course, as with all sympathizers of the Popular Unity, the big issue on the minds of Communist party members was the tragic failure of the peaceful road to socialism. What had gone wrong? Why did such a noble and ambitious dream crumble?

At first, most members of the party pointed their finger at the MIR, which, by systematically encouraging workers to use force to take over estates and factories, had broken the chances of any possible alliance with the Christian Democrats. They also blamed more radical Socialists such as Carlos Altamirano, president of the party, who in the weeks preceding the coup was openly calling for confrontation, thus making dialogue with the opposition impossible. But with time, through a painful examination of conscience, their analysis evolved. After all they had been the main moderating force in the Popular Unity government. They had led Allende to moderate the pace of revolutionary changes; they had systematically opposed the idea of arming workers; they had encouraged to the very bitter end an attitude of dialogue and compromise with the opposition, even with the military. Feeling undoubtedly very guilty about masterminding a strategy that in the end met with tragic failure and brought on ruthless repression, a feeling only accentuated by scathing criticisms<sup>176</sup> originating from leftist colleagues, the party shifted its analysis.

At their first post-coup plenum in Mexico City in 1977, they joined with the MIR and the radical Socialists in criticizing the reformist and passive attitude of the Allende government. As the DINA became more systematic in its repression, detaining elder party leaders, killing some and forcing others into exile, the party chose new and more aggressive leaders. Some were influenced by a party ideologue exiled in Moscow, Volodia Teitelboim, who admired the successful mass uprising against the shah of Iran in 1979. Some had fought with the Sandinistas in Nicaragua in their successful armed revolution against the long and firmly

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<sup>176</sup> See for example the book by Jorge Palacios, *Chile: An Attempt at "Historic Compromise"*, Banner Press, Chicago, 1979, 519 pp.

established dictatorship of Somoza and now felt new dynamism and hope. In Nicaragua, the Communist party had played only a marginal role in the revolution; if such a revolution should occur in Chile, many did not want to be left out of the action. *"The old men of the party lived the defeat of Allende with deep personal guilt, and Nicaragua accentuated it,* commented an underground Communist leader in 1985. *They felt as if the justification of their entire lives was at stake."*<sup>177</sup>

In 1980, the party's Secretary General, Luis Corvalán, announced a new party line of *"Popular Rebellion of the Masses"* boldly affirming that when faced with fascism people had no choice but to take up all *"all forms of struggle, including acute violence"*.<sup>178</sup> Not long after, the Manuel Rodríguez Patriotic Front was created in Chile and was undertaking guerrilla actions in Santiago.

Chilean Communists saw these renewed guerrilla actions as a form of support to the growing opposition movement in Chile. They claimed that blackouts provoked great joy in the popular sectors and great fear in the wealthy sectors. They expected Pinochet would be toppled by force, just as Somoza had been in Nicaragua. But others in this movement disagreed. They considered that the Communist party was only alienating their opposition allies and stirring the paranoia of the military regime.

In the wake of the mass protests of 1983 a multiparty Democratic Alliance (AD) was formed, including the Christian Democratic party and important sectors of the Socialist party. But this Democratic Alliance, opposing the strategy of armed struggle, excluded the Communist party.

Very upset by this turn of events — the Communists had constantly sought to form broad alliances —, the Communist party decided to create its own coalition with left-leaning Socialists. This alliance was called the Popular Democratic Movement (MDP).

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<sup>177</sup> Constable and Valenzuela, p. 275.

<sup>178</sup> Constable and Valenzuela, p. 275.

### **Socialist Party**

If the Communist party was able to resist and maintain unity, the Socialist party, however, was dramatically affected by the coup. Much less disciplined, not accustomed to party line thinking, with no underground experience whatsoever, its leaders were easily tracked down by the secret police. Since their leader, Carlos Altamirano, had been increasingly vocal in the weeks preceding the military takeover about the need to confront the enemy, the repression that descended upon party members was very harsh: thousands were detained and tortured and a great number executed. For years, the socialists in Chile were without leadership, and ended up splitting into at least fifteen fragments.

Abroad a party network soon sprang up. Carlos Altamirano was able to take refuge in East Germany along with another very influential party member, Clodomiro Almeyda. Strangely enough however, the experiences of these two men in exile made them evolve in opposite directions. During the Allende years, Altamirano had been the rabble-rousing revolutionary who in the end was calling for armed confrontation; Almeyda, however, had been known for his moderation, his spirit of compromise and dialogue. During their exile, roles were exchanged: Altamirano abandoned the strategy of armed struggle and adopted an attitude of compromise while Almeyda started advocating armed confrontation.

Undoubtedly, Almeyda's evolution had much in common with that of the Communist Party, similar factors causing him to shift his analysis and strategy. Altamirano, however, was heavily influenced by his daily experience in East Berlin. As he later confided, he had been shocked by the lack of freedom of East Germany and could not stand a system that punished initiative and developed a sheepish people. *"I realized that the division of the world between...white and black was not so certain or precise"* he recalled.<sup>179</sup>

Almeyda's views prevailed among the Socialist underground in Chile. In 1978, when he replaced Altamirano as the party's

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<sup>179</sup> Constable and Valenzuela, p. 278.



Secretary General, he immediately declared the party to be revolutionary and Marxist-Leninist.

Gradually, however, the party shifted towards Altamirano's views. The latter had retired to a quiet life of study in Paris but in 1983 his faction gained enough support in Chile to elect as secretary-general Carlos Briones, Allende's former minister of interior. The Briones' Socialists soon joined the Democratic alliance referred to above.

The Almeyda Socialists remained committed to the armed struggle strategy; they joined the Communist party in the Popular Democratic Movement and formed their own guerrilla groups known as the *commandantes*.

Despite their victory in obtaining their candidate as secretary-general, the Briones Socialists were overshadowed for years by the Almeyda Socialists. Only when the struggle against the military regime turned more towards electoral competition, did they gradually regain an upper hand.

### **Christian Democratic Party**

In deep alliance with the powerful Catholic Church of Chile, the Christian Democratic party initially backed the coup d'état. Indeed, without its support, it is highly improbable that such a coup would have taken place.

The highly respected Christian Democrat and ex-president of Chile, Eduardo Frei, clearly supported the coup. However, Bernardo Leighton, another very influential Christian Democrat, along with twelve others quickly published a statement declaring it immoral and avoidable. As we have seen, the DINA later attempted to assassinate Leighton in Italy as the latter was trying to unite all democratic forces of Chile against the dictatorship.

In mid-1974, a growing rift appeared between the military and the Christian Democratic party. Frei had expected the military would return the country to civilian rule within six months to a year; it was becoming clear that the Junta's intentions were different. Frei had undoubtedly hoped his party could steer the political and economic policies of Chile, in collaboration with the Junta and the National party; it was increasingly clear that power

now rested with the far right and that new economic policy would not only completely reverse the Popular Unity reforms, but even many of those implemented by the Christian Democrats in the 1960s.

In 1977, when the Junta discovered that the Christian Democratic party was not only criticizing the government but had even developed plans for a new, more democratic government, it decreed all political parties of Chile dissolved.

Unlike the Communists and the Socialists, the Christian Democrats were spared massive repression, enjoying an immunity originating from their support for the coup and their closeness to the Catholic Church. Nevertheless, they did not totally escape repression. During the 1980 plebiscite on the constitution, the president of the Christian Democratic party, Andrés Zaldivar, launched an underground campaign to draft an alternative constitution, secretly uniting lawyers, academics and labor activists from both center and left parties. After the referendum, he was immediately forced into exile. The fact that they could not function openly also put considerable strains on the unity of their party; the traditional rift between the left-leaning and right-leaning factions continued.

After the sudden death of their most outstanding leader, Eduardo Frei, in 1982, the Christian Democrats agreed on a new left-leaning elder as their new president, Gabriel Valdés. Valdés immediately set out to rebuild the party's following and reached out to the Briones' Socialists to develop a broad alliance. The result was the Democratic Alliance of August 1983.

### **National Party**

Following the coup d'état, the rightist National party abandoned all traditional Chilean concerns for democracy. If some National party legislators were unhappy with their forced withdrawal from public life, most members, like the party's president himself, Jarpa, fully supported the suspension of Congress. The military, after all, were basically restoring, not only 'order and progress' but more importantly the very power and worldview of the National party. And influential National Party leaders were now running the country.

From 1973 until 1983 most conservatives, not surprisingly, became 'politically inactive'. Except for two small very rightist factions that competed fiercely to become the party of the regime: the *gremialistas* and the *nacionalistas*.

The *nacionalistas* were hard-line authoritarians closely allied with the DINA. Although they emerged in the early 1900s and gained visibility with the rise of fascism in Europe in the 1930s, they only really made their presence felt in Chile during the Allende years when they created Patria y Libertad. In their vision, democracy was not a value; they believed that aristocracy, that is the educated elite, should run the country. They believed that the armed forces incarnated the very spirit of this aristocracy and one of them spoke of Pinochet as "*the greatest statesman of the twentieth century*." After Patria y Libertad dissolved itself after the coup, its leader, Pablo Rodríguez, became one of Pinochet's consultants.

The *gremialistas* were staunchly opposed to both Socialism and a Christian Democratic type of capitalism. They believed in a radical, 'apolitical' type of capitalism where economic freedom was total and the role of the state reduced to peanuts. One of their leaders Jaime Guzmán, a very devout Catholic who was also a member of the very conservative movement in the Catholic Church called Opus Dei, founded a new political party in 1983 called Independent Democratic Union (UDI).

In that same year, a handful of conservatives formed a group called the Republican Right and started opposing the military regime; they felt that Chile had lost its "*system of liberty which distinguished us*" in the past. In August 1983 they joined the Democratic Alliance along with the Christian Democrats and the Briones' Socialists.

### **August 1985: National Accord**

Thanks to the mediation of the newly named leader of the Catholic Church, Cardinal Fresno, twenty-one politicians representing a broad range of political parties in Chile signed the National Accord for Transition to Full Democracy in August 1985. No less than eleven parties participated. The Communist party strongly opposed the accord. The Almeyda Socialists,

previously converted to the armed struggle approach, started distancing themselves from the Communists and quietly welcomed the Accord.

The Accord was truly historical. It represented a broad range of political parties, from the right to the left: even a newly formed conservative party called National Union had agreed to sign. It basically opposed Pinochet's plan, clearly set out in the 1980 constitution, for a slow, controlled shift to limited democratic rule. All states of emergencies should be lifted, it stated. Political parties should be legalized and arbitrary exile and internal banishment halted. There should be free, direct presidential elections in Chile. Congress should be a stronger, elected Congress and not one partly appointed by Pinochet. All agreed to respect private property, including the Socialists.

For the very first time since the coup, Pinochet seemed to be vulnerable and isolated; a swift end to military rule appeared in sight. A strong consensus was developing that Pinochet could not last until the plebiscite he had planned for 1989.

### **Quarrels Following Accord**

But the high hopes were soon dashed. No sooner was the Accord signed than Pinochet flatly refused to even consider it and got to work stirring fears of a Marxist comeback. Also and more importantly, it soon became clear that the signing parties basically did not see eye to eye concerning tactics: some felt that street violence and protests were necessary to force the regime to make political concessions, others believed that such actions would only serve to alienate the middle class and undercut chances of ending military rule.

The Socialists and left-leaning Christian Democrats argued that continuing massive street protests were positive and necessary. Even though they had not agreed to formally accept the Communists in the Accord they felt that they should work with them to mobilize demonstrations. Not doing so, they argued, would probably make them appear too soft on the dictator; worker grass root support would then shift to the Communists.

The right-leaning Christian Democrats and the Conservatives disagreed. To them such a strategy of openly supporting massive protests would only make it easier for Pinochet to present the leaders of the Accord as Marxist dupes and render negotiations with the armed forces impossible. There was fear also of losing middle class support to rightist pro-regime forces.

This difference became acute when Christian Democrat student leaders started, as we have seen above, forming alliances with Communist and Socialist student leaders. The party leaders having chosen not to disavow their respective students, the representative of the rightist National Party, Allamand, was deeply upset. Pinochet, he said, will never sit down at the table if the Christian Democrats condone alliances with the Communists.

If this quarrel considerably weakened the impact of the Accord, another factor triggered a major setback. In 1986 security forces discovered a considerable amount of arsenals — in fact enough to supply several combat battalions — that the Manuel Rodríguez Patriotic Front had been stockpiling. Realizing that their long-term plans were now unraveling, the Front then decided to undertake a swift and bold action. On September 7 it launched what it called Operation Twentieth Century: it attempted to assassinate Pinochet as he was driving in his heavily guarded caravan. A LOW rocket did hit the Mercedes in which Pinochet rode but it failed to explode. The dictator fled off to safety with a slightly wounded hand.

Of course, the experienced dictator reacted as expected: he launched a devastating witch-hunt against the left. Hundreds of activists were detained and interrogated. Nine of the twenty-five guerrilla fighters involved in the assassination attempt were tracked down and executed. Pinochet came out of the ordeal fortified; his claim of a Communist threat was confirmed and his miraculous escape made him appear as a hero.

After this incident, the Christian Democrats put an end to all collaboration with the Communist party. The Almeyda Socialists, who thus far had fully collaborated with the Communists, even in their armed struggle approach, also distanced themselves from them. They had not been informed of the assassination attempt, thought it was a big mistake and felt betrayed. They had soon

reunited with the Briones' Socialists, and the party, under its new leader Ricardo Núñez, openly condemned political terrorism and called for "*the construction of one great Socialist party*" to work for a return to democracy.

A deep quarrel concerning strategy, a failed assassination attempt on Pinochet with its resulting wave of harsh repression, and an economy that was starting to pick up steam all combined to deal a critical blow on the historic 1985 Accord; it finally collapsed altogether.

Washington had formally supported the Accord. Since the 1979 revolution in Nicaragua, it had been characterizing the Sandinista regime as being Communist and totalitarian; a dictatorship, it claimed, was ruling in Nicaragua. Critics of course pointed out that Reagan was guilty of double standards, fully condoning, on the one hand the friendly and capitalist dictator Pinochet, and trying to depict, on the other, a popular socialist revolution as a dictatorship. By condoning the Accord, even to the great displeasure of Pinochet, Washington was trying to counter this critique. Also and more importantly, key US officials were increasingly of the opinion that the traditional American support of Third World dictators was no longer a wise policy. Very rapidly, they stopped supporting their long time allies Marcos in the Philippines and Duvalier in Haiti. Their support of the Accord was in line with this new strategy. In any event, Reagan cannot be said to have mistreated Pinochet; from his re-election in October 1984 until mid-1987, Reagan had backed eighteen multilateral loans to Chile worth a record \$2.1 billion.<sup>180</sup>

## OPPOSITION WINS PLEBISCITE

The constitution that had been endorsed by the people of Chile in 1980 did little, as we have already seen, to protect basic human rights; quite the contrary. However, it did define a process whereby limited democracy would slowly be returned. A plebiscite was to be held in 1988, basically a yes-no vote to one single candidate named by the four members of the Junta. A yes vote meant that the elected candidate would rule over Chile for

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<sup>180</sup> Constable and Valenzuela, p. 290.

the following eight years. A no vote meant that Pinochet would stay in power for another seventeen months during which free elections would be held. In both cases the constitution guaranteed that Pinochet would remain army Commander-in-Chief for eight more years.

To the dismay of many sectors, the candidate chosen by the Junta was none other than Pinochet himself. Some generals were not happy about this. The Catholic Church warned this path would only lead to greater polarization. Even some conservatives were very leery. But the dictator who had survived so long in power — the scandals surrounding the DINA, the massive protests of 1983, the historical Accord and even an assassination attempt — was convinced his job was not yet done.

The plebiscite would occur on October 5, 1988. While the opposition was given no television time whatsoever<sup>181</sup>, the government produced massive amounts of pre-electoral ads. It sharply increased, during the year preceding the vote, its production of homes for the poor. Army officers acting as provincial governors became heavily involved in promoting the yes-vote to the Pinochet candidate, as did the Pinochet-named mayors throughout the country. Prominent business leaders put their weight behind the yes-vote. The large women's association headed by Pinochet's own wife worked frantically for the yes-vote. Although there was theoretically a total ban on campaign graffiti until one month before the vote, small brigades would roam the streets at night painting yes-slogans on walls and posts. If no-slogans appeared, they were immediately painted over.

Having long criticized the yes-no type of plebiscite with a single candidate named by the Junta as illegitimate, the opposition forces did not accept, at first, to play the game. Much time and energy was spent fighting the process itself.

When the government permitted, in March 1987, all non-Marxist parties to become legal, as long as they collected signatures from 35,000 registered voters, a consensus started emerging to play by

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<sup>181</sup> According to Isabel Allende, it did receive 15 minutes a day, but at 11 p.m. when everyone was supposed to be sleeping. See her book *Paula*, Fayard, translated from Spanish to French by Pierre Guillaumin, 1995, p. 418.

Pinochet's rules and to attempt to win even by obviously very biased rules. Ricardo Núñez, head of the moderate Socialists and his colleague Ricardo Lagos, registered a new party called Party for Democracy. The Almeyda Socialists, after first denouncing the referendum as a 'trap', soon joined their moderate colleagues and became active in the election process. The Communist party procrastinated for some time but in the end, under grass root pressure, decided to go along.

That a fair, democratic vote would be held was far from evident. The regime continued declaring 'states of exception', during which it could detain anyone for three weeks, censor the press and ban public meetings. The Church Committee reported 1,780 political arrests from January to June 1988. Offices used by the No supporters were firebombed, rallies for the No were often dissolved and volunteers harassed or beaten.

As already mentioned, the United States had decided it would now be better for its interests to let go of Pinochet. A No-vote seemed the best way to obtain this result without causing a radical change in Chilean free-market economic policies. So Reagan channeled \$1.2 million to Civic Crusade, an organization of the opposition, and American Congress authorized another \$1 million to media consultants and to help organize a parallel vote count.

Under pressure from abroad and in an effort not to appear a dictator, Pinochet lifted the states of exception weeks before the vote and announced that all the remaining exiles were now free to come home.

### **Opposition Forces Unite**

After months of quarrels and debates sixteen opposition parties for the "No" managed to unite, by August 1988, under a single Command headed by Genaro Arriagada. Experienced leaders who had been quiet since the coup came out of their silence. Socialist Ricardo Lagos and Christian Democrat Patricio Aylwin, recognized as official spokesperson for the No, campaigned relentlessly and effectively.



The Yes campaign, in a clear sign of weakness, produced TV ads reminding Chileans that a no-vote was equivalent to returning Chile to the chaos and food lines of the Allende years, to Communism with all its evils.

The No campaign chose more subtle, but nevertheless powerful images: an elderly woman purchasing, for lack of money, one single tea bag in a store; a sports star recounting how his mother had been beaten by the police; the tape of a judge denouncing torture — the government had it immediately removed from the air.

On the evening of October 5, 1988, in an atmosphere of incredible national tension, the plebiscite results started coming out. It was soon clear that the no-vote was winning. When Pinochet was informed of the results, he was in a state of shock. His close advisors had constantly told him that he could be fully confident. Wherever he went, crowds were there, cheering him. And now...

At one point Pinochet was so frustrated that he told his military colleagues he demanded emergency powers or he would simply resign. They reacted by reminding him politely that they had sworn to respect the new constitution. “*All right, Pinochet finally said, do whatever you want.*”<sup>182</sup>

A few weeks later he was blunter.

*Don't forget, he said, that in the history of the world, there was a plebiscite, in which Christ and Barabbas were being judged, and the people chose Barabbas.*<sup>183</sup>

The final vote count was done twenty-four hours later: 54.7% in favor of the No and 43% in favor of the Yes. The dictator had lost.

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<sup>182</sup> Constable and Valenzuela, p. 309.

<sup>183</sup> Constable and Valenzuela, p. 296.

## CONCERTACION WINS ELECTIONS: 1989

Pinochet had been defeated but he still remained very powerful. According to the 1980 constitution, as we noted above, he would remain in command of the army for eight more years. He would remain president of Chile for seventeen months. And he would keep an iron grip on any future Congress, naming nine of the twenty-six new senators. All Marxist or 'antifamily' parties were outlawed and a National Security Council, clearly dominated by military officials, maintained vaguely worded veto powers over presidential and congressional decisions.

Following the victory of the no, intense pressure, coming from broad sectors of Chilean society, was applied on Pinochet. He was asked by Patricio Aylwin, spokesperson for the no-campaign, to resign in the interests of national reconciliation. He flatly refused and top military made it clearly known that such a demand was an open attack on the basic laws of society; "*the use of legitimate force*", as in September 1973, could therefore be used...

In the end, however, the opposition was able to obtain some mild concessions. The number of elected senators was raised to 38 (from 27) and the number of civilians in the National Security Council was allowed to go up. Instead of the vague law against Marxist and antifamily parties, the new ban was limited to parties promoting violence.

Seventeen parties now belonged to the broad opposition coalition that named itself 'Concertación'. Patricio Aylwin was chosen as the unique candidate of the Concertación and long and delicate discussions took place before a candidate was chosen for each one of the 158 ridings.

Of course, the Junta drafted another electoral law that gave them an extra edge. Congressional districts were redrawn to allot more deputies to rural areas where the yes-vote had been strongest.

The candidate chosen by the government and the most influential conservative forces was Hernán Büchi, Pinochet's finance minister who had helped Chile embark in years of uninterrupted

and substantial economic growth since 1985. Other conservatives even more to the right chose Javier Errazuriz as their candidate.

Somewhat surprisingly, the platform of the Concertación left untouched the basic pillars of the new, revamped economic policies of Chile. Alexandro Foxley, an opposition economist made several speeches in which he recognized that Pinochet's policies had stabilized, modernized and expanded the economy and that the opposition had no desire to undo these achievements.

On December 14, 1989 the election results confirmed what opinion polls had been consistently showing: Aylwin was elected with 55.2% of the vote, Büchi obtaining 29.4% and Errazuriz, 15.4%. Aylwin spoke to an ecstatic crowd and proclaimed: "*Chile has recovered its freedom!*". The Concertación gained 72 of 120 seats in the Chamber of Deputies and 22 of 38 contested Senate seats. Voters across Chile had basically rejected candidates of the far right and far left.

### **Pinochet Consolidates His Power**

The man who had ruled over the destiny of Chile for nearly seventeen years with an iron fist kept busy in the period preceding the official inauguration on March 11, 1990. He consolidated the power of the military by upgrading laws that banned civilian interference with military budgets, promotions or education. He guaranteed the armed forces 10% of all gross revenues of state copper firms. At military ceremonies he assured his troops that he would protect them from 'unjust' prosecution. In October 1989 he warned that, "*The day they touch any one of my men, the state of law is ended.*"<sup>184</sup>

His method for maintaining his influence over the Supreme Court of Chile was fairly straightforward: he offered all justices over seventy-five a generous bonus for early retirement. Despite a national outcry at such a crude method, only four out of the ten eligible candidates declined the offer. Pinochet was thus able to name six more judges.

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<sup>184</sup> Constable and Valenzuela, p. 317.

He who had brutally ousted thousands of Popular Unity civil servants after the coup now drafted a law protecting all civil servants from dismissal. He also hurried to privatize yet more prized government assets: television stations, newspapers and the national airline, Lan-Chile.

Even though both Büchi and Aylwin had called, during the electoral campaign, for the dismantling of the CNI (new name for DINA), Pinochet made yet another maneuver. The CNI had been under the personal command of the president; now he simply decided to turn the agency into army intelligence, thus shielding it from civilian prying and securing control over a very useful resource. Once elected president, Aylwin promised he would seek the truth about the past regimes human rights' abuses, but as we shall see, that promise would end up having very little teeth.

Pinochet also knew that with a new, elected government, the Letelier assassination was bound to cause General Contreras, and possibly himself, a few problems. Strangely enough, during the last months of military rule, several secret police veterans were assassinated; presumably, they knew too much.



**PART IV**  
**Chile Under the Chicago**  
**Boys**



## **Chapter 11**

# **Worldview of the Chicago Boys<sup>185</sup>**

Although we have followed events from the September 11, 1973 coup d'état until the electoral victory of the Concertacion in 1989, one important piece of the puzzle is missing if we are to understand the nature, as well as the rise and fall of the military regime: the neoliberal economic revolution.

As previously mentioned, the military Junta did not only restore 'law and order' in Chile; with the full support of Chile's most conservative and traditional business sectors, it essentially restored the basics of an old order. However, the old order reintroduced was given a radically new form, placing Chile into the vanguard of what would soon become an international trend.

On the night of the September 11 coup d'état, as the military were busy systematically eliminating the Popular Unity government and its supporters, a 500 page document was being photocopied full speed by a small group of excited economists. They wanted to make sure every General in the new regime would have a copy by the very next day.

Why the rush and why the excitement? Because the document—known as 'the brick'—represented the blueprint for a totally new, revamped Chilean economy.

Ten economists, soon to become widely known throughout Chile as the "Chicago Boys", had prepared the document. Middle and upper class students at the Catholic University in the 1950s and

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<sup>185</sup> In the following sections, I will draw heavily from Collins and Lear. Footnotes will be limited to direct quotes and to indirect quotes deemed important. The material on Adam Smith comes mostly from notes taken when I began studying this author at the end of my stay in Chile.



1960s, these economists shared a conservative background, a strong hatred of socialism and a dislike of Keynesianism<sup>186</sup> as well as contempt for Chile's 'free-wheeling, mass democracy'. Eight out of the ten had later been trained at the University of Chicago in the United States by Arnold Harberger and Milton Friedman whom they greatly admired. This experience had served to strengthen and radicalize their conservatism.

'The brick' had been produced under the sponsorship of the Society to Promote Manufacturing (SOFOFA), Chile's major industrial lobby. Its president, Orlando Saenz, had received funding from foreign corporations and most likely from the United States as part of a 'war plan' to destabilize the Popular Unity government.

*"At first we tried to coexist with Allende, later commented Saenz, to give him the benefit of the doubt, but by the end of 1971 we realized he wanted to implant a dictatorship of the proletariat. From then on, our vow was to destabilize the government. We didn't know precisely when the explosion would come, but we kept putting more wood and paper on the fire. Eventually, they were bound to ignite."*<sup>187</sup>

What kind of new economic policies did 'the brick' call for? We have already mentioned them earlier but let me recall them once again: selling public firms to private investors, lifting subsidies on essential goods, subjecting social programs, education and health to radical privatization schemes, drastically reducing trade barriers in order to expose home industries to the 'wind of foreign competition', substantially devaluating the national currency, bending over backwards to welcome foreign investments, prioritizing exports as the driving force of the

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<sup>186</sup> Keynesianism, an economic school of thought based on the writings of the British economist and journalist, John Maynard Keynes, holds that governments must actively intervene in the economy to diminish the negative impact of the unavoidable swings resulting from a capitalist economy. When unemployment rises, governments should help create jobs and not merely rely on market forces.

<sup>187</sup> Constable and Valenzuela, p. 201. As we have seen, a study of the events of 1970 leads one to doubt very strongly that Saenz ever wanted to give Allende the benefit of the doubt.

economy and, last but not least, transforming labor into a remarkably supple and flexible commodity.

Such policies, radically different from those pursued not only by the socialist Allende government but also by the Christian Democratic regime of Frei in the 1960s, find their roots in a global philosophy or worldview. Before examining their gradual implementation in Chile, it will help orient us if we first take a closer look at this worldview and its historical roots.

### **Neoliberal View of the World**

While Milton Friedman represents the intellectual father of the Chicago Boys' worldview, its historical roots go back to one of the world's greatest economists, Adam Smith. We will therefore briefly review the latter's theoretical contribution and then discuss Friedman's views.

Writing in the second half of the 18th century, Smith argued that the secret of a nation's wealth lies in the naked forces of supply and demand. Wealth, Smith recognized, is concentrated in the hands of the few who, because of a deeply ingrained natural tendency, are forever striving for more material possessions. Although he conceded that this propensity, examined in a moral light, appears less than noble, he maintained that God in his wisdom had organized things in the world in such a way as to allow selfishness and greed to produce the greater good of all in society. From an apparent evil flows not only justice and harmony, he claimed, but rapid economic growth.

Just how does this work? Smith first provided us with part of an answer in a philosophical treatise published in 1759. The master (the expression he used for capitalist) can pursue his own satisfactions and whims, he said, but his stomach is no larger than that of the meanest peasant:

*"The rest he is obliged to distribute among those who prepare, in the nicest manner, that little which he himself makes use of, among those who fit up the palace in which this little is to be consumed, among those who provide and keep in order all the different baubles and trinkets which are employed in the economy of greatness; all of whom thus derive from his luxury*

*and caprice that share of the necessities of life and justice. (...) They consume little more than the poor; and in spite of their natural selfishness and rapacity, though they mean only their own convenience, though the sole end which they propose from the labors of all the thousands whom they employ be the gratification of their own vain and insatiable desires, they divide with the poor the produce of all their improvements. They are led by an invisible hand to make nearly the same distribution of the necessities of life which would have been made had the earth been divided into equal portions among all its inhabitants; and thus, without intending it, without knowing it, they advance the interest of the society, and afford means to the multiplication of the species. When providence divided the earth among a few lordly masters, it neither forgot nor abandoned those who seemed to have been left out in the partition. These last, too, enjoy their share of all that it produces.”*<sup>188</sup>

Wealth, then, although very unequally divided, ends up being shared by all, according to Smith, because of the very selfishness and rapacity of the masters who own it. The latter, although motivated by ‘vain and insatiable desires’, are somehow and quite unknowingly led by an ‘invisible hand’ to create jobs for the poor, to provide them with necessities and even justice.

Some thirty years later, in *The Wealth of Nations* (1789), a book that is considered by many as the bible of economics, Smith made his thinking more explicit. Pursuing profits is what a market economy is all about, he noted. When a butcher sells you meat, he does not do it because he wants to help you or because he likes you. His primary motive is self-interest, profit. But how can he make profits by selling meat? To do so he must compete with other butchers who are also trying to sell you meat. If he is more efficient than his competitor, his costs in running his store will be lower and thus his gains higher. Efficiency is rewarded and inefficiency punished, continued Smith, not by some great

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<sup>188</sup> *Theories of Moral Sentiments, Reprints of Economic Classics*, Augustus M. Kelley, Publishers, New York, 1966, First published in 1759, p.264-265 (emphasis mine).

king but by something both very simple and impersonal: sheer market forces.

What makes for efficiency, according to Smith, is the existence of markets. A market exists when people produce things not for their own personal consumption but for that of others. The bigger the market for a product, the more one can produce. The more one can produce, the more the process of production can be divided into separate, clearly specialized tasks. As the work process is broken into neatly defined tasks, workers performing these tasks develop greater dexterity and speed; repeating the same unique task over and over again obviously improves skill. Furthermore, once tasks are broken down into distinct and simple steps, some of these can be carried out with the help of machinery.

By allowing for increased specialization, markets thus favor improved productivity: more goods can be produced using fewer resources, the most obvious of these being labor itself. With less and less labor, more and more goods can be produced.

The profit-hungry capitalist must seek to constantly improve the efficiency of the production process. If he succeeds, he becomes wealthier. But the consumer also gains from this in two ways: first as a worker, then as a consumer. As a worker: the capitalist who succeeds can expand and thus needs more labor. As a consumer: the capitalist who is more efficient can sell at lower prices than his competitors and people pay less for their products. In fact, all of society gains because the forces of competition will push all competitors to adopt the lower price and, in order to stay in the ball game, to eventually become as efficient as the leader.

This logic leads one to perceive wealth and income inequality not as a problem but rather as a solution. The wealthy are not obstacles to progress and jobs but their very creators. It also leads one to perceive the ever spreading of markets as a positive evolution. A market may spread from a small town to include many towns. It may spread from one region to include many regions. It may even spread from one country to include many countries, nay the entire globe. The bigger the better. It also leads one to perceive the pursuit of individual gain, the effort to satisfy those insatiable desires, in a very positive light. Living thus

appears as a rat race, a constant struggle against your neighbor. Survival of the fittest.

This worldview also leads one to conceive the role of government as a passive, somewhat secondary one. The heart and motor of economic activity lies in individuals, especially the wealthy. At the very most the government should provide law and order; markets cannot function if private property is not protected, especially that of those who have so much that the poor majority may be tempted to have recourse to stealing. Other than that, governments should keep their noses out of economic matters, or, to use the French expression now become classic: laissez-faire.

Despite his philosophy in which radical economic freedom appears as the driving motor of the economy, Smith did make certain qualifications. For example, he pointed out that unhampered specialization could one day produce workers so enslaved in the performance of a limited and simple mechanical task that their minds would become dampened and alienated. He also worried, on occasion, about the excessive power of the masters. The masters, he claimed, often get together to limit the freedom of the market and thus increase their benefits. The workers, on the other hand, are not allowed to combine. In any case, even if they could organize a work stoppage to protest against their situation in the workshop, they are generally so poor, argued Smith, that they would not be able to survive for more than a matter of days. The sheer need to stay alive would force them back to work.

### **Milton Friedman's Philosophy**

The worldview of Milton Friedman, a very influential contemporary economist, resembles that of Smith. In *Capitalism and Freedom*<sup>189</sup>, Friedman points out two major dangers facing the United States. The first danger is fairly obvious: it is that of communism and socialism which, in the 1960s, was spreading its wings in the world. The second danger is more subtle but perhaps all the more threatening: it is the increasing encroachment of the State in economic matters, an encroachment which, in

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<sup>189</sup> Chicago: University of Chicago Press, 1962.

Friedman's mind, poses two problems. More state intervention means less individual freedom, and it also results in less economic efficiency.

If the first danger does call for powerful state intervention — military expenditures are necessary to fight communism — the second one, the main issue addressed by the book, calls for drastic cuts in the size and role of government. The economy should be left alone to free, unregulated competition. The ideal government policy is therefore one of laissez-faire: the least government is the best government. National governments should shift as much responsibility as they can to local and municipal governments and the latter should shift as much responsibility as they can onto individual shoulders. The worst policy is one where governments stick their noses everywhere. Keynesianism is bad because it recommends strong government intervention and socialism is horrible because it pushes such intervention to the extreme of trying to directly manage the entire economy.

### **Heart of Economic Ills: Government Intervention**

What kind of government interventions is Friedman worried about? Price controls and subsidies; obstacles to free trade such as quotas and tariffs; nationalization or in other words creating state-owned firms; public schools and health systems; minimum wage laws that are generous and public social services that are universal in their coverage.

Price controls, in his view, create inefficiencies because they distort markets. If the government sets a price high to protect the producer, the latter tends to produce easier and fatter profits; with time, he becomes government-dependent and not competitive. If a government sets a price low to protect consumers, firms find their profit margins falling and tend to lower production; shortages are experienced, and, in some cases, black markets where producers freely set prices flourish.

Tariffs and quotas create inefficiencies, according to Friedman, for similar reasons. When a government protects a local or domestic firm by slapping a tariff or imposing a quota on foreign produced goods, it eventually makes for local and domestic firms that are lazy, not competitive and government-dependent.

Consumers get ripped off in the end because they pay higher prices than they should.

A similar reasoning applies in the case of subsidies. Governments say they provide subsidies to certain firms to encourage them to invest in a particularly underdeveloped region or to help a new firm get off to a good start or yet again to protect them from fierce foreign competitors. But what usually happens, argues Friedman, is that firms get accustomed to such subsidies. Instead of dying if the market so dictates, inefficient firms can thus survive for years. The result? The public purse, in other words the taxpayer, gets ripped off and consumers have to pay higher than necessary prices for their goods, inefficiency becoming the rule.

Nationalizing a firm, creating state-owned firms can only lead to negative results, according to Friedman's philosophy, because no one can be more efficient than the individual entrepreneur who owns and operates his or her own firm. When the state owns a firm, public managers of such firms, who are not subjected to the discipline of the market, tend to become bureaucratic, negligent and wasteful. Since any deficit is automatically made up by the public purse and the danger of bankruptcy is next to nil, inefficiency becomes the rule, not the exception. In sharp contrast, a privately owned firm cannot afford this luxury. If it is not competitive, market forces will eliminate it. Staying alive and keeping up to top efficiency are one and the same thing.

That government takes over schools, hospitals, health care services and even social programs or pension funds, automatically leads to unnecessary inefficiencies, in his view, for exactly the same reason. Nationalizations create large and wasteful bureaucracies, and so do public schools, public hospitals, and government-run social programs. Free schooling is not necessarily a good thing, he says, because an individual should be held responsible for investing in his or her own formation and assuming the full cost thereof: otherwise, once the market discipline dwindles, so does efficiency.

### **Unions and Minimum - Wage Laws Create Problems**

Friedman's criticism also targeted government-set minimum wage laws. Theoretically, a government sets a minimum wage to protect workers who might otherwise be paid too little. But what happens, says Friedman, is that minimum wage laws increase a firm's costs of production and therefore eat into its profits. Firms therefore tend to lower production and hire fewer workers. The result? Greater unemployment and more economic hardship than if wages were allowed to be set by sheer market forces. Furthermore, firms will tend to shy away from a country or a province where minimum wages are higher. After all, they are in business for profits.

If government intervention in economic affairs is undesirable — except in those rare areas where private enterprise can clearly not assume the task, such as national defense —, Friedman also views all institutions that limit the range of an individual's choice as undesirable. Labor unions, in his view, distort the labor market. By organizing into large groups and developing powerful federations, unions artificially drive wages, working conditions and fringe benefits at non-market levels, thus undercutting profits and discouraging investments. Theoretically, this line of thinking should logically lead Friedman to oppose firms that are oligopolies or monopolistic. But in *Capitalism and Freedom*, he argues that unionism, since the beginning of the 20th century has been constantly increasing and causing market distortions, whereas there has been no trend towards monopolization during this same time period. The threat, for Friedman, lies in unions and not in big, and in larger and ever-more powerful firms.

### **Inflation the Culprit, not Unemployment**

In terms of macroeconomic policy, in other words policy aimed at issues such as unemployment and inflation, Friedman's views are ultra clear. Unemployment is not the problem; it should be allowed to attain whatever its natural level happens to be. 'Don't worry', is the slogan. The labor market will do its thing! In his view, governments make a big mistake by attempting to create jobs by implementing Keynesian-inspired schemes. Inflation, on the other hand, is considered very important and governments



should keep a tight lid on the growth of the money supply in order to avoid inflation at all costs.

In a nutshell, the view of Friedman is similar to that of Smith in that both adhere very strongly to markets as the most efficient driving force of the economy. In some ways, however, Friedman's faith in the free market surpasses that of Smith's. The latter noted, as we have seen, that the power relation is clearly tilted in favor of the 'masters' who often combine and make deals limiting market competition whereas the workers, because of their poverty and inability to organize and withstand a work stoppage, have no real power. Friedman, in a very different context it is true, worries that unions are becoming too powerful and argues that capitalist firms, in sharp contrast, are not dangerously concentrating power in their private hands. Smith expresses concerns about the alienation of workers possibly resulting from an ever increasing specialization of the work process. Friedman expresses no such concerns.

One last but important comment. It is a bit ironic that the Chicago boys chose to implement their economic model, in which individual economic freedom plays such a pivotal role, in a country that was denied its basic human rights for nearly seventeen years. Why was it so important to allow consumers to be totally free to choose what to buy, at the very moment when they were deprived of freedom of association, freedom of speech and freedom of political alternatives? The answer lies perhaps in the very narrow neoliberal definition of freedom: while the moneyed sectors were permitted to move their capital and to enjoy power and prestige, the workers and ordinary citizens were not allowed to organize and to express their collective dignity. An old order was being restored with a new façade...

## **Chapter 12**

### **Key Economic Periods: 1973-1990**

Aware of the basic thrust of the economic policies of the Chicago boys and their theoretical underpinnings, let us now turn to an examination of the historical evolution of the Chilean economy during the military regime. In their study to which I have already referred several times, Collins and Lear distinguish five periods in this economic history of Chile.

#### **1. September 1973 to April 1975: Political Repression and Economic Retrenchment**

When the military imposed themselves as the rulers of Chile, the nation was in a very difficult situation. Inflation had reached some 900%, there were shortages of many essential goods, international reserves had been depleted, the government deficit represented 24.7% of the GDP and six hundred state enterprises were losing a total of \$500 million a year.<sup>190</sup>

Even though the Chicago Boys were ready for action with their economic plans contained in the 'brick', the Junta did not immediately grant them total freedom to go ahead. It initially also made use of the expertise of experienced economists of another mindset and who had worked under previous administrations. Fernando Leníz, an executive of El Mercurio, was named Minister of the Economy. Raul Saez, a key player in the Alliance for Progress as well as in Chile's state-

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<sup>190</sup> Constable and Valenzuela, p.167.

sponsored industrialization program of the 1940s, became Minister of Economic Coordination.

Under the leadership of these two, who were open to some freeing of the market, the Junta first implemented a gradualist economic reform in 1974. State expenditures were reduced, import tariffs above 200% were eliminated, and the fiscal deficit was brought down to 11% of GDP (from 24.7%). Wages were allowed to fall substantially and unemployment to rise to unprecedented levels; nevertheless, inflation remained at a dangerous 375% and the government deficit stood at 32%. To make matters worse, a world recession, partly triggered by skyrocketing oil prices, was having a negative impact on copper earnings from exports.<sup>191</sup>

When two free-market measures were implemented — important currency devaluation and the freeing of the prices of many goods and services — General Merino, one of the four Junta members who had accepted the responsibility of the economic sector, became very upset when he saw prices skyrocketing:

*“We’ve all been deceived, he told his advisors. When we took the decision to devalue no one told us that the price of wheat (much was imported) was going to go up substantially and consequently the price of bread and many other things were going to increase as well. This creates problems for us and is unacceptable. The military junta cannot bring about increases in prices as it will be accused of killing people through hunger.”*<sup>192</sup>

Besides lifting price controls and devaluating the currency, the government returned most of the firms confiscated by the Popular Unity government to their owners, *“shifted many of the smaller farms resulting from years of agrarian reform out of the hands of farm workers towards investors, (and) reduced taxes on foreign companies, (...)”*<sup>193</sup>

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<sup>191</sup> Constable and Valenzuela, p. 170.

<sup>192</sup> Arturo Fontaine Aldunate, *Los economistas y el presidente Pinochet*, Santiago: Zig-Zag, 1988, p. 54, quoted in Collins and Lear, p. 26.

<sup>193</sup> Collins and Lear, p. 27.

When the government proceeded to fire some 45,000 civil servants, once again many in the armed forces were surprised and upset. But despite the malaise experienced by some military when the first free-market policies were implemented, several factors allowed the Chicago Boys to gain rapidly the upper edge in government policy:

- The Junta had a deep mistrust of experienced politicians since, in its view, the chaos in Chile originated in great part from excessive politicking; the Chicago boys, contrary to Leníz and Saez, were not directly linked to a political party.
- The Chicago boys' plan for the economy was clear, bold and simple. Such qualities were very appealing to men of military training who were in the throes of implementing a similar treatment in the political realm.
- By the middle of 1974, the Christian Democratic party could no longer stomach the brutal repression of the military regime; when it therefore asked its members occupying government posts to choose between the party and their job, only a few remained, thus leaving the path to power that much less obstructed for the Chicago Boys.
- A final factor: the Junta felt that the Chicago Boys, many of whom had received post-graduate degrees in the United States, would be in a better position to attract badly needed international financial help, at a time when Chile was being severely criticized for human rights abuses.<sup>194</sup>

In the course of 1974, the Junta published a *Declaration of Principles of the Government of Chile* in which it made clear it was not rapidly returning power to civilian rule. Instead, it would “take upon itself the historic mission of giving Chile new governmental institutions that (would) embody the profound changes occurring in modern times”. It would also reorganize the economy and impose “authority and discipline in production and labor relations”.<sup>195</sup>

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<sup>194</sup> Constable and Valenzuela, p. 171.

<sup>195</sup> Collins and Lear, p. 27.

## 2. April 1975 to 1979: The ‘Shock Treatment’

Despite the fairly substantial, but gradual changes implemented by the military, the Chilean economy remained in bad shape. It is in this particular context that Chile received the visit in March 1975 of the two best-known Chicago economists, Milton Friedman and Arnold Harberger.

Friedman made numerous public appearances and TV interviews during his visit. His theme was loud and clear. The measures taken so far by the government are mere palliatives: *“Unless the diseased parts of the economy were amputated the final costs would be higher.”* Unemployment will undoubtedly increase if the appropriate ‘*shock treatment*’ is administered, but *“you’d be surprised how fast people would be absorbed by a growing private-sector economy”* he reminded his audience. Fortune magazine reports that he *“trooped over to Pinochet’s office to give the general a one-hour course.”* During this encounter, he advised Pinochet to ignore his extremely bad foreign press and to cure the disease by drastically reducing the size and role of the government in the economy. Reduce government spending a further 20% to 30% he told the general, and eliminate regulations on and subsidies to private businesses.<sup>196</sup>

Shortly after this visit, Pinochet appointed a leading Chicago economist, Sergio de Castro, as Minister of the Economy, replacing an opponent of free-market policy, Fernando Leníz. He then decided to centralize all economic policy under one super Minister of Finance, Jorge Cauas, a Christian Democrat totally converted to free-market economics.

Their power considerably strengthened, the Chicago Boys now developed a plan representing, as Friedman had suggested, a real shock treatment: government spending would be slashed, all controls on interest rates would be lifted, import tariffs would drop substantially, and the money supply contracted. But the second major opponent (besides Leníz) to free-market policies within the government, Raul Saez,

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<sup>196</sup> “El consejo del profesor”, *Ercilla*, April 2, 1975, p. 19-22, quoted in Collins and Lear, p. 28.

objected violently, arguing that such a drastic policy would greatly worsen an already bad recession. After a long and tense debate, Pinochet decided to side with the Chicago Boys; the shock treatment would go ahead.

Saez had been right in his predictions: by the end of 1975, GDP went down by an outstanding 13%, wages decreased once again, their purchasing power plummeting 40% from the level of 1970, and an already bad unemployment picture became critical: the rate now stood at 20%!

This did not deter the Chicago Boys who fully expected that a shock treatment would result in shock. Having slashed public spending by 27% in 1975, they pursued in the same path: by 1979, public spending, relative to GDP, was only half what it was in 1973. From 1974 to 1979, public investment fell 13.9%. In 1976 alone, industrial production plummeted 29%.

As soon as the full brunt of the shock was over and the economy showed signs of recuperation, another part of the free-market program materialized: the main government banks as well as a multitude of small publicly owned companies were sold off to private interests; limits on foreign borrowing by the private sector were abolished; high tariffs on imports were slashed, attaining, by 1979, a uniform 10%; the door to foreign investments was opened even wider as companies, having already been granted lower taxes, were now allowed an almost unrestricted remittance of profits abroad; the financial sector as well as the transportation and fishing industries were deregulated.<sup>197</sup>

Thanks to this radical shock treatment and to a certain manipulation of the exchange rate of the peso—the national currency that replaced the escudo—, inflation by 1979 was down to 30%.

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<sup>197</sup> Collins and Lear, p. 30.

### **3. 1979-1982: The Chilean ‘Miracle’ and Major Reforms in Social Programs.**

From 1977 to 1981, vigorous economic growth turned Chile into an economic miracle showcase. During this period GDP rose by 32% and average inflation was below 50%.<sup>198</sup> In reality, however, the economy had fallen so low as a result of shock treatment that the GDP barely recovered to production levels of 1970!

As we have already seen, a new Labor Code was adopted in 1979, partly as a result of international pressure; but beyond the varnish of respectability, its main thrust was to maintain labor as a highly flexible, inexpensive commodity. In the same year, social services were also submitted to free-market reforms: a voucher system that gave subsidies to private schools was created; the public social security system was replaced by one run by private investment companies; the national health care system was dismantled in favor of private health insurance companies.

The economic miracle had a negative effect on the Chilean opposition movements; many felt Pinochet, despite all his repression, was succeeding. Exports were diversifying and expanding rapidly, notably in fresh fruit, fish and forestry. For three years Chileans, even of middle and lower classes, were enjoying higher consumption levels, especially of imported goods. As already noted, some 78% of all homes were now equipped with a TV set. Real estate prices soared. The number of cars, mostly imported, tripled between 1975 and 1982. Wealthy Chileans indulged in conspicuous consumption; some even found they could buy homes in Miami cheaper than in Santiago.

However this miracle rested on the shakiest of foundations. The military regime, contrary to free-market theory, pegged the peso at 39 to the dollar and artificially maintained this exchange rate until the end of 1981. This made imports not only cheap, but, given the radical lowering of import tariffs, incredibly cheap. Combined with a now deregulated financial

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<sup>198</sup> Constable and Valenzuela, p. 193.

market and the elimination of controls on the amount of private sector borrowing from abroad — a borrowing strongly encouraged by the easy money provided by foreign banks that had accumulated heaps of petro-dollars —, wealthy Chileans went on a buying spree. Not surprisingly, Chile's foreign debt tripled from 1975 to 1982, reaching \$16 billion, one of the highest per capita levels in Latin America. Not surprisingly also, bankruptcies flourished in most Chilean traditional industries, and in particular in manufacturing and agriculture for the domestic market. That non-traditional exports expanded in this time period attests to the fact that salaries in these areas were extremely low.

It is in this context of an easy-money triggered economic miracle that Pinochet, as we already noted, won his September 1980 plebiscite on the constitution.

#### **4. 1982 to 1984: The Crash**

Having deregulated its financial sector and rapidly incurred an enormous foreign debt — much of it short term —, Chile was not prepared for the sudden contraction in international credit triggered by Ronald Reagan's sudden sharp increase in interest rates at the beginning of the 1980s. Starting in November 1981, banks and businesses, no longer able to meet their debt payments, started crumbling. Many of the hardest hit were precisely the big conglomerates that had benefited the most from privatization and business deregulation. This resulted in the worst Chilean recession since the 1930s: GDP plummeted 14% and official unemployment rose to 33%. The miracle had been transformed, overnight, into a nightmare!

So hard was the economic crash that it triggered, as we have seen, a movement of national protest. One so strong and broad, as a matter of fact, that it forced Pinochet to make the most dramatic about-face of his dictatorship, "*one that seemed to repudiate everything the Chicago Boys had stood for.*"<sup>199</sup> Hoping to defuse the public protests, he distanced himself from free-market policies, replacing many Chicago Boys by

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<sup>199</sup> Constable and Valenzuela, p. 198.



more moderate conservative economists. He also mandated his newly named Interior Minister, Sergio Onofre Jarpa, to “*open a dialogue with*” the political opposition.

To reassure the business community that he would not abandon them, Pinochet intervened massively in the financial sector and actually took over many of the large businesses that had just benefited from privatization, taking on as public debt some \$16 billion in foreign loans, “*most of which had been originally incurred and recklessly spent by private Chilean conglomerates.*”<sup>200</sup> Other businesses were relieved by enjoying preferential exchange rates<sup>201</sup> in which they could pay back their dollar debts.

Once the newly ‘nationalized’ companies were restored to financial soundness, they were sold off once again to private interests, generally at bargain prices.

Middle-class families were not, however, treated with such kindness. In the buying spree of the economic miracle, many had not hesitated to contract ambitious house mortgages, indexed<sup>202</sup> to the dollar value of the peso. When the military regime finally decided to devalue the peso (pegged, since 1979, 39 to the dollar), these families were left with much higher mortgages. Even though these mortgages increased each time the peso was devalued, the military regime not only offered no help but did exactly the opposite: it ended all indexing of wages and salaries for inflation. As a result a great number of Chileans lost their homes. The economic situation was so difficult that one out of every eight Chilean workers

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<sup>200</sup> Collins and Lear, p.33.

<sup>201</sup> Similar to the differential exchange rates discussed earlier when analyzing the Allende period. When the business sector was paying back its foreign debt, the peso was considered to be worth more than for other, ordinary transactions. Thus, just as Allende had privileged the poor using the exchange rate mechanism, Pinochet used it to accord privileges to the business sector.

<sup>202</sup> This means that if the value of the peso decreases relative to the dollar, the mortgage one has to pay actually increases by that amount. If a Chilean has a mortgage of 80,000 pesos, at a rate of exchange of 39 pesos to the dollar, the mortgage, valued in dollars, is \$2,051 (80,000 divided by 39). If the peso is devaluated, (for example, if it now takes 80 pesos to get one dollar), the same mortgage, valued in dollars, represents 164,080 pesos (\$2,051 x 80).

ended up in government emergency work programs, sweeping streets or planting trees at less than the miserably low minimum wage.

### **5. 1984-1990: Recovery, Consolidation and Electoral Defeat**

Pinochet's about-face turned out to be more strategic than anything else. The Chicago Boys rapidly regained most of their influence after only a very short period of time. However, those chosen this time, in particular Hernán Büchi, who had previously masterminded many of the free-market reforms in health and social services, were less radical and more pragmatic. When, in the wake of the economic collapse, business associations broke out of their long silence and demanded changes, Büchi acquiesced:

- Selective debt relief was granted to businesses;
- To encourage exports, the peso was substantially devaluated;
- Tariffs were slightly raised to shield Chilean industry from the foreign competition;
- A system of agricultural 'price bands' for crops grown for domestic consumption was created.<sup>203</sup>

In 1985 Chile's foreign debt stood at a record high \$21 billion, equal in value to the entire GDP of that year. In 1983, Chile had nearly defaulted on the \$19 billion debt but Büchi, returning the country rapidly into the free-market fold and implementing a new spirit of fiscal discipline, rapidly gained the favors of the international financial community. Despite renewed repression and a new state of siege, the World Bank approved more than \$1.2 billion structural adjustment loans to Chile between 1985 and 1987.<sup>204</sup>

Blessed by new loans, a drop in the world price of oil, a rise in the price of copper and decreasing shipping costs, Chile started experiencing a rapid export-led economic recovery after 1985.

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<sup>203</sup> Collins and Lear, p.34.

<sup>204</sup> Constable and Valenzuela, p. 214.

Soon, it was again touted as an economic miracle showcase, especially by the American government, international business leaders, the World Bank and the IMF.

But as in 1980, the miracle was not all that it was made out to be. Per capita economic output in 1989 was only equal to that obtained in 1981, or, for that matter, in 1971. Wages decreased substantially with the crash of 1982 and remained stagnant throughout most of the decade, even as the country experienced vigorous growth. This growth was mainly led by non-traditional exports: fresh fruits, seafood, and forestry products. Thus the miracle depended, according to Collins and Lear, *“on two ingredients that are unsustainable in a democratic society. The first ingredient was the unregulated exploitation of nonrenewable natural resources such as native forests and fishing areas, which amounted to a one-time subsidy to domestic conglomerates and multinationals. The second was an intensified exploitation of labor.”*<sup>205</sup>

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<sup>205</sup> Collins and Lear, p. 35.

## Chapter 13

# Chicago Boys' Health Policies<sup>206</sup>

When criticized for human rights abuses in international conferences, Chilean officials under the Pinochet government boasted of Chile's falling infant mortality rate. In 1974, out of every 1000 born, the number who died before reaching their first birthday was 65; by 1986 it was only 20, and by 1989, 17. Citing other indicators such as life expectancy, they declared in 1989 that thanks to free-market policies Chile was enjoying "*the health profile of a developed country*": the first cause of death in Chile had now become cardiovascular disease, followed by cancer.

These remarkable achievements were accomplished, they also proudly pointed out, at the same time that government expenditures on health were sharply reduced. Free-market reforms had thus put an end to populist government health care programs that, by draining the public purse, made for ever-greater fiscal deficits and fueled inflation.<sup>207</sup>

These proclaimed huge steps forward failed to explain, however, why there was such widespread resentment and outrage among Chileans concerning these very health reforms during the 1980s. And why a poll taken one month after Patricio Aylwin's inauguration as President of Chile in 1990 revealed that 57% of Chileans ranked health policy as the number one priority facing

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<sup>206</sup> Unless otherwise indicated, the information in this part is drawn from Collins and Lear, p. 93 to 123.

<sup>207</sup> Joaquin Lavin and Luis Larrain, *Chile, sociedad emergente*, Santiago: Zig-Zag, 1989, p. 31 and 41.

the new government, whereas only 16% ranked low wages and salaries, also a very serious issue, as the number one problem.<sup>208</sup>

A closer look at what health policies were in pre-coup Chile and what they became under the Chicago Boys' reforms will help us understand this apparent contradiction. It will also help us gain insights into our own current health debates in Quebec as well as throughout Canada. On the CBC's news program, *The Journal*, there was a special report on Monday August 14, 1995 on the present financial predicament of Medicare in Canada. There is a very strong trend, the report said, towards user-fees and a certain privatization of health care. Some claim, it continued, that such a reform would only bring about two-tier health services, excellent for the rich and mediocre for the rest. Others, on the other hand, argue that this is the only way to solve the growing fiscal crisis of the Canadian government.

### **Health Policy in Pre-coup Chile**

In 1918, public employees of the state-owned railroad started receiving free or low-cost medical care, making Chile the first country in the Western hemisphere to develop such government insurance for non-military public workers. For many generations Chile continued pioneering on the road toward equal access to health services.

In 1924, for example, the (Blue Collar) Workers Insurance Law introduced the right to maternity leave for 45 days before and 45 days after delivery for all working mothers. In 1956, the coverage for blue-collar workers' children was extended to the pre-natal period. In 1959, the right of workingwomen to maternity leave was extended to 90 days after delivery; this measure was intended to promote breast-feeding.<sup>209</sup>

Chile affirmed its leadership in public health in Latin America for decades. Strong unions and allied political parties pressed for

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<sup>208</sup> Poll by Bestland Company published in *El Mercurio*, first cited in Mariano Requena, *Marco historico del sistema de cuidado de la salud chileno*, unpub. ms., and again cited in Collins and Lear, p. 123.

<sup>209</sup> Zita Elsa Barraeto, *Evaluating the Effects of Economic Recession on Child Welfare in Chile*, Ph. D. dissertation, University of California, Berkeley, 1990, p. 42, cited in Collins and Lear, p. 94.

sickness and disability insurance for workers as well as their dependents. Government, employers and workers shared the financing. The School of Public Health was established in the 1950s and turned into one of the most respected public health research and training institutions in the world.

In medical training, Chile was known internationally for its broad approach highlighting socioeconomic factors in health. Doctors accepting to work in rural areas and poor neighborhoods were rewarded with free or low-tuition training and scholarships for specialization.

In 1952, Dr. Salvador Allende, who was then senator, proposed legislation for the creation of the National Health Service (SNS). Inspired by the health service set up in Britain by the Labor Party, its purpose was to better coordinate the broad and complex array of government health programs — some 50 agencies established in the 1930s and 1940s — and policies. By the mid-1950s, 65% of all Chileans enjoyed free health care provided by the SNS.

Under the Frei administration, the National Medical Service (SERMENA) for white-collar workers and their dependents was created in 1968. SERMENA was a government administered health insurance plan. Serving an estimated 20% of the population, it unified and rationalized the multiple organizations serving white-collar employees. Health services were provided by a mix of government contributions, modest withholdings from paychecks, employer contributions, and user-fees paid by the beneficiaries for the services they received.

In 1968 the Frei administration also made Chile into one of the very first developing countries in the world to legislate mandatory insurance for work-related accidents and illnesses. Premiums were paid entirely by employers *“and set according to a schedule weighting the risks of particular industry and occupation, thus building in an incentive to employers to lower the risks.”*<sup>210</sup>

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<sup>210</sup> Collins and Lear, p. 95.

When Allende was elected President, government-administered and (in part) publicly financed programs guaranteed the health needs of 85% of the population. The Popular Unity government proposed a unified national health system providing uniform and comprehensive services not dependent on worker status and income. As the Popular Unity government was a minority government, Allende did not succeed in pushing this legislation through Congress. However, he did substantially increase, not always wisely according to some observers, the government's health budget.

### **Health Policies under Pinochet**

As already abundantly noted, the military regime that took the private initiative of running Chile's affairs in 1973, subjected the country to massive repression. This repression did not spare medical workers. At least 1,000 doctors and hundreds of professionals working for the SNS fell victim to the reign of terror. Many were detained, imprisoned and tortured; at least twenty-two were executed or 'disappeared'. Many, as Dr. Roberto Bellemare, to whom I referred in my diary,<sup>211</sup> fled abroad with their families. Doctors who had refused to join the work stoppage that led to the coup were particularly persecuted.

As with universities, health in Chile fell under the direct responsibility of the military. For ten years health ministers were military generals or admirals with no previous experience in health policy (The first military to have this responsibility was a personal friend of the Canadian Ambassador in Chile at the time of the coup, Mr. Andrew Ross<sup>212</sup>). The National Health Advisory Council was abolished; for years it had served as an advisory body for the government. The Medical Association was reduced to the status of a 'voluntary organization'; previously it had legally sanctioned input in health policy matters. Throughout the period of radical health reforms, doctors and other health care workers were explicitly forbidden to hold meetings in public facilities, even after working hours, to discuss matters not directly related to their clinical work.

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<sup>211</sup> See above my diary of 1 October 1973.

<sup>212</sup> See above my diary of 20 September 1973.

Under the guidance of the Chicago Boys, the military regime totally revamped health policy in Chile. From 1979 to 1985 a series of decrees were issued sharply reducing governmental and employer contributions to health care services; the bill passed on more and more to users through salary withholdings and user-fees. Health services were submitted to the winds of competition and substantially privatized.

As already noted, neoliberal philosophy prioritizes individual consumer choice and private enterprise. The reform thus provided Chileans with an array of health systems — public and private — from which they were free to choose and at various prices. Increased competition, according to neoliberal theory, would hold costs down and improve the quality of services. Governments would benefit because public outlays for health would decrease radically. Industry would also benefit as it would now have to shoulder substantially smaller contributions to health; this would lower its costs, and therefore its international competitiveness would be enhanced.

Until 1973, as just seen, the SNS provided 85% of all Chileans with government-run health programs. The new Chicago Boys' health scheme created three distinct categories of health plans.

- One is totally privately and run by several competing health insurance companies; each company is called an ISAPRE (Instituto de Salud Previsional).
- A second plan, called FONASA (National Fund for Health) is public but basically amounts to a government-run ISAPRE: the user is also provided with a choice from an approved listing of doctors, clinics, hospitals and other providers of health services.
- A third program is totally public; the user is not offered a choice but must stick to public institutions for services.

Where does the money to finance these programs come from? By law, seven percent of the gross pay of every formally employed Chilean is withheld for health care. He or she is then left free to choose on which of the three health plans this money is spent. Those choosing an ISAPRE plan may be obliged, depending on their level of income, to pay additional premiums and/or user-

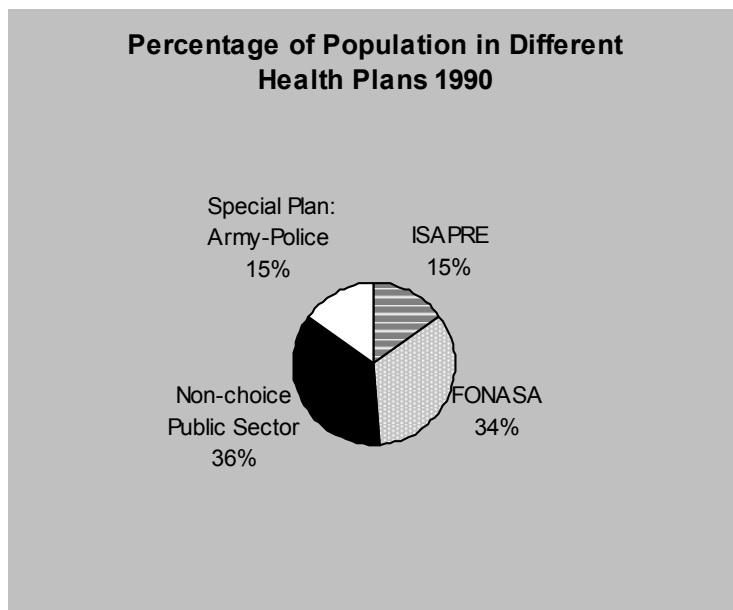


fees on actual services. Those choosing the government ISAPRE-like plan may also, depending on their income level, be required to pay user-fees for services received. Those choosing the public plan pay nothing but their seven percent of income but must receive services, as just pointed out, only from the public health institutions.

Just as the freedom typical of markets reflects not so much real need or choice but rather the purchasing power of the consumer, this health scheme reflects a wide range of services only for those who have the ability to pay. For the others, freedom of choice is but a word devoid of meaning. Deprived of the financial resources necessary to pay the user-fees charged by private ISAPRES and government plans operating on a basis similar to that of the ISAPRES, they must of necessity opt for the public health plan.

An examination of the breakdown of how many Chileans are in each system makes this quite clear. In 1990, as shown in the pie chart on the following page, only 15% — a statistic that includes the dependents of the subscribers — were with the much-touted ISAPRES. Seventy percent of Chileans were with the public system: about 34% with the public sector's FONASA and 36% with the non-choice public sector. The remaining 15% of the population represents mainly the Armed Forces and National Police, who have their own plan that we shall soon explain, and the few who are self-employed or rich and pay for whatever services they want.

Not surprisingly, 75% of the ISAPRES' clients are in the top 30% of Chileans by income, while 41% of those in the public system are in the bottom 30% by income. ISAPRE clients have an average income 700% higher than that of the average wage earner of the public system. Twenty one percent of the users of the public system — over two million people — were too poor, in 1989, to contribute the required 7% of gross income, and, of course, to pay user-fees.



Given the rules set by ISAPRES, even middle-income earners often must pay steep premiums and user-fees to qualify for their plans. Generally these charge different premiums to different people, the elderly and women being subjected to the highest premiums. An ISAPRE has the right to refuse clients of any income if he or she is deemed high-risk. It can also drop clients who develop an 'expensive' disease like cancer in the first year of the contract; in fact, five years of premiums have to be paid before cancer is likely to be covered.

If the ISAPRES caters to, as one critic points out, "*the rich, young and healthy*" it is the public system that winds up with the poor, old and infirm. But even as the public system is forced to do this, the government sharply cuts back its contribution to this system. Between 1974 and 1989, the

government's contribution to health has been cut, on a person basis, by 43%. Thus a beleaguered public system serving 70% of the population is told to do always more with less. Between 1973

The ISAPRES cater to the rich, young and healthy

The Public sector winds up with the poor, old and infirm

and 1988, the number of employees in the public health services system was slashed from 110,000 to 53,000; at the same time, the number of its clients during this period increased by 1,000,000. As a reward, their real wages were allowed to fall.

Cuts in investment in equipment and facilities were even more drastic. Government investments in public health represented 9.7% of the total budget in 1974; by 1987, they were only 3.3%. By 1983, investments in public health facilities were down to 11% of what they were in the last full year of the Popular Unity government.

Small wonder that Chile's public hospitals and other health facilities have badly peeling paint, missing light bulbs and outmoded equipment. An experienced doctor who preferred to remain anonymous told Collins and Lear: *"We used to be technologically three to four years behind the US. Now we're twenty. Equipment here is so old that anywhere else they'd throw it out."*<sup>213</sup> No public hospital has a CAT scanner, even an emergency hospital receiving at least 500 patients with head concussions every month.

Public hospitals are not only plagued with poor equipment, lack of medical supplies and overcrowding; they also lack doctors and especially nurses. If doctors can sometimes make up by having a private practice of their own on the side, nurses, on the other hand, clearly prefer the private sector where they can earn three times more.

In sharp contrast, private hospitals in the ritzy neighborhoods of Santa Maria and Las Condes resemble upscale American hospitals: no shortages of beds; no beds in the hallways; the possibility of having an individual room with shared bath, or a large room with full bath, or even a small apartment. Similarly, the military and the National Police have their own, beautiful hospitals. A doctor whose father is a military officer told Collins and Lear: *"The Armed Forces have socialized medicine — good*

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<sup>213</sup> p. 101.

*facilities and service and no free choice.*"<sup>214</sup> In Chile, however, no data about the military health system are publicly available...

### **Let the Rich Get Off the Hook...**

The sweeping changes in Chile's health system have landed Chile a world record. While the consumers in the Western world pay anywhere from 0% (Canada and Denmark) to 46% (Austria) of their health costs, in Chile they were paying 89% of these in 1989 (up from 19% in 1974). Chilean employers made mandatory contributions of 19% of total health costs in 1974; by 1989, they were only paying 1.6% of these, and by and large voluntary at that.

The rising burden does not, however, fall evenly on all Chileans who consume health services. The 15% of Chileans with higher incomes who have opted for the ISAPRES plan do not contribute a penny to the public health system and the government only foots 38% of its costs. When one bears in mind that some 2 million Chileans whose health services are provided by the public system do not pay a penny into the system — as noted above they are too poor to have withholdings or to pay user-fees —, it logically follows that the main financial burden of the public system, 62% of its total costs, rests on the shoulders of those participating in it and who can afford to make contributions, mostly already hard-pressed lower middle-class Chileans. As Dr. Raul Donckaster, of the Medical Association, puts it: "*The poor are the ones helping the poorest.*"<sup>215</sup>

In 1989 the ISAPRES had 6.5 times more financial resources per person than the public system. While ISAPRE clients consumed 70% of the total deductions for health care, they only represented 15% of the population. Considering that the same percentage of GDP was spent on health services in Chile in 1990 as in 1973 — 4% — it is clear that the rich pay less for more services while the majority of Chileans pay more for fewer services.

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<sup>214</sup> p. 104.

<sup>215</sup> Collins and Lear, p. 105.

### **ISAPRES: Drawbacks of Marketing Health**

Collins and Lear summarize their findings concerning the drawbacks of the ISAPRES in Chile in the following manner:

1. **When the free-market dominates health, income is what determines access to health; those who are wealthy have luxury health services, while the others are left with mediocre health services.** Before 1973 in Chile, there was a trend towards growing solidarity. What the office boy got in health care was similar to what the top guy obtained. Of course, there was some discrimination between the haves and have-nots but it was clearly diminishing. Health services were perceived as a basic right. With the ISAPRES, the doctor-patient relationship becomes, as one teacher complained, a doctor-customer relationship. Health appears as a mere commodity. One taxi driver rushed a woman in labor to the nearest hospital; he was turned away because she did not have an ISAPRE.
2. **ISAPRE profitability rests on discrimination.** The old, poor and infirm are tossed aside while the rich, young and healthy are welcomed. Contracts are signed for one year and those who have proven costly over the course of the year will either see their premiums substantially increase or simply be dumped with little possibility of buying coverage from another ISAPRE. Furthermore, since there are too few potential customers for ISAPRES in the rural areas, doctors and other medical workers are drawn to the main urban areas.
3. **Government intervention has favored ISAPRES to the detriment of the public system.** Mandatory health care withholdings from salaries were gradually increased from 4%, the year they were created, to 7% in 1986 in order to allow a greater number of Chileans to adhere and thus make the system profitable. The government also decreed that employers could add a voluntary 2% contribution — totally tax-deductible — to the 7% withheld from earnings of employees. But this privilege was reserved to clients of the ISAPRES; those in the public system were excluded.

Other and perhaps more important subsidies made to the ISAPRES include:

- The Health Law decreed in 1986 obliged FONASA, part of the public system, to assume the payment of all medical and maternity leaves and of neo-natal care for those insured by ISAPRES;
- Another decree obliged FONASA to reimburse wages lost by ISAPPRE subscribers due to illness beyond the tenth day of absence from work and during the ninety days of maternity leave.
- ISAPRES customers were allowed to use public facilities for emergency cases such as heart and brain operations. They could thus avoid making costly investments in such facilities.

The logic here is simple and crystal clear: when it costs a lot of money, leave it to the public system! And who, as we have already seen above, bears the financial brunt of the public system? The lower middle-class Chileans. The latter not only are forced to subsidize the two million Chileans in the public system who are too poor to make any financial contribution whatsoever. Even more revolting, they are forced to subsidize the leaves of absence of those who subscribe to ISAPRES. Needless to say, these leaves are expensive, as ISAPRE subscribers tend to have high salaries.

4. **As private medical care insurers, ISAPRES have little incentive to invest in preventive health care.** Contracts, as already noted, are only for one year and customers are treated as expendable commodities. If this makes for added competition, it hampers all incentive to make long term investments in keeping people healthy. A 1987 study found that a mere 1% of what ISAPRES spends on health services goes to preventive medicine.<sup>216</sup>
5. **ISAPRES tend to spend an important percentage of their money on advertising and sales.** In 1989, they spent on average 17% of their money on this item alone and the most profitable ISAPRE in that year spent some 34% on advertising.

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<sup>216</sup> Jose Pablo Arellano, *La salud en los años 80, análisis desde la economía*, Santiago: CIEPLAN, 1987, p. 20, cited in Collins and Lear, p. 109.

As Paul Baran<sup>217</sup> pointed out in 1957, advertising expenditures in a system operating on the strict basis of the market unnecessarily drain the scarce resources of society.

6. **The privatized free-market system generates an excessive demand for high-amenity, high-cost medical services; prices of all medical services are pushed upwards.** Advocates of this system celebrate the fact that “*medical consultation has become part of daily life and (is) no longer an exceptional event.*”<sup>218</sup> But Collins and Lear argue that low user-fees and relatively high incomes push ISAPRE clients to make an excessive use of medical services, multiplying superfluous laboratory tests, unwarranted surgical interventions, etc. ISAPRE clients visit a doctor on average 4 times a year; public system clients 1.7 times. The most frequent purpose of the visit for ISAPRE clients: the common cold.
7. **That ISAPRES offer more efficient and higher quality health services does not prove the superiority of these plans.** Of course, with 650% more financial resources than the public system — their clients consumed 70% of the total deductions for health care and represented only 15% of the population —, ISAPRE services are undoubtedly superior. But what does that prove, other than you can do more and better with more?

### **Municipality-Run Health Clinics**

Faithful to the free-market philosophy of making individuals and small communities responsible for their own health, the reform gradually transferred the management of national health clinics to municipalities. This decentralization started in 1981 and, by April 1988, 92% of the national clinics in urban areas and 100% in rural areas were under the direct responsibility of municipalities.

Even though much can be said in favor of encouraging community participation in primary health care, there is considerable irony in the fact that a military regime that systematically denied civil liberties and subjected its citizens to brutal repression could expect such participation to emerge from

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<sup>217</sup> *The Political Economy of Growth*, Monthly Review Press, New York, 1957

<sup>218</sup> Lavin and Larrain, op. cit., p. 44, cited in Collins and Lear, p.110.

a mere bureaucratic measure. Since mayors throughout the country were directly named, as we have seen, by Pinochet, participation often expressed itself in strange ways. One mayor, a former member of a neo-Nazi party, “regularly handed down quotas of how many doctors and other employees at the clinic had to attend pro-Pinochet rallies.”<sup>219</sup> However, community participation in identifying local health needs were viewed as prohibited ‘political activity’. One researcher found that physicians were routinely dismissed when they engaged in community outreach activities that address the real needs of shantytown dwellers such as impetigo, body lice, and respiratory infections.<sup>220</sup>

In the beginning, the municipalized clinics were reimbursed by the government for each treatment actually provided to clients. Each specific treatment was assigned different reimbursement values. What this did was easily foreseeable: clinics, which financed themselves through municipal taxes and central government reimbursements, tended to multiply the number, not the quality of treatments; they also tended to perform more treatments having a high reimbursement value. Since vaccinations and other preventive health care services such as checkups were not eligible for any central government reimbursement, they tended to be neglected.

To prevent abuse, the Ministry of Health initially set the standard of ‘five treatments per hour’, but in practice, this norm was not respected so eventually the Ministry merely set a ceiling of total reimbursements for each facility. How this ceiling was determined was never explained. As a result, municipalities had to cover increasing deficits and thus decreased investment budgets. In 1987, they had to cover an average deficit of 26% and thus, not surprisingly, average investment budgets were reduced to 2% of total budget.

Poor municipalities, of course, were the hardest hit. On the one hand, they simply had less financial resources than the rich

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<sup>219</sup> Collins and Lear, p. 113.

<sup>220</sup> Joseph Scarpaci, *Health Services Privatization in Industrial Societies*, “Dismantling Public Health Services in Authoritarian Chile”, New Brunswick, NJ: Rutgers University Press, 1989, p. 236, cited in Collins and Lear, p. 113.



municipalities. On the other hand, they were obliged to serve many more clients. As was noted above, in the wealthy neighborhoods few make use of the public system; however, the exact opposite occurs in lower middle-class and poor neighborhoods.

The guiding principle, quite clearly, was 'to each according to her or his capacity to pay...

### **Declining Infant Mortality Rate**

For the Chicago Boys, the market must be left free to do its thing, even in health care; we have seen what that implies. However, they readily acknowledge that the government should do something for the very poor, or the so-called indigent.

In order to scrupulously avoid helping any Chilean who might not fall in the strict category of the 'indigent', the government reverted to targeting. It took existing nutrition programs and reduced the number of those eligible for them. For example, under the Popular Unity government, all children under fifteen qualified for the National Supplementary Feeding Program. After 1974, only children under six and poor pregnant and nursing women could qualify. The parts of these programs that previously catered to other persons who were in need, for example young teenagers and elderly people, were simply eliminated.

Once this 'downsizing' had been performed, vigorous steps were then taken to reduce the infant mortality rate.

- Maternity visits in the public sector doubled between 1973 and 1979.
- In the same period births with medical assistance, already at 85% increased another 6%.
- Also and more importantly, the Corporation for Infant Nutrition (CONIN) was created in 1975. This corporation, a non-profit private organization funded 80% by the government, constructed 30 Nutritional Recuperation Centers (40 to 60 beds each). From 1975 until 1982, these centers took care of over 10,000 of the most severely undernourished infants, providing rehydration, special feeding and mental stimulation along with

educational programs for the mothers. The infants stayed in these centers an average of 160 days. The average cost per infant was \$1,200.

Not surprisingly, this major effort did contribute to reduce the infant mortality rate significantly. The graph, just above, reproduces the statistics already mentioned in this respect at the very beginning of the chapter.

One is left wondering, however, what would have happened, given the massive impoverishment created by the 'shock treatment' to which the economy was subjected, had the military government not so massively intervened in this narrowly targeted area.

- Medical researchers estimated that in 1989, 2.5 million Chileans suffered from one or more serious mental health problems, ranging from mental retardation to psychosis to excessive drinking.
- They claimed that much of the considerable increase in mental health problems was due to dehumanizing unemployment and underemployment, overcrowded living conditions, destruction of networks of support, and political repression.<sup>221</sup>

The Pinochet dictatorship and its supporters point their finger to a rapidly declining infant mortality rate, implying that this demonstrates that the Chilean people have actually benefited from neoliberal health policies. They are wrong. What the Chilean experience does demonstrate, as Collins and Lear point out, is that it is wrong to use the infant mortality rate as the sole yardstick with which to measure the success of health policies, let alone a people's well being.

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<sup>221</sup> E. Lira and E. Weinstein, *Desempleo y Daño Psicológica*, FASIC, Chile 1980. See also "La Salud Publica en Chile 1985", *Vida Médica*, 1986, cited in Collins and Lear, p. 97-98.



## Chapter 14

# Selling Education<sup>222</sup>

Students, as we have seen, spearheaded the opposition movement that eventually led to the defeat of the military regime in 1989. They were reacting, as other Chileans, to the general situation under military rule: repression, the lack of civil liberties and economic hardship. But they were also reacting to what life in schools had become under the military, and in particular to the radical educational reforms implemented by the military government in 1980.

Advocates of these free-market reforms claim they have done wonders for Chile. In order to support their view, they point out that:

- According to official statistics, 265,000 more Chileans were enrolled in formal education in 1986 than in 1973.
- By 1987, the average years spent by each Chilean in the classroom had risen to a little more than eight years, nearly double the 1973 figure.
- Chile is firmly on its way to an education that is higher in quality and geared to its economic needs. A much-enriched array of choices is available: students are free to choose which school to attend, public or private, and which courses they prefer.
- Post-secondary education has literally exploded. In 1973, there were only eight publicly funded universities in Chile;

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<sup>222</sup> Unless otherwise indicated, the information in this section is drawn from Collins and Lear, p. 125 to 148.

by 1990, there were more than 43, some public and some private.

- Furthermore, those not wishing to go to university can choose from over 70 professional institutes and 136 centers for technical training.

Let us examine more closely the underside of this educational 'miracle'. Upon closer examination of its nature and effects on the student population, we may better understand why the students of Chile spearheaded an opposition movement that eventually led to the downfall of the dictatorship. Before focusing on the reforms, however, and in order to better grasp their nature and implications, a few words about education in Chile before the coup.

### **Education before the coup**

As with health services, for generations there had been a broad consensus in Chile that education was a basic right to be made available regardless of financial means. Raising the educational levels of Chileans was considered a government responsibility and something essential for society's social and economic well-being. Education was viewed as a tool with which to reduce inequality and increase democracy.

Succeeding governments of differing political orientations expanded the tuition-free public education and offered government assistance to students from lower income families. By the 1950s, the government footed most of the bill for Chile's universities.

In Latin America, Chile enjoyed a solid reputation of educational achievements. It produced two Nobel Prize winners in poetry, Gabriel Mistral and Pablo Neruda. Its National School of Education was highly regarded. Chilean teachers were known as competent and innovative. Between 1935 and 1973, formal education grew from 23 to 53% of youth under 24 years of age. Eighty percent were enrolled in public schools. The number enrolled in schools over this period considerably outpaced the growth in school-age population. Under Frei, university enrollments increased 85%; in the three years of the Popular Unity government they went up another 89%.

By 1973 virtually all children attended grade school, including those of blue-collar workers, peasants and the poorest urban families. Through the 1960s and 1970s governments helped students whose parents had little schooling gain access to higher education. In 1973, nine percent of university students came from blue-collar families.

Despite an impressive progress, the Chilean educational system in 1973 still suffered from inequalities — for example, some remote rural regions sorely lacked basic resources — and a somewhat cobwebbed bureaucracy.

### **Educational Reforms under the Chicago Boys**

We have already discussed above how repression rapidly descended upon university campuses following the coup. Military generals directly took over universities and cleansed them of all undesirable elements: books were burned, curricula revamped—especially in the social sciences and education programs—, several thousands of students expelled, and hundreds of teachers fired. Many were detained, imprisoned, tortured, and in several cases, executed. Hundreds of scholars, many very distinguished, fled abroad.

Immediately following the coup, only kids with shoes were allowed in school. Families lined up at the downtown Oblate parish to get used footwear so their children could get back into class.<sup>223</sup>

Even though plans for an educational reform were already being discussed in the months following the coup, it is only in 1980 that a radical educational reform was implemented in Chile. Thanks to decree numbers 3,063 and 3,476, education in Chile would never be the same.

The first decree transferred the management of kindergarten, primary and secondary education to municipalities. The second one stated that the national government would now pay a subsidy to private and municipal schools for each student enrolled. Private grade schools receiving these subsidies would be prohibited from charging tuition, and the per-student subsidy to

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<sup>223</sup> Wynanne Watts provided this detail to me.

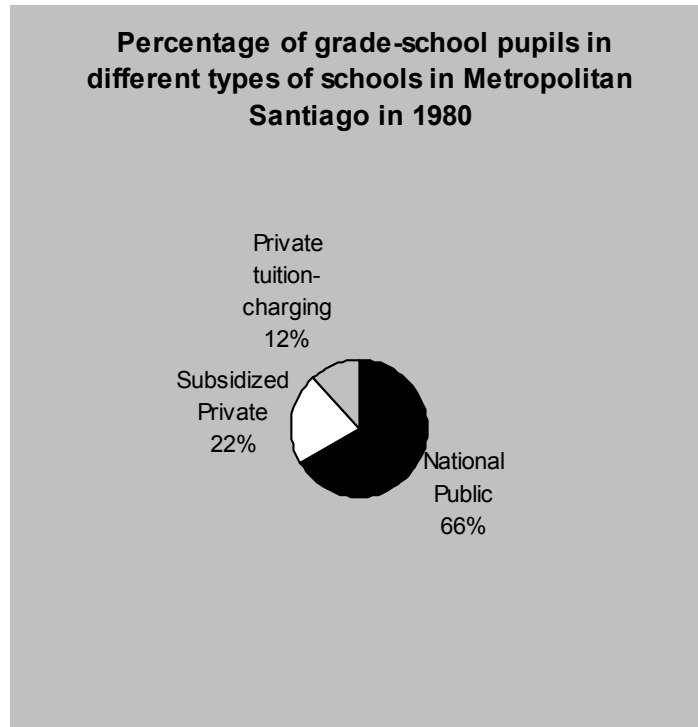
private high schools would be reduced in proportion to the tuition charged.

These decrees created two new categories of primary and secondary schools: on the one hand, municipal schools and, on the other, ‘private subsidized’ schools. There remained the third traditional category, never numerically significant, private tuition-charging schools—now called ‘private paid’.

By municipalizing the management of schools, it was expected that parents and the local community would gain a better control of their own affairs. By funding schools on a per student basis and putting them in competition with one another—parents being left free to opt for the school of their choice—it was hoped to increase the quality of education and diminish its costs. A privately run school could actually make profits if it succeeded in attracting students, minimizing dropouts and using the per-student government subsidy efficiently.

Faithful to neoliberal philosophy, the Chicago Boys affirmed that education was no longer the responsibility of the government but of the parents and “the entities they freely choose”. National governments would only have a subsidiary role: supervising education, setting standards and testing educational results. After thus guaranteeing the attainment of minimal educational goals, especially by the poorest citizens, the government would leave the achievement of higher standards completely in the hands of parents and municipalities.

The Chicago Boys considered that higher, even more so than primary and secondary education, should be left up to private initiative. They therefore started making cutbacks in government spending for higher education. Universities were given orders to become as self-financing as possible; to make this happen, tuition fees were hiked significantly. Faithful to neoliberal values, students were made to pay for what their education was really worth: tuition fees were differentiated to reflect the actual costs of each field of study.

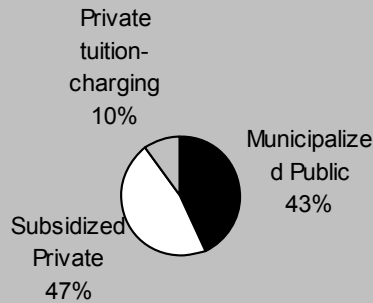


As they were cutting government funding of universities, the reformers were also changing the methods of funding them. Eventually, as in primary and secondary education, each university would be given a per-student subsidy. Universities were expected to compete in trying to attract students. They could recruit among the top-scoring 20,000 students in the national university aptitude examination.

The process of transferring primary and secondary schools to the municipalities began in 1980 and was very rapid. By 1982, when the process was suspended because of the economic collapse, 86% of the schools had already been transferred. In 1986, the process was completed.



**The situation six years later, in 1986,  
after the implementation of the reform**



As could be expected, the reform resulted in the movement of students from the public system to the private one. In 1980, as is shown on the top graph on the previous page, 66% of the grade school pupils in metropolitan Santiago attended public schools, 22% attended private schools subsidized by per-student government payments and 12% went to the elite private tuition-charging schools. Six years later, as is shown on the above graph, only 43% attended the now municipalized public schools while 47% went to subsidized private schools.

To stimulate competition, the Chicago Boys also encouraged the founding of new universities. Collins and Lear point out that founding “a private university—once a matter of a rare special act of Congress—was transformed into a breezy administrative

*procedure.*”<sup>224</sup> Professional institutes, almost all privately operated, were granted the status of higher education. These offered programs of study lasting four years or less in career fields such as advertising, design, public relations, public administration, etc.

Even ‘centers for technical training’ with programs leading to certificates and lasting two years—with an additional six-month on the job training—, were granted the status of higher education. Neither professional institutes nor centers for technical training received financial help from the government.

By 1987, government funding of higher education was only half the 1980 pre-reform level. Registration and tuition fees had soared, making higher education an extremely expensive affair. By 1988 tuition fees alone represented approximately half of all the revenues of public universities. Between 1983 and 1987 student loan funding was cut by 26%.

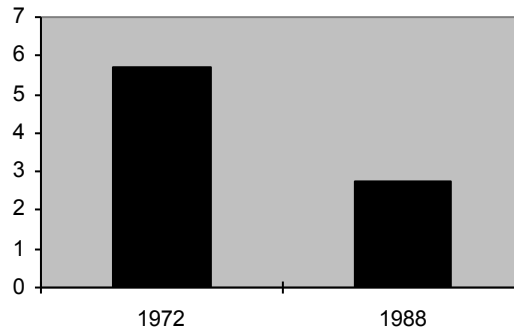
Thanks to such cuts, but especially to the radical educational reform itself, government outlays for education overall dropped significantly. Measured in 1976 dollars<sup>225</sup>, the education budget in 1973 was \$448 million; by 1988 it had actually declined to \$436 million! Since the number of school age Chileans had increased significantly during this same period (in 1973 the population of Chile was below 10 million; by 1988 it was above 13 million), the drop is all the more impressive. If one considers the government’s education budget as a percentage of GDP (see the following graph), the change appears drastic: in 1972, Chile’s education budget represented 5.72% of GDP; in 1988 it only represents 2.73%.

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<sup>224</sup> p. 130.

<sup>225</sup> Measuring in 1976 dollars allows one to neutralize the pure money-effect caused by inflation. Government expenditures in education may be much higher, in purely monetary terms, in 1988 than in 1973. But when the inflation-effect is neutralized by having recourse to a single, non-changing unit of measure, the real situation stands out.

**Education Budget in Chile as a Percentage of Gross Domestic Product (GDP)**



### **What Is It Like To Teach In the New System?**

Collins and Lear interviewed Pedro Rodríguez, a high school teacher since 1965, now working in a public, now municipalized high school in Santiago's fashionable Providencia area. After the educational reform, Rodríguez saw his paycheck shrink so much that he had to start teaching two shifts to make ends meet. With the reform, a 45-minute class was no longer paid as one hour of work. Instead, teachers were paid by the 'chronological hour'. In other words, in order to be paid for three hours of work, one had to teach four 45-minute periods.

To make ends meet, Rodríguez explains that he also works in a new, subsidized private high school. *"They call us taxi teachers; we have to zoom from one school to another"*, he says. With his two jobs, he teaches 15 classes a day, from 8 a.m. to 8 p.m. Often he has to correct tests until midnight and on weekends. Such a workload, he notes, does not give teachers time nor energy to renew themselves pedagogically: *"We're giving the same classes, from the same notes, as we did twenty years ago. And we teachers have a lot of problems at home because of the long hours we work."*

According to Rodríguez, the subsidized private high school where he works is no better and in many ways worse than the public one where he also works. His pay in the private one is lower. In March 1990 the Ministry of Education found that the hourly rate in private high schools subsidized by the government averaged 25% less than the already low pay in municipalized schools.

*"To make a profit, Rodríguez explains, they squeeze teachers. After all, it's a business. The owner of the school where I taught two years ago had eleven schools in Chile and four more in Argentina. He also owned a gold mine up north. His chain of schools is his other gold mine."*<sup>226</sup>

One day, the director of the subsidized private school called Rodríguez in. He said he could smell a union being started and asked him to be his ear; he refused. Not long after, he was fired.<sup>227</sup>

Rodríguez is in no way a rare exception in the educational system. In most private schools as well as public municipalized schools, teachers are now on 'indefinite contracts'. Their fate is similar to that of practically all other Chileans under the new Labor Code. In order to 'rationalize' and better compete with the private schools, the municipalities in 1987 downsized: they got rid of 8,000 teachers. Most of these teachers received no severance pay at all. Furthermore, as the schools where they taught had just been municipalized, they had been automatically reclassified as 'recent hires' even though they had a long experience in the same school.

With the reform, the official status of a teacher plummeted. Before a teacher, being part of a nationwide system, could move up from one position to another within the system, and was offered the possibility of further studies. Now, a teacher was not even considered a regular municipal worker; he or she was merely considered as a 'worker under contract'.

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<sup>226</sup> Collins and Lear, p. 132.

<sup>227</sup> Ibid. p. 132.

University teachers Collins and Lear spoke with explained that private universities systematically avoid hiring full-time teachers. Instead, they 'rent a Prof.' by the hour. In 1990, there were 7,000 university teachers working part-time. Most of those working in private universities are actually moonlighting members of the public universities. Their salaries having been slashed, they are making ends meet by also working, as Rodríguez, in two jobs.

As could be expected, municipalizing primary and secondary schools has visibly widened the gaps between the schools in rich and poor municipalities. In wealthier municipalities, the per-student government subsidy can easily be supplemented through tax revenues and contributions from parents and businesses. In poorer municipalities, this is not possible. To each, once again, according to his or her capacity to pay...

Not surprisingly, schools in ritzier neighborhoods can pay fatter salaries and attract the most qualified teachers. In the well-to-do municipality of Las Condes, full-time teachers were paid, in 1987, between 38,000 and 80,000 pesos a month; in the low-income municipality of Cerro Navia, also situated in metropolitan Santiago, they were paid between 30,000 and 38,000 pesos per month.<sup>228</sup>

### **National Standards and Testing**

Implementing national standards and testing was in many ways a positive innovation. It is obvious that if one receives a degree from one institution, the same degree in another should be roughly equivalent in value. Otherwise, the very idea of obtaining a degree becomes less meaningful.

In 1983, nationwide testing was introduced for fourth and eight grade primary school students. Again an excellent idea. The results were disappointing since they repeatedly showed that most schools were barely at 50% of the established norms. Not surprisingly once again, there was also a clear gap between the performance of the wealthy and that of the poor. Overall, the results of the municipalized public schools were only slightly lower than those of the subsidized private schools. However, the

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<sup>228</sup> Ivan Nunez, *Diagnostico del sistema escolar*, PIIE unpub. mas., 1989, cited in Collins and Lear, p. 135.

gap between the scores of both types of schools in rich municipalities and that of their counterparts in poor municipalities was very large. Once again, performance was indeed measured, but more so the degree of opportunity provided by wealth.

As previously noted, university students in Chile are chosen from the highest scoring 20,000 students in a national university aptitude exam. The basic idea is excellent: to be admitted, one has to live up to certain objective criteria of performance. However, for many young Chileans, this exam ends up being a major stumbling block: besides excellence, the test really measures, once again, the degree of wealth. Not very surprisingly, the poor, in these aptitude exams, do not fare as well as the rich.

- For one thing, the children originating from wealthier families go to better schools.
- Wealthier parents can afford to help their children prepare for the exam by enrolling them in extra, pre-university classes.
- If, despite this supplementary help, students from wealthy families happen to fail the exam after finishing their high school, their parents can afford to pay for an extra pre-university year of training — an expensive proposition outside the reach of the great majority of families..
- Furthermore, the very wealthy who can afford the high tuition of the new private universities can partially escape the rigors of the national exam because most of these universities require low minimum scores.

### **Global Results of the Reform**

The advocates of the radical free-market educational reforms boast that student enrollment was much higher in Chile by the end of the 1980s than it was in 1973 and that the number of years Chileans spent in school had increased substantially.

The statistics they cite, however, hide the real picture.

- Since the government has handed over education to municipalities and to businesses, the average scores on standardized tests in grade schools have not, according to

what neoliberal theory predicts, increased; rather they have actually declined.

- The percentage of children of grade-school age enrolled in school has also dropped considerably. Before, practically all children of grade-school age were attending school, with few exceptions. By 1986, only 93% were in school, and by 1987, only 85%. Furthermore, the decline occurred nearly exclusively in the poorer municipalities.<sup>229</sup>
- The grade school dropout rate also increased after the reforms. In 1982, it was 2.8% and by 1985 it had reached 8.6%. Once again, the measurements point to poverty. In impoverished neighborhoods such as La Pintana, Cerro Navia, Pudahuel, and La Granja, the rate was above 10%.
- A similar pattern exists for high schools. By 1987 the percentage of youth of high school age attending school had fallen to 56, which, for Chile, is very low (Collins and Lear do not, however, point out what it was before). Between 1982 and 1985, the high school drop-out rate increased by 50%.
- In higher education, enrollment of young people between the ages of 18 and 24 has declined from 10.93% in 1974 to 9.14% in 1987. Since the military government, as we have noted, extended the definition of higher education to include non-university vocational and professional training, this decline is all the more noteworthy. While the number of university-aged youths increased by 400,000 over this same period, the number of those enrolled in universities fell by 17,000 (Bear in mind, of course, that higher education now includes vocational and professional training).<sup>230</sup>

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<sup>229</sup> Clarisa Hardy, *La ciudad escindida*, Santiago: PET, 1989, p. 152, cited in Collins and Lear, p. 138. Collins and Lear point out that some involved in education claim the situation is worse than the official numbers indicate. In order to get more payments from the government, they allege, some schools boost the attendance figures; even though there are government inspectors, the Pinochet government itself had an interest in keeping up school attendance figures.

<sup>230</sup> Corporación de Promoción Universitaria, *Informe sobre la educación superior en Chile*, 1988, p. 10 Cuadro No. A-4, cited in Collins and Lear, p. 138.

If this is the real picture of Chile after the educational reforms, how does one explain the statistics emphasized by the Chicago Boys and pointed out at the beginning of this chapter? They claimed that:

- The number of students enrolled in formal education increased by 265,000 from 1973 to 1987.
- The average number of years each Chilean had passed in the classroom by 1987 was a little more than 8 years; this represents nearly double the 1973 figure.

First, one must distinguish between a mere absolute number and an average. More Chileans may be in formal schooling in 1987 than in 1973 but given the growth in population—10 million in 1973 and 13 million in 1987—the percentage of Chileans in school may not have changed at all. And this is precisely what Collins and Lear point out: if one compares the percentage of children and adolescents beyond pre-school age attending school in 1973 to that of 1986, the statistic is the same in both years: 53%.

That this percentage has not increased over this time period is surprising for two reasons:

1. For one thing, there exists an historic and practically worldwide tendency for schooling to increase.
2. Secondly, and certainly more importantly, the fact that in Chile there has been, as in other countries, considerable growth in the number of children attending pre-school, should normally have pushed this percentage upwards. That it merely stagnated, despite this evolution, is a reflection of a negative factor pointed out above: enrollment was declining over this period in grade schools as well as in high schools. Furthermore, this decline affected mainly the poor.

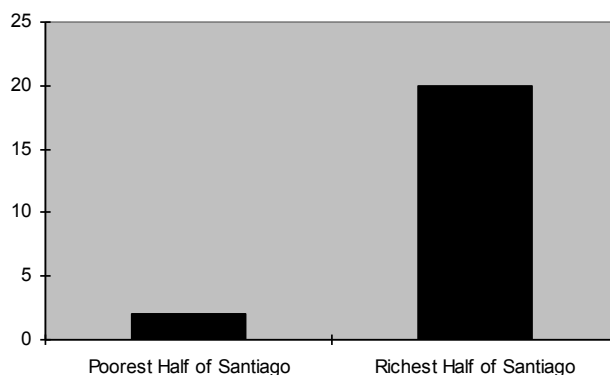
So much for the claim of higher student enrollment. But what about the second one, namely that Chileans, as a result of the reform, spend many more years in the classroom?

Collins and Lear rightly point out that *averages* often serve to mask an important part of reality. On average, Chileans may be spending more time in class, partly because the wealthier



segments of the population are sending their children to pre-school, partly because their children are in fact attending school for a longer time. But what about the other Chileans? Why is it that in 20 of the 34 municipalities in the Santiago region, the average number of years students spend in class is below the regional average? For what reasons do the number of years of schooling average only 6 in poorer municipalities like La Pintana, Huechuraba, Cerro Navia, Pudahuel, Penalolen, Lo Espejo and San Ramón, while in wealthy municipalities such as Providencia, Vitacura, La Reina and Las Condes it averages 10.5?<sup>231</sup>

**Percentage of those over 24 years of age in Metropolitan Santiago (40% of the population of Chile) with higher education - 1990**



Half of Santiago, which is home to some 40% of the population of Chile, is made up of poor neighborhoods. In these, only 2% of those over 24 years of age have ever set foot in any sort of institution of higher education. In the other half, at least 20% have, and in the ritziest neighborhoods, the percentage is much higher still (see above graph).

<sup>231</sup> Hardy, op. cit., p. 254, cited in Collins and Lear, p. 139.

### **Private Universities Mushrooming...But Quality?**

Private universities started mushrooming in Chile only in the late 1980s. By 1990 there were more than 43 such universities. They charge very high fees and cut costs to the bone. They offer only a limited number of undergraduate degrees that are inexpensive to teach and for which there is considerable student demand: law, accounting, business economics, psychology, and journalism. According to a 1989 study, they systematically avoid carrying out basic research: teaching tuition-paying students is what pays. Libraries and laboratories are practically non-existent.<sup>232</sup>

Many Chilean academics complain that the quality of all too many of Chile's universities, as well as professional institutes and centers for technical training, is scandalously low; they have proposed greater government control. But to the free-marketers, the market must be left to do its thing. Education has become a business, and is increasingly sold, somewhat like Coca-Cola. Professional institutes and centers for technical training indulge in constant advertising campaigns. Victor Lorca Gallado, the owner and president of ESANE, a center for technical training with 1,200 students, told Collins and Lear that his yearly advertising budget exceeded his total outlays for the salaries of all teachers and administrative staff.<sup>233</sup>

### **Professional Institutes, Centers for Technical Training**

Sociologists Pilar Vergara and Teresa Rodriguez have done research on the professional institutes and the centers for technical training. Since the reform in higher education abandoned post-secondary technical education to market forces even more thoroughly than with universities, it is instructive to examine their findings.

- They found most of the centers poorly equipped, often teaching outdated skills.
- Teachers were poorly qualified—28% lacking a college degree—poorly paid, most of them contracted on an hourly basis with no fringe benefits.

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<sup>232</sup> Corporación de Promoción Universitaria, *La educación superior privada en Chile*, Santiago: CPU, 1989, p. 189 cited in Collins and Lear, p. 141.

<sup>233</sup> p. 143.

- Many teachers had to hold down more than one job and this resulted in high absenteeism, lots of class time missed through late arrivals, excessive rates of substitute teachers and little teacher contact with the students outside of the classroom.
- The curriculum, in the absence of any system of accreditation, was often done ‘in an intuitive manner’ and programs were rarely based, they found, on any serious analysis of what is needed in the job market.

Vergara and Rodriguez thus concluded that the unregulated competitive marketplace is not good at regulating the quality of the centers for technical training.<sup>234</sup> They also argued that entrepreneurs who run the centers and the professional institutes “do not hesitate to sacrifice pedagogical effectiveness to the goal of maximizing short-term profits.” Lack of certification, they found, also made it difficult or impossible in some cases for students to transfer from one center or institute without starting all over again.

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Our review of the radical reforms of the Chicago Boys would seem to indicate that education, having been largely relinquished by the central government of Chile to municipalities and to market forces is no longer, as it was before 1973, a powerful force of democratization and economic redistribution. Quite obviously, these reforms contributed to widening the differences in educational opportunities and results, as well as increasing economic and social polarization.

Furthermore, it would seem that the claim that education has, thanks to the neoliberal reforms, increased in quality, seems largely unfounded.

Finally, it is clear that as a result of the reforms, the status of teachers has plummeted and their working conditions have substantially deteriorated. That this bodes well for teaching is very unlikely.

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<sup>234</sup> Pilar Vergara and Teresa Rodriguez, *Libre Mercado y Educación Técnica Postsecundaria: La Experiencia de los Centros de Formación Técnica*, FLACSO, March 1986 cited in Collins and Lear, p. 144.

## Chapter 15

### Housing Under the Chicago Boys<sup>235</sup>

When neoliberal policies dominated Chile after the coup, they suddenly transformed housing from a basic right to a mere commodity.

Under Frei and Allende, housing was an important element in national policy. Through pressures from popular organizations and the electoral process, public resources for housing were increased significantly. That housing was considered a central government responsibility was hardly surprising. In much of the developing world, where people living in poverty make up the majority, the poor have obtained a house through combinations of private initiative and government assistance.<sup>236</sup>

Frei, as we have seen, built an average of 40,000 housing units per year for his entire six-year period in office (1964-1970). He also assigned a total of 100,000 lots to needy families. When Allende became president in 1970 there were some 300,000 squatters in Santiago alone. His government radicalized the construction program. In 1971, the Popular Unity government accelerated the housing program: 89,000 houses were built in that year alone. During the three years of the Allende government, an

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<sup>235</sup> Unless otherwise indicated, the information in this section is drawn from Collins and Lear, p. 149 to 165.

<sup>236</sup> In June 1994, students and faculty in the North-South Studies profile of Dawson College spent two weeks in the small town of Hojancha in Costa Rica. We were impressed with both the relative equality of income and housing. This accomplishment, we were told, resulted from government policy of a social democratic nature, but even more so to the organizational skills of the Pastor of the parish. When I attended mass, I was impressed with the Pastor's homilies; he was an outspoken critic of the Chicago Boys' economic theory.

average of 52,000 houses per year was constructed; 85% of these were built directly by the public sector.

### **Housing under Pinochet**

The September 1973 coup d'état not only brought to a sudden end the Popular Unity government; it literally crushed popular organizations working for houseless thousands, even those merely concerned with feeding children.

The Chicago Boys, in their radical belief in private enterprise, placed private property at the center of their urban and housing policy. Land scarcity was not the problem, they argued. Government regulations were. Get rid of the latter and prices should fall, they argued. Taxes on unimproved lots and real estate sales were thus lowered or eliminated, taxes on capital gains abolished, restrictions on land use were considerably reduced, public land was sold off and the area zoned for urbanization in greater Santiago was greatly expanded.<sup>237</sup> Property assessments, carried out in the wake of the 1975 recession, —properties were thus evaluated at abysmally low prices—, were never reassessed during the entire Pinochet regime.

Instead of lowering the cost of land, these deregulations and lower taxes did just the opposite. Between 1976 and 1981, the price of land rose as much as 100% annually in real terms in some upper-class areas. The increase was not so dramatic in lower-class areas, but important enough to raise the price of even the most modest house.

Collins and Lear point out that the military government not only deregulated real estate, but also *“divided greater Santiago into thirty-two municipalities (from the previous sixteen). Richer communities were separated from their poorer neighbors. By redrawing the city to create units of ‘social homogeneity’, the government argued it would be able to better ‘focus’ public services where they were most needed, since otherwise the poor became hidden among wealthier groups. This division, they add,*

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<sup>237</sup> Ibid., p. 152.

*entrenched a geographical separation of classes unparalleled in Latin American metropolises.*<sup>238</sup>

Once you have separated clearly the well to do with their own large piece of pie from the poor with their own tiny piece, the next step is to allow them the freedom to make do with their own respective piece. Not surprisingly, the discrepancies between public spending for rich and poor became even greater. In the wealthy municipality of Providencia, for example, 2,700% more per capita was spent between 1980 and 1984 on public services and investment than in one of the poorest municipalities, La Pintana. This, however, was not enough for the wealthy elite who was acquiring, at bargain prices, Chile's public companies; the central government actually channeled a greater share of national public investment, which theoretically could be used to help the needy, into the wealthiest municipalities. From 1982-1984, in the heart of the economic collapse, the wealthy communities of Las Condes, Providencia and La Reina received over 58% of the total outlays by the Ministry of Public Works, even though they represented no more than 10% of the population of Santiago.<sup>239</sup>

### **Forced Relocation**

Segregation of the rich and poor in Santiago was pushed one step further with the adoption of the so-called 'eradication' program, implemented from 1979 to 1984. The Pinochet government decided it would do something about these campamentos—squatter settlements—; all those situated near the city center, close to the well-to-do municipalities to the east, were relocated. Over 30,000 families, some 150,000 people, were moved to the distant southwest edge of greater Santiago.<sup>240</sup> The others, already living in poorer areas, were allowed to stay (When I was in Chile, I remember seeing these campamentos often situated in the heart of the wealthy eastern municipalities of Santiago. It was a painful

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<sup>238</sup> Ibid, p. 152-3.

<sup>239</sup> Pablo Trivelli Oyarzun, *Intra-urban Socio-Economic Settlement Patterns, Public Intervention, and the Determination of the Spatial Structure of the Urban Land Market in Greater Santiago, Chile*, Ph.D. Thesis, Cornell, 1987, p.140-148, cited in Collins and Lear, p. 153.

<sup>240</sup> The campamento situated in Las Condes, once eliminated, became the site of the ritziest shopping mall of Santiago and of the first MacDonald's.

experience to see such a sharp and utterly scandalous contrast between the haves and the have-nots but it did provide some benefits. While the wealthy had access to cheap servants and house cleaners very close by, the poor also had jobs without having to travel far to reach them).

Moving the squatter settlements meant destroying important informal networks of extended families and friends, as residents of one settlement were relocated to different new ones. Strong ties of solidarity developed through the experience of popular struggles and land invasions were broken. When they arrived in their new neighborhood, despite promises of tennis courts and swimming pools, they found themselves with small, basic houses, but nothing else.

The municipality of La Pintana, situated 16 kilometers from the center of Santiago—using a combination of buses, it took an hour and a half to go from La Pintana to downtown Santiago—received 22% of the displaced families. From 1982 to 1986, the population of La Pintana increased by 77%, for a total of 136,000 people.

In theory, the relocation process was implemented to better focus public services on the needy. However, by the end of the 1980s, the ‘planned’ community of La Pintana still only had a total of six telephones for 136,000 people, was provided with only a single paved road, had no post office, no library, no public utilities office, no movie theater, no parks nor any green spaces whatsoever.

According to a 1987 university survey, displaced families did appreciate their houses but complained about the lack of jobs, schools, health care and basic commercial services.<sup>241</sup> Only 26% of heads of households had work in 1987, and 35% were unemployed or on the government minimum employment program. Those who previously worked for the wealthy families near their former campamentos now found they had to go a long way to work. Transportation, they complained, was expensive—in 1988 daily transportation by bus from La Pintana to downtown

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<sup>241</sup> E. Morales, et al. *Erradicados en el Regimen Militar*, Santiago: FLACSO, 1990, chapter four, cited in Collins and Lear, p. 154.

Santiago represented 26% of the minimum daily wage—and often unreliable.

The social structure of Santiago, according to sociologist Ernesto Tironi, has now become similar to that which existed in South Africa after the implementation of apartheid. There are clearly two Santiagos, one rich and modernized, the other poor and marginalized.

The Chicago Boys were convinced, as we have repeatedly seen, that in economic matters government is bad and private enterprise is good. They therefore, and quite logically, shut down most government-financed agencies that were directly involved in constructing houses for poor Chileans, whether public or simply non-profit. The private sector, they argued, would rectify the 400,000 Chilean housing deficit of 1973, better, faster and cheaper.

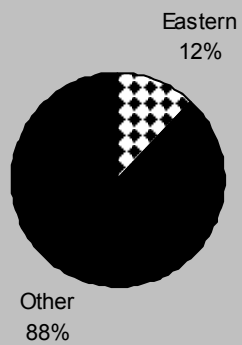
Thousands of Chileans, as we have already seen, live in shantytowns. They are called *poblaciones* and their inhabitants, *pobladores*. In Santiago, most of the poblaciones stretch out on the western side of the city. The extremely simple houses of the poblaciones are often home to two to four extra families. These ‘drop-in’ families live with their spouses and children, one family to a bedroom, and two to three children to a bed. In these overcrowded conditions, demoralization, promiscuity, violence and family disintegration are very common. Under Frei and Allende, as is often the case in many Latin American cities, such horrible living conditions led people to take on the risks involved in land seizures or ‘tomas’. However, under Pinochet’s iron hand, they merely led to despair.<sup>242</sup>

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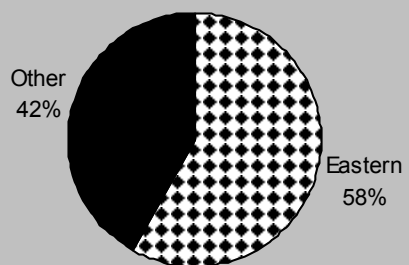
<sup>242</sup> Note added in 2014 edition: In his remarkable autobiography, a missionary priest from Quebec relates how the people of La Bandera did have the courage to undertake a land seizure on July 22, 1980, one that was rapidly repressed by the military. See p. 118 to 122 in *En mission dans la tourmente: 1965-1986*, Haiti, Équateur et Chili, les Éditions Novalis, Montréal, 2014.



**Percentage of the Population of  
Santiago Living in Eastern  
Municipalities in 1979**



**Percentage of the Houses in Santiago  
Built in the Eastern Municipalities in  
1979**



According to a 1985 survey of 28 poor neighborhoods in Santiago, 53% of households shared space with additional families or individuals, and 41% had 3 or more people per bedroom.<sup>243</sup> In 1990, 180,000 families in Santiago were still forced to live as 'drop-in' families with friends or relatives and 60% of them were among the poorest 40% of Chileans.<sup>244</sup>

The number of houses built in the mid-1970s plummeted, attaining a low, in 1975, not seen since the 1950s. Then the situation slowly started picking up, the total number of houses constructed per year reaching 30,000 between 1976 and 1980. However, not only was this achievement, especially with a growing population, much below that of Frei's and Allende's, but one also has to consider who was getting the houses. In 1979, as is shown in the two pie charts on the previous page, 58% of houses built in Santiago were located in the upscale eastern municipalities, where no more than 12% of the population of the metropolitan region lives.

Contrary to previous governments which had subsidized poor and middle-class Chileans by granting them very low interest rates and by becoming directly involved in construction programs of low-cost housing, the Pinochet government implemented a voucher system to assist people who wanted to buy a house. The voucher system represented a one-time subsidy. Poorer families were granted a subsidy covering 75% of the cost of a 'basic'—that is, very small and modest—house. Middle-class families were granted a similar subsidy covering from 25% to 75% of the initial cost of a house, the percentage decreasing, the higher the value of the home. Thanks to this voucher, the Chicago Boys claimed, people could obtain a house of their choice by merely shopping in the private housing market. Private enterprise would come up with the product, faster and cheaper.

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<sup>243</sup> "Encuesta Sur," published in *Revista Proposiciones*, No. 13, p. 17, cited in Collins and Lear, p. 156.

<sup>244</sup> La Coordinadora Metropolitana de Pobladores, *Los Allegados; un problema nacional*, 1990, cited in Collins and Lear, p. 156.

### **Voucher System: No Solution to Housing Crisis**

However, the voucher system left basically untouched the housing crisis, especially of the poor. Between 1979 and 1981, the poorest third of the population received less than 24% of public housing resources while the middle third of income earners obtained 64%. From 1980 to 1982 over 90% of the vouchers offering varying percentages went to the 40% of the population with the highest incomes. In 1983 the government decided it would help the private sector get back on its feet in the aftermath of the economic collapse; it granted a 13% subsidy on the sale of 14,000 high-priced homes, thus allowing Chileans in the highest 10% income bracket to receive 67% of the total housing subsidies granted in Santiago in that year.

Since the vouchers targeting the poorest families limited the value of the house at \$4,000, the private sector was not interested in this market. In 1982 the government was thus obliged to intervene in this 'free market' and to organize the construction of these houses by contracting directly with construction companies. Of course, this somewhat curtailed the consumer's freedom of choice: not only were the thousands of houses built identical, but also they were very small. Under previous governments and until 1978, a 'basic' house had an average size of 54 square meters; now the average size was only 31 square meters. Also and more importantly, these housing units, contrary to past practice, involved no plan whatsoever of parks, schools and other basic infrastructure.

Once it had become obvious that private sector banks were not interested in providing small, long-term loans to low-income house buyers—what a big surprise—, the government after 1982 began to provide complementary loans in all its subsidy programs. Initially, it had rejected this role, qualifying it as unnecessarily 'interventionist'.

From 1980 to 1986, subsidized housing averaged 35,000 new units per year. Overall, including the non-subsidized sector, the average rises to 49,000. However, because the population was growing much faster than housing construction, the housing deficit had become 80,000 per year. Thus, the housing crisis remained basically unsolved.

In fact, despite efforts by the Pinochet government to portray a rosy picture of the housing situation in Chile, Chile's housing crisis at the end of its long period in office was worse than ever. According to the Ministry of Housing of the newly elected Aylwin government (in 1990), Chile suffered in 1990 a quantitative deficit of 800,000 houses plus another qualitative deficit—substandard housing that needed to be replaced—of 300,000 houses. An unprecedented 39% of all Chilean families, or 1.1 million families, lacked adequate housing.<sup>245</sup>

### **Middle-Class Hit by Mortgage-Crisis**

As we have already noted, many Chileans soon discovered that in the free-market world, obtaining a house is only part of the problem; one must also be able to hang on to it. In the wave of deregulation and privatization of banks that occurred after 1975, home mortgages held by the non-profit savings and loan associations and by pension funds were sold to private banks. To protect themselves, these private banks decided to rewrite the mortgage loans; instead of being denominated in the national currency of Chile, the peso (the escudo had been abandoned and replaced by the peso), the mortgage loans would now be expressed in so-called Development Units (UFS).

*What is particular about mortgage loans expressed in UFS is that they are constantly adjusted to inflation.* In other words, if prices in Chile are increasing by 10%, then the amount owed will be accordingly adjusted upward by 10%. For example a 10% increase in prices would mean that a debt of 400,000 pesos would automatically become a debt of 440,000 pesos.

Existing mortgage owners were not obliged to accept this change. However, all new homebuyers were obliged to contract their mortgage in UFS.

Of course no homeowners in their right mind would ever choose to transfer an existing mortgage into UFS, given that the amount owed would then automatically increase with every increase in

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<sup>245</sup> *Minuta Política de Vivienda y Desarrollo Urbano*, Gabinete de Subsecretario, Ministerio de Vivienda, internal document, 1990, cited in Collins and Lear, p. 161

prices. Thus, private banks developed a strategy. They told present homeowners that if they accepted to transfer their mortgage into UFS, the amount owed would automatically be reduced by a certain amount. For example, a debt of \$390,000 pesos would become 320,000 pesos. Given that at the time inflation did not appear much of a threat; and that wage adjustments, through most of the period 1977-1981 were keeping pace with inflation thanks in part to the Labor Code of 1979 that had granted workers indexation (that is, if prices went up, wages would also automatically be adjusted upwards), most homeowners, not surprisingly, accepted to have their mortgage transferred into UFS.

This would prove to be a drastic and very costly mistake. Why? For two simple reasons. Inflation in the 1980s started skyrocketing and just as this was happening the military government eliminated indexation from the Labor Code. This meant that all home mortgages denominated in UFS were increasing at the same pace as the skyrocketing inflation, while wages stayed the same. Let me explain this in greater detail.

In an economy as open to foreign trade as Chile's, an openness sharply accentuated by the free-trade policies implemented by the Chicago Boys, *the price level is directly linked to the exchange rate*. For example, if Chileans are purchasing a lot of their goods and services from the United States, a drop in the value of the peso relative to the US dollar will translate into an increase in prices in Chile. By expressing the loans made to house-owners in UFS, the banks were protecting themselves from just such an eventuality.

In the late 1970s, the exchange rate was 39 pesos to the dollar and had been artificially held there for some time. However in December 1981 all that suddenly changed: the peso started dropping sharply in value. This trend continued unabated throughout most of the 1980s. So much so in fact that by 1984 the US dollar was worth 100 pesos, and by 1989 it was exchanging at an incredible 320 pesos!

As the Chilean economy collapsed in 1982 and 1983, major financial conglomerates went bankrupt, along with 66% of the banks. As we have seen, the military government, at the urging of

the international financial institutions such as the IMF, bailed out these big economic players.<sup>246</sup>

House owners, however, were not that lucky. After 1982, home mortgages in UFS were adjusted dramatically upward, because of the sharp and constant devaluation of the peso and the ensuing surge in inflation. At the same time that this was happening, the military government decreed a change in the Labor Code, eliminating the right of organized workers to indexation. In other words, wages would no longer be adjusted upward as prices increased.

The value of mortgages denominated in UFS increased by 259% from 1981 to 1987. However, from 1981 to 1985 average wages went down by 15% in purchasing power, and the minimum wage lost a full half of its value. As could be expected in such circumstances, over 50,000 families lost their homes to banks in the 1980s. Many more would have lost them had it not been for a stopgap government-sponsored refinancing program implemented in 1983. This program basically lowered the monthly payments by extending the term of the loan, thus rendering the long-term cost of the house considerably higher. Many homeowners were obliged to spend 40% to 50% of their salaries on mortgage payments. The middle-class was particularly hard hit and became very bitter over this issue.

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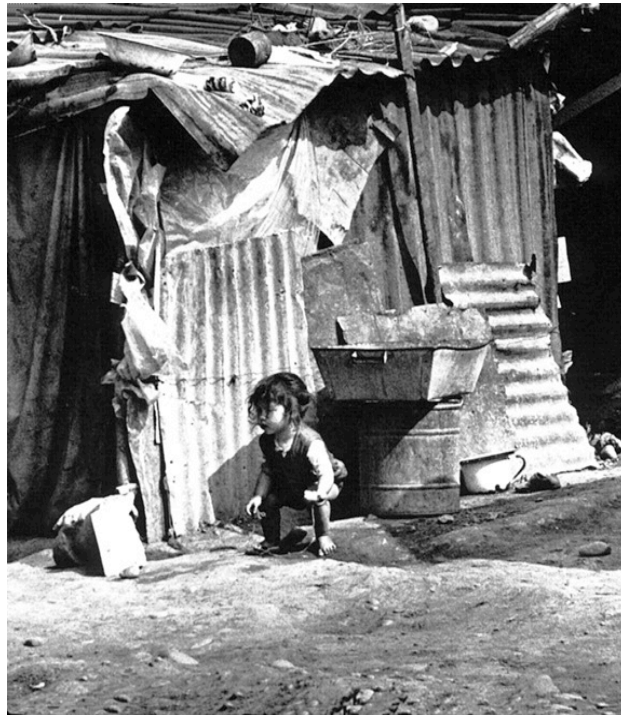
In the campaign leading to the 1988 plebiscite, the Pinochet government televised the following slogan: *“Today in this country, there are more families with a house of their own.”* But this advertisement, as Collins and Lear point out, proved ineffective against the reality of the housing situation. The

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<sup>246</sup> Note added in 2014 edition: The crisis experienced by the world economy and in particular the US economy in 2008 resembles what happened in Chile in some respects. In Chile the government bailed out the banks and the large companies but not the homeowners. In the United States the government also bailed out, to the tune of billions of dollars, major banks and big companies such as Chrysler and General Motors but not the homeowners; not surprisingly, many of the latter lost their homes. Given that the crisis originated in the United States had been triggered by the unethical behavior of big corporations, especially banks, this angered the public.

middle-class had just swallowed the extremely bitter bill of the home-mortgages expressed in UFS. And the majority of the people living in the poblaciones were suffering from a growing housing shortage. In these circumstances, it is not surprising that they chose to vote overwhelmingly against Pinochet.

Juan Hamilton, President Allende's former Minister of Housing, provided this succinct but very pertinent evaluation of the Chicago Boys' housing program. They tried to leave construction to the private sector, he said, but finally the government had to intervene. And the end result was "*smaller houses, of lower quality and in fewer numbers*".<sup>247</sup>



Shantytown in Santiago, Chile

Photo by Ted Polumbaum *Today Is Not Like Yesterday*

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<sup>247</sup> Collins and Lear, p. 165.

## **Chapter 16**

### **Fruit Boom – Bus Boom**

When I returned from Chile in July 1974, one could not find Chilean grapes or other fruit in Montreal grocery stores. Nor was Chilean wine commonly available. Today, the ‘Régie de l’alcool’ in my neighborhood has an entire section devoted to the sale of various kinds of Chilean wine. And Chilean grapes are regularly sold in Provigo, Loblaws, Metro and other grocery stores.

#### **FRUIT BOOM<sup>248</sup>**

Indeed, under Pinochet, Chilean exports experienced a boom. Shipments of grapes, nectarines, plums, peaches, pears and apples were at \$40 million in 1974; by 1991 they had reached \$1 billion. Table grapes were the driving force in this export boom. In the 1989-90 season, for example, they represented about 75% of the 58 million boxes of fresh fruits exported. In 1994, of all the grapes traded in the world an astounding 90% came from Chile.

Chileans have borrowed massively and successfully from California technology. Productivity on some Chilean fruits farms, especially in grapes, is now equal to that of California producers.

According to the Chicago Boys, the remarkable success of the Chilean fruit industry comes from free-market policies. Although Collins and Lear acknowledge that such policies have indeed played a certain role, they argue that the causes of the fruit boom are diverse. Many have absolutely nothing to do with free-market policies and some, in fact, rest on strong government intervention in the economy.

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<sup>248</sup> Unless otherwise indicated, the information for this section was drawn from Collins and Lear, p. 185-201.



1. **A first important factor in the fruit boom is geography.** Chile enjoys a strong comparative advantage in marketing fresh temperate fruits. When North America and Europe are having winter, Chile is having summer. Chile is also blessed with excellent soil and weather conditions. Its 'string-bean' shape means most of its orchards are no farther than 130 kilometers from seaports. Finally, because Chile is as long as Canada is wide, its varying climates allow fruit to mature at different times. This particularity means that Chile is the only country in the world capable of supplying a steady stream of grapes to North America and Europe in their winter and spring months for an uninterrupted period of six months.
2. **Chile only had weak competitors in the 1980s.** South African exports—South Africa is a major exporter of fruit—were boycotted because of apartheid. Argentina, another important fruit grower, was plagued by the Mediterranean fruit fly and contracted economic crises. Other competitors such as New Zealand and Australia are farther from the prime markets (except Japan) than Chile and thus face higher export costs.
3. **Former government interventions in Chile had laid the foundation for a future fruit boom.** In the 1960s, CORFO, the government National Development Agency, developed a national 'Fruit Plan' to foster future fruit exports. Developed by bright agronomists and implemented with the collaboration of the private sector and the State of California, the plan expanded the area planted. Quality fruit yields increased throughout the 1960s. The plan also allowed the University of Chile to establish a first-rate faculty in the fruit-related sciences, thus laying the basis for future technological transfers. A significant amount of the vineyards planted as a result of the plan only started producing fruit in the late 1970s. Furthermore, the Chilean fruit industry has been able to count on an abundant supply of water, thanks to good sources of water and an extensive network of irrigation canals built through public and private collaboration long before the fruit boom.
4. **Foreign demand for fruit was growing rapidly in the 1980s.** With half its fruit exports going to the US, the Chilean fruit industry has been able to benefit from changes in

American eating habits. A growing preoccupation with health has meant that Americans, in the 1970s and 1980s, increasingly preferred fresh produce to canned or frozen goods. At the beginning of the 1980s, American per capita consumption of fresh fruit in the winter was 3 lb. By the late 1980s, it was up to 9 lb.

**5. The sweeping land reforms carried out, as we have seen, first by Frei and then by Allende, turned out to be a key factor in the fruit boom.**

*“The development of the country’s fruit industry would be unthinkable, says a leading analyst of Chile’s agriculture, if the large estates (latifundios) had remained the dominant feature in the countryside.”*<sup>249</sup>

Before the mid-1960s, the Chilean countryside consisted of 10,000 gigantic *latifundios* (farms) and a scattered multitude of small family farms. As shown on the pie charts on the following page, these *latifundios* accounted for only seven percent of the total number of farms. Yet, because of their immense size, they monopolized 81% of Chile’s agricultural land. Most large estate owners, although ostentatiously wealthy and blessed with very fertile soil, showed little interest in using their land productively. Chilean agriculture was thus backward and very stagnant.

With the land reforms of Frei and Allende, 43% of all agricultural land (measured in terms of its productive value) was expropriated. By 1972, the large estates were completely wiped out: there were no longer any privately owned farms of more than 200 acres. Along with the land reforms came tax procedures: all land was now taxed according to its most productive use. Obligated to pay higher taxes, large estate owners had an incentive to use their land more productively.

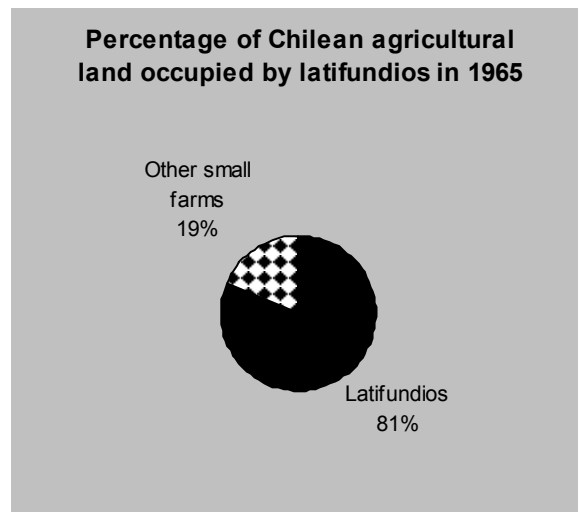
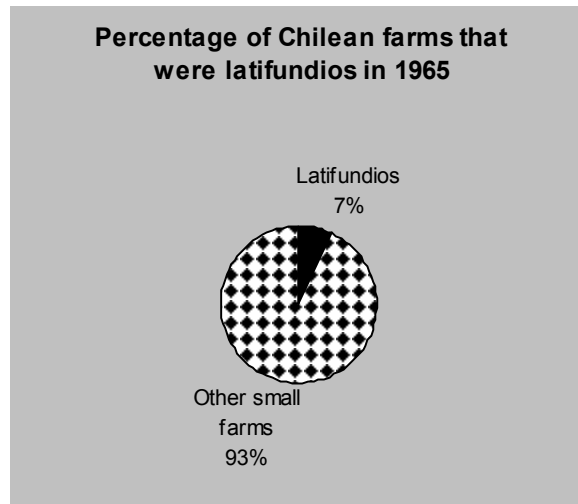
After the coup, the military Junta did not completely undo the land reforms. While 28% of expropriated land was in fact restored partially or fully to former owners, 52% was divided into parcels and sold to 45,000 of the beneficiaries of the Frei

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<sup>249</sup> Sergio Gomez, *La Uva Chilena en el Mercado de los Estados Unidos*, unpub. ms., Santiago, November 1991, p. 11, cited in Collins and Lear, p. 190.

and Allende land reforms. As for the remaining 20% of the expropriated land, it was auctioned off to the highest bidders, thus allowing new entrepreneurs to purchase land.

The Frei and Allende land reforms thus represent the historical pillar of the fruit boom. Most of the land distribution was maintained, but in a different form. For the first time in Chile, a market for farmland was created.



Consistent with its neoliberal philosophy, the Junta lifted the ceiling on how much land anyone could own and allowed corporate ownership of farmland. It also dismantled all public agencies assisting small farmers. This, combined with skyrocketing interest rates resulting from deregulated financial markets, not only fueled the market for farmland but also rapidly led to a new concentration of land ownership. By 1981, over 40% of the new parcel owners had sold their land. With no experience in farm management and no access to credit, the beneficiaries of the land reform rapidly got rid of their land, often selling it at bargain prices, totally unaware of its real market value. Those buying were not just previous landowners; many were city-based professionals with a spirit of enterprise: engineers, lawyers, doctors, financiers, merchants, truckers and agronomists.

**6. One last, but key factor in the fruit boom, and one clearly originating from the free-market revolution: abundant, mobile and very cheap, hard-working labor, often exposed to health hazards.**

- At the moment of the coup, 80% of rural workers were unionized. Most were steadily employed. Thanks to the Junta's harsh repression of workers, only 1% of all fruit industry workers are unionized.
- Most employment in the fruit industry is now temporary. Five-hundred thousand apple growers, mostly women hired for very short contracts, work twelve to sixteen hours per day and six to seven days per week.<sup>250</sup> The largest fruit-growing operation has a year-round workforce of 500; at the peak season its payrolls reach 5,000 and it hires over the course of the year a total of 13,000 different individuals. At least 80% of fruit industry workers are hired only for short periods. Many migrate from north to south, following the peak moments in the harvest.

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<sup>250</sup> Lake Sagaris, "Model Miracle", *The New Internationalist*, August 1993, p. 28

- The majority of temporary workers are under 29, and young female workers dominate in the peak months—from January through March.
- Between 1976 and 1986, pesticide imports multiplied by eight. Their use, under the Junta, has gone unregulated. Many of the pesticides used figure on the World Health Organization's 'dirty dozen' list of pesticides: they are linked to sterility, spontaneous abortions, deformities, cancer, nerve damage and other diseases.<sup>251</sup> Researchers found that workers on most farms were not provided with any protection. Many workers complained that they had to go into fields right after they had been doused with pesticides. Not surprisingly, numerous workers suffer from rashes, itching eyes, breathing problems and faintness.

### **Negative Factors in Fruit Boom**

The Chicago Boys claim that free-market policies produced the remarkable boom in exports of Chilean fruit in the 1970s and 1980s. Quite obviously, other key factors, as was just shown, also played an important role in this boom.

Furthermore, the fruit boom may not have been as positive as it is generally believed. This is the opinion of Professor Lovell Jarvis of the University of California, a long-time specialist of the Chilean fruit industry. Professor Jarvis claims that the military government decimated the research capacity of agricultural institutions in the Chilean public sector, slashing salaries and research budgets. Skilled expertise built up over decades, he says, was lured away by the offer of higher salaries and consultancy fees in the private sector. While more complex problems with long-run importance and requiring basic theoretical research are developing in the fruit industry, Chile has all but abandoned such research. Private fruit-exporting and agricultural chemical companies, Professor Jarvis argues, have seen to it that the research carried out in public universities and research centers only serves their own immediate short-term concerns.

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<sup>251</sup> Tironi, *Los Silencios de la Revolución*, p. 78, cited in Collins and Lear, p. 197.

It appears very probable that the years of easy growth for Chile's fruit industry are over. Not only are markets rapidly saturating but new pest and soil problems are developing. At the end of the 1980s, production costs were rising while prices were falling. In 1989, even though the volume of exports increased by 20%, revenues decreased by 10%.

### **BUS BOOM IN SANTIAGO<sup>252</sup>**

At the same time that Chile, under the Pinochet regime, was experiencing a fruit-boom, it was also going through a bus-boom. In Santiago, home to a large percentage of the total population, the military government sold off the public busses to private firms and deregulated public transport. As a result of this dogmatic and Chicago Boys-style freeing up of the transportation market, Santiago was rapidly turned into one of the most polluted cities in the world.

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In the late 1970s, the military government sold off the public bus company—it had a fleet of 710 buses—at bargain prices and radically deregulated the other 5,000 privately owned buses.

- Schedules, if any, were now up to the private owners.
- Fare freedom was decreed: buses could charge whatever they wanted to.
- Permission to operate a bus was granted nearly automatically as were requests to run on a route already operated.
- Up until the mid-1980s, emissions inspections were practically unheard of.

By the mid-1980s, some 13,500 buses were thus competing wildly in the streets of Santiago. Of course, buses all went where most customers were, so during the rush hours of the day and evening, more than one thousand buses an hour, two or three lanes abreast, were crawling along the Alameda boulevard (one

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<sup>252</sup> Unless otherwise indicated, the information for this section comes from Collins and Lear, p. 231-240.

of the main streets of Santiago). Fares stayed high partly because the bus owners, with half empty buses, had very high costs, and partly because any owner who dared charge lower prices risked getting his tires slashed by competitors.

As bus drivers were no longer salaried but now earned a commission on each fare collected, the competition became, in authentic neoliberal fashion, fierce. Buses, in their rush to get more customers, drove very fast and tended to stop anywhere on the street. Bus stops were often ignored. This wild competition, not surprisingly, led to more accidents. As illustrated on the graph on the following page, before the military government deregulated the bus industry in the late 1970s, fewer than 20% of fatalities in traffic accidents involved a bus. By the late 1980s, after deregulation made its impact felt, 75% of all deaths in traffic accidents involved a bus.

By the late 1980s, free competition in busing was pumping 800 tons of gases and particulates into Santiago's air daily. On a winter day without rain, breathing Santiago air, Collins and Lear point out, was equivalent to smoking from seven to 20 cigarettes in terms of gases or to an incredible 200 cigarettes a day, in terms of particulates in the air inhaled.

Many scientists believe that particulates may be "*the most deadly form of air pollution*".<sup>253</sup> By 1990, buses were held responsible for 79 to 80% of the particulates suspended in Santiago's air. On the worst days, the levels of particulates in Santiago exceed 500 micrograms per cubic meter.

The US Environmental Protection Agency considers that 150 is unacceptable. In Los Angeles, one of the two most polluted cities in the United States, the highest reading ever recorded was 289. With particulate levels running 20 times higher than in other industrial countries, Japanese scientists at the Fukuko Environmental Research Center, rank Santiago in qualitative terms as number one in world pollution.<sup>254</sup>

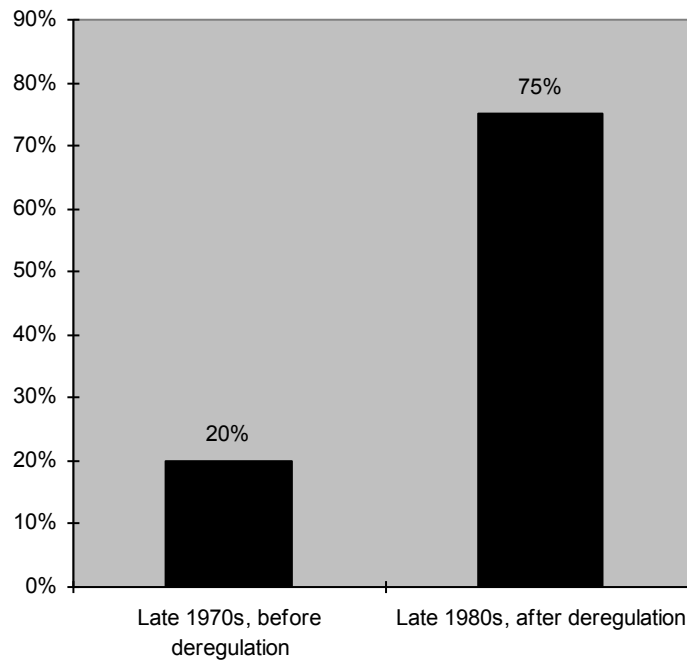
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<sup>253</sup> "Studies Say Soot Kills up to 60,000 in US Each Year", *New York Times*, July 19, 1993, cited in Collins and Lear, p. 238.

<sup>254</sup> James F. Smith, *Los Angeles Times*, July 22, 1989, p. 33, cited in Collins and Lear, p. 238.

Not surprisingly, Santiago's hospitals and clinics are packed with patients suffering with respiratory ailments. Medical specialists place acute respiratory illnesses, greater susceptibility to infections, conjunctivitis and other eye ailments, increased cases of asthma and increased severity of asthma high on the list of health disorders caused by Santiago's staggering pollution.<sup>255</sup> On certain days, the pollution in Santiago is so bad that children are not allowed to go outside, not even to school.

**Santiago: Percentage of fatalities in traffic accidents involving a bus**



In late 1987, the Ministry of Transport and Telecommunications, alarmed at Santiago's increasing air pollution attributed mainly to buses, started imposing restrictions on the quality and the number of buses authorized to use heavily traveled thoroughfares. These

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<sup>255</sup> Collins and Lear, p. 239.



restrictions were abolished only months later by a law decreed by the military Junta. The law originated directly from the Finance Ministry that holds the views of the Chicago Boys. According to a United Nations study, simple economic theory was the driving force of this law. No concrete study at all was carried out. Dogma at its best...<sup>256</sup>

By the late 1980s, pollution in Santiago was so bad that even the Chicago Boys had to reconsider some of their ideas about deregulation. Additional constraints were thus added.

Despite these new constraints, the problem of pollution in Santiago increased in the 1990s. On August 4<sup>th</sup> 1997, Plácido Domingo, an internationally renowned tenor, was giving a concert in Santiago, Chile. After his fourth song, the concert came to an end. The city smog was so bad that he was simply unable to continue singing.

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<sup>256</sup> United Nations Economic Commission for Latin America (ECLA), Transport and Communications Division, *Urban Bus Deregulation in Chile*, July 1990, p. 2, cited in Collins and Lear, p. 223.

## **Chapter 17**

# **Freedom to Plunder Natural Resources**

### **BOOM IN FORESTRY EXPORTS<sup>257</sup>**

Exports of forestry products in Chile experienced a boom similar to that of the fruit industry. In 1973, Chile's exports of forestry products totaled \$39 million and, by 1990, they were up to an impressive \$760 million.

Once again, the Pinochet government attributed this export boom to the virtues of a free, deregulated market. The reality, however, is more complex. The following factors must also be taken into account:

- Under Frei and Allende, government intervention had been essential in getting trees planted. For example, 'Pacts' signed by the Allende administration with small and medium-sized landholders had resulted in the planting of 625,000 acres; these trees only came to maturity in the Pinochet years.
- Government intervention through CORFO had also allowed the development of Chile's three principal forestry industry complexes, thus ending the monopoly power of the Matte conglomerate.
- Growth in the forest industry from 1965 to 1973 averaged 10% per year. By comparison, it averaged 9% from 1974 to

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<sup>257</sup> Unless otherwise indicated, the information for this section is drawn from Collins and Lear, p. 203-217.

1986, but with one notable difference: after 1974 exports accounted for almost all of the growth.<sup>258</sup>

Furthermore, in sharp opposition to neoliberal theory that calls for the reduction of direct government intervention in economic matters and the freeing of market forces, the military regime intervened considerably in the forest industry. Through economic policy and the handing out of subsidies, it reoriented the benefits of forestry production away from the general rural population and toward a handful of national and foreign companies. Politics played an important role in this concentration of economic power. Forest companies, and in particular the Matte conglomerate, had violently opposed the Allende government. Ponce Lerou, Pinochet's own son-in-law, headed the government forestry corporation (CONAF) during the late 1970s when new, pro-big business forestry policies were set

- All restrictions on size and ownership of landholdings were lifted;
- Seven and one half million acres of forestry land expropriated under land reform were handed back to the original owners; the rest was auctioned off;
- The military government also sold off its own considerable forestry land holdings, its shares of the trees planted under the Allende 'Pacts' and its interests in the main forestry processing plants.

### **Public Assets Again Sold at Bargain Prices**

In this privatization spree, public assets were once again sold at scandalously low prices; at least 20% below their market value, according to one estimate.<sup>259</sup> Only a handful of large conglomerates benefited. Some small farmers were forced to sell out because of high interest rates that deprived them of credit. Others were ineligible to purchase even the farms they were living on if they had any outstanding debt to the governments.

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<sup>258</sup> Contreras, *Mas alla del Bosque*, Santiago: Amerinda, 1989, p. 87, quoted in Collins and Lear, p. 204.

<sup>259</sup> Maria Elena Cruz and Rogoberto Rivera, *La realidad Forestal Chilena*, Santiago, Gia, 1983, p. 17, quoted in Collins and Lear, p. 206.

This situation of debt, given that the Allende administration had provided generous loans to small holders, was common to practically all of the small farmers.

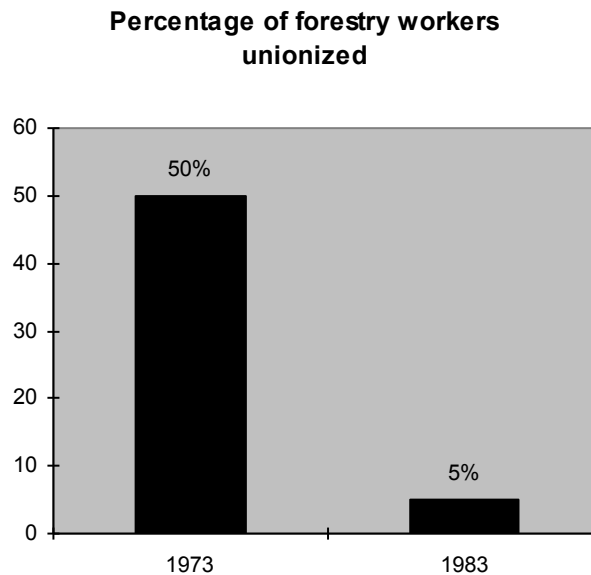
As the ownership of forestland was rapidly falling into the hands of wealthy corporations, the government agency, CONAF, offered very generous subsidies for tree planting. Initially, the subsidies covered 75% of the estimated costs of planting; later this was adjusted to 90%. Of course, the conglomerates rapidly captured most of these subsidies. These subsidies were so generous that when combined with the input of an army of inexpensive temporary workers, it was often possible to assure not only healthy future profits from this investment in forestry, but also to pocket an immediate profit just from tree planting itself.

As the tree planting proceeded, eventually the conglomerates could no longer find quality-cleared land to plant. Instead of going into less fertile land and incurring the costs of fertilizing, they started turning to the native forests. Even though Chilean law prohibits clear cutting native forests, many got around it by declaring a forest to be 'brush' or 'severely degraded'. Then, with no qualms of conscience whatsoever, they proceeded to clear-cut, or even, in some cases, to burn the forest in order to be able to replant pine. The fact that the government agency, CONAF, had experienced severe cuts in its personnel meant that enforcement of the law protecting native forests was next to impossible.

Monocultural plantations—in this case land planted only with pine—, as is well known, are particularly vulnerable to plant diseases. In their battle to control diseases and pests, plantation owners often resorted to importing pesticides and chemicals, such as Agent Orange and 1080 poison that are prohibited in their country of manufacture because of their serious negative impact on the environment.

### New Jobs?

The largest ten companies—some of them foreign—soon controlled 80% of the forest industry. Because of new technology and the super exploitation of labor, they were not creating new jobs. Despite a huge increase in production, only 60,000 workers were employed per year, the same number as 20 years before. The significant gains in pay and working conditions obtained by workers in the Popular Unity years were completely reversed following the coup; their unions were also dismantled with particular fervor. Previously, a forest worker was considered permanent after six months; the Junta decreed this would now require two years and that temporary workers would no longer be allowed to join unions. Not surprisingly, the number of organized forestry workers dropped, as is shown on the graph below, from 50% in 1973 to 5% in 1983.



By the late 1970s most forestry companies had reduced their permanent labor force drastically, replacing them with flexible temporary workers or, more commonly, by contracting out specific tasks to middlemen. CRECEX had 2,000 employees in 1983; yet only 2.3% of these were permanent.

Workers hired by the middlemen received very low, substandard pay and worked long hours, with lax and unenforced safety rules. Sometimes the middlemen, unable to meet the terms of their contract with the conglomerates, disappeared in thin air leaving workers unpaid. Forestry had the highest accident rate of any economic sector in the country. In Concepción, a study by the Catholic Church claimed that such working conditions had not existed in Chile since the nineteenth century nitrate mines.<sup>260</sup>

### **Wood Chip Boom: Clear Cutting**

The wood chip industry arrived in Chile in 1987. Just three years later, it already accounted for 12% of the value of Chilean forestry exports. By 1990, most of the nine wood chip companies were foreign owned. Wood chips—a product resembling what falls on the floor in any carpentry shop—are exported to Europe and Japan where they are turned into paper, mostly for computers.

Originally the companies said that raw material for wood chips would be taken from properly managed native forests. They claimed native forests would be preserved by turning crowded, diseased or over-aged rotting native trees into wood chips. But the reality turned out to be different: 60% of the wood chips do come from logs in native forests, but according to one estimate, over 30% of the cuttings under management plans are illegal, amounting to thinly disguised clear cutting.<sup>261</sup> Since 1987, applications for ‘management’ of native forests have soared by 1500%; much beyond, quite obviously, what the depleted staff of CONAF can monitor.

In the mid-1980s, CAP (now owned, following the privatization spree, by a Swiss company) and Marubeni, a Japanese paper company, purchased 150,000 acres of native forest south of Valdivia. It later applied to exploit this area for the production of wood chips, but insisted that it would be profitable only if it was allowed to clear cut 60,000 acres (much of it on erosion-prone

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<sup>260</sup> First quoted in Jose Leyton, *El fomento Forestal y su impacto sobre el desarrollo rural en Chile*, Santiago: CEPAL, 1985, p. 129 and then in Collins and Lear, p. 210.

<sup>261</sup> *La Epoca*, 13 March 1990, quoted in Collins and Lear, p. 214.

slopes of up to 45°) and replant them with eucalyptus trees. Thanks to the strong and well-organized reaction of the ecology movement, the newly elected Aylwin government accepted to turn the problem over to a special commission.<sup>262</sup>

Manfred Max Neef, one of Chile's leading ecologists, claims that Chile is, "*destroying its forest to the rhythm of ten football fields every half hour in order to export forestry products in the form of wood chips. We are dilapidating our national wealth for the sake of an export model, he says (...). If we continue this way, within eight years the country will be devastated.*"<sup>263</sup>

### **BOOM IN FISHING EXPORTS**<sup>264</sup>

As the fruit and forestry sectors were experiencing export booms, so was another of Chile's natural resources sector: fishing. In 1971 Chile's total catch was 1.5 million tons; by 1989 it had risen to an incredible 6.5 million tons, ranking Chile fourth in the world. Fishing exports were \$48 million in 1973; by 1987 they had jumped to \$934 million. Contrary to forestry in which employment remained stagnant, employment in fishing quadrupled from the early 1970s to 1990. In the latter year, it stood at 60,000.<sup>265</sup>

Under both Frei and Allende, the fishing industry developed rapidly. Efforts focused on boosting employment, fostering cooperatives and promoting internal consumption. Neither

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<sup>262</sup> When our North-South Studies group from Dawson visited Costa Rica in June 1994, we saw many huge plantations of eucalyptus trees. They had been planted after the native forests had been clear-cut. Some were situated on very steep slopes. Our Costa Rican guide explained that a few very wealthy Germans had bought thousands of acres and had planted these trees, apparently excellent for commercial use. When the eucalyptus leaves fall on the ground and rot, no other vegetation can grow because of the chemical reaction. When it rains, the top soil merely washes down the hills, causing severe damage.

<sup>263</sup> Laurence Boccara, "Chili: sur la corde raide", *Alternatives Économiques*, décembre 1993, p. 38.

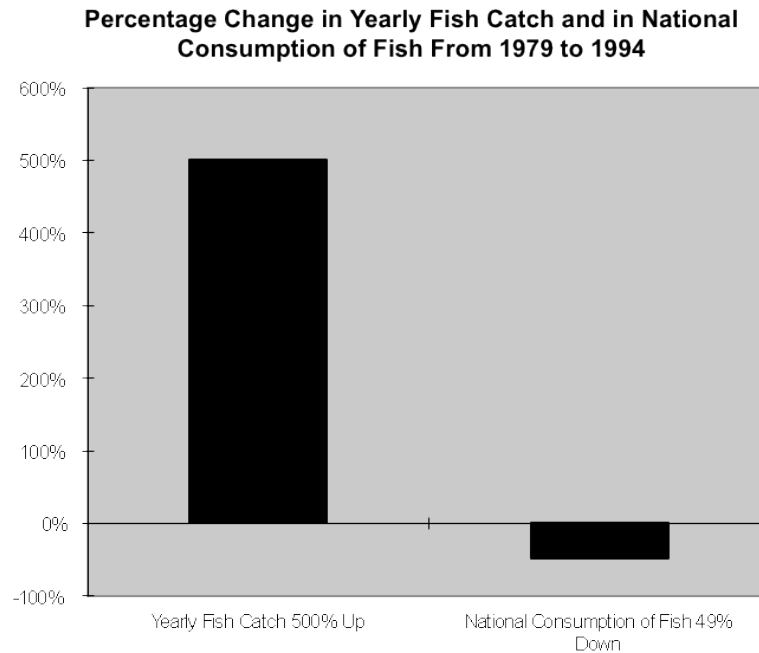
<sup>264</sup> Unless otherwise indicated, the information from this section is drawn from Collins and Lear, p. 219-229.

<sup>265</sup> *Chile Economic Report*, No. 224, Santiago: CORFO, April 1990; Omar Cerda, "Análisis del Sector Pesquero", *La Caleta*, Nov. 1988, p. 1, quoted in Collins and Lear, p.219.

administration was particularly conservation-minded, however. For example, Chile's anchovy supply nearly collapsed in the mid-1960s and once again in 1972.

The Fishing Code passed in the 1930s allowed for free and unlimited access to marine resources and remained mostly intact under Pinochet. However, his military government distinguished itself from the two previous governments in three respects:

- \* Fishing was opened to foreign investors on very favorable terms,
- \* The Labor Code was revamped to allow for the systematic exploitation of workers,
- \* State of the art technology was introduced in both fishing and processing.



While Chile ranks fourth in terms of export volumes, it only ranks twentieth in terms of value (in other words, the monetary value) exported. This obviously means that Chile has a very low



processing level. Canada, in comparison, generates five times more foreign earnings with only one fifth the fish catch of Chile.

Most of Chile's catch—90% in 1987 —goes into the production of fishmeal and fish oil.

Following the anchovy supply crisis of 1972, Allende had taken over the troubled fishmeal industry to preserve employment. Most of the companies he nationalized were mid-sized. Under Pinochet, these companies were privatized, ending up in the hands of only seven companies. Four of these were owned by one single man, Anacleto Angelini, who soon emerged as head of Chile's largest economic empire (with other holdings in forestry and oil).

### **Rapid Growth in Fishmeal Industry**

Purchasing new technology and taking advantage of now very flexible and inexpensive labor, the fishmeal industry was soon back on its feet. But from anchovy, which was depleted, it switched to sardine and saurel. By 1986, the fishmeal related catch was five times the historical peak of 1971.

In 1983, a quota of 1.3 million tons on annual sardine catches was imposed by an undersecretary of fishing who was concerned about strong evidence indicating depletion of the stock. At a time of economic collapse, the reaction from both industrialists and workers was strong. The quota was thus eliminated. In 1985, the sardine catch peaked at 2.6 million tons and then started declining thereafter. In fact, the sardine stock was disappearing. By 1990, the estimated stock of sardines had dropped 66%. The fish industry reacted by concentrating more on saurel.

### **Foreign-Owned Factory Trawlers in National Waters**

Fishmeal and fish oil, as already noted, represent 90% of the total volume of production, but other fish products—mostly frozen and canned fish, seaweed and aqua cultures—provide 43% of the value of production (in 1987). The latter are all for human consumption.

The most important commercial fish is hake. Thirty-five 'factory trawlers'—and some 15,000 fishermen in small boats sell their catch to land-based freezing plants. Japanese, Spanish and

Korean companies own all the factory trawlers; however they are allowed to fish national waters just like Chilean ships.<sup>266</sup> All that is required of them is to pay a nominal fee of \$20 a catch. These ships are large—up to 325 feet in length—, are equipped to both catch and process fish on board, and process between 12 to 39 tons in 8 hours.

In theory, the National Fishing Ministry (SERNAP0) is supposed to supervise these trawlers; there should be one government inspector on each ship. In practice, however, it seems that supervision was very ineffective. Inspectors were easily bought off or treated with contempt. The catches were regularly underreported to the government. In 1980, inspector Hector Vera ordered a Japanese ship that had exceeded its quota and used illegal fishing techniques to shore. Two weeks later, Vera lost his job. By 1985, such conflicts were ended: the requirement that each ship have one inspector was merely eliminated.

Even though the capacity of existing trawlers far exceeded the government quota, the Pinochet government in its last two years in office approved another 25 trawlers, all of them foreign-owned. Once the fish stock is depleted, the consequences for these foreign-owned trawlers is not important; they can merely move on to other waters somewhere else in the world. However, for the 15,000 local fishermen in their small boats, it is an altogether different matter...

As shown on the graph on the bottom of the preceding page, the yearly fish catch in Chile increased by 500% from 1979 to 1984. Yet, during that same period, the national fish consumption of fish dropped by 49%, that is, from 17.6 lb. to 9 lb per person a year.<sup>267</sup> This is not only shows Chile's strong export-orientation.

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<sup>266</sup> Not long ago our Canadian government engaged in a historic battle with a Spanish fleet fishing just outside the 200-mile national waters' limit. The Canadian government forced the fleet to shore and took its stock of fish, arguing that the Spanish were irresponsibly depleting the fish stock! This, to say the least, is a far cry from Chilean fish policy, at least under Pinochet.

<sup>267</sup> When I was in Costa Rica in June 1994, I was struck by a complaint of many Costa Ricans: our government, they said, is selling all our beaches to wealthy foreign tourist companies. Foreigners are coming here to holiday and to use them, but these sites are becoming so expensive that we Costa Ricans can no longer use them. Another striking thing: when many Costa Ricans take

Also and more importantly, it illustrates the deepening poverty of large sectors of the population.

### **Plundering Natural Resources**

That the freeing of the fishing industry is unsound and unsustainable appears abundantly clear. In 1990, the sardine stock was down 66% and hake was also on the verge of collapse, while other species like the loco, oyster and the sea urchin had dwindled well below commercially exploitable levels. In fact, 60% of the resource base of the entire fishing industry was in a state of serious deterioration. The opening up of Chilean national waters to foreign-owned trawlers and the lack of sound regulation both appear as a tragic mistake, resulting from a dogmatic belief in the virtues of free markets.

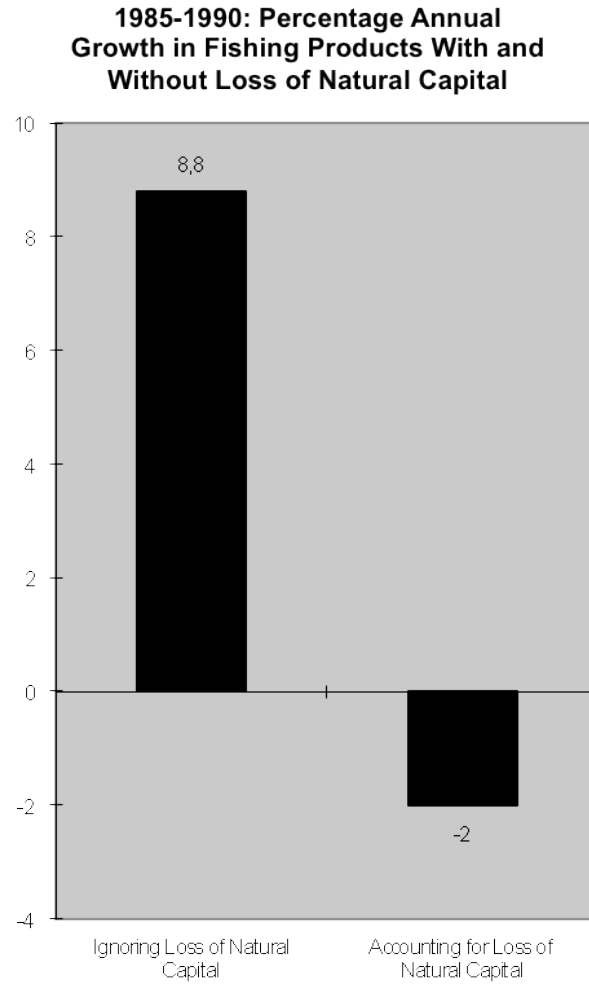
When viewed not with the simplistic yardstick of mere growth in production, but with one combining at once growth and loss of natural capital resulting from this growth, the boom in the fishing industry appears much more modest.<sup>268</sup> The Chilean economist Andrés Gomez-Lobo calculated that when one takes into account the loss of natural capital, Chile's average annual growth in fishing products of 8.8% over the 1980s is reduced to 4.6%. When one concentrates only on the 1985-1990 period, the results become even more disturbing. In this period, as is shown on the graph on the following page, the depletion of natural capital was so rapid that the growth rate, after factoring in capital loss, was a *negative 2%*<sup>269</sup>

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holidays and travel to other parts of the country in organized tours, the language spoken is very often not Spanish but English. They are becoming foreigners in their own country.

<sup>268</sup> Natural capital is another expression for nature, or, more precisely, natural resources. Up until recently governments only bothered measuring the growth of total output (GDP) in their respective countries. From this total was deducted the deterioration of buildings and machinery resulting from production. However, the destruction of nature resulting from this same production was ignored. When account is taken for the loss of natural capital, some experts claim that the GDP of the United States has been decreasing, not increasing, since the 1970s.

<sup>269</sup> Andrés Gomez-Lobo, *Desarrollo Sustentable del Sector Pesquero Chileno en los años 80*, Santiago: Cieplan, no date, p. 25, quoted in Collins and Lear, p. 225.



Freedom, the advocates of the Pinochet government claim, represents the secret of Chile's booming forest industry. Freedom, Collins and Lear ask, to do what? Their answer: freedom *"to own, cut, plant and export trees and tree products,*

*virtually without government interference as to the number and size of trees or the degree of processing.*<sup>270</sup>

Once again, one must look beyond the rhetoric. Part of the forestry boom originated from economic policies of former governments, namely in tree planting. While these policies were aimed at promoting equitable rural development, under Pinochet the forest industry was turned over to wealthy conglomerates, Chilean but also increasingly foreign. These conglomerates received important subsidies from the government for tree planting, were allowed to benefit from an increasingly unregulated and exploited labor force. When good land was no longer to be found for tree planting, they turned to clear cutting native forests, replacing them with more profitable pine. Then, they turned to wood chips, and under the façade of sound management, continued clear cutting native forests.

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<sup>270</sup> p. 215.

**PART V**  
**Civilian Governments**  
**Pinochet Affair**



## **Chapter 18**

### **The Concertación: 1990-2001**

Following the 17-year dictatorship, Chile has had three civilian governments. All of them were formed by the Concertación, the coalition of political parties that had successfully opposed Pinochet in the October 1988 plebiscite. In what follows, I will discuss the economic and social policies implemented by these governments and their impact on Chile. I will also examine the evolution of the human rights issue as it evolved during this period, emphasizing what is now known internationally as the 'Pinochet Affair'. As was the case in the first chapters, I will not only draw from secondary sources but also from the observations I noted during my second visit to Chile in 1998.

In fall 1998, I traveled for three months with my wife, Danielle Turcot, to Central and South America. We backpacked through eight different countries, moving from place to place in public buses. The last country we visited was Chile, a country with which my life is closely entwined but to which I had never returned since my hastily departure in July 1974. During the trip, I wrote my diary, as I had done in Chile in 1973-1974.

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In mid-October 1998, Danielle and I spent a few days on the beach in San Juan del Sur, Nicaragua. One morning I bought *La Prensa*, one of the country's main dailies. What I discovered on its front page literally blew my mind.



### **Diary: Nicaragua, San Juan del Sur, October 19, 1998**

*The headlines in this morning's La Prensa: **PINOCHET UNDER ARREST!** I could hardly believe my eyes! What great news! I knew from recent newspaper articles that Amnesty International had asked the British government to arrest Pinochet for his crimes against human rights. Pinochet recently traveled to England and is now recovering from surgery he underwent there. I had also learned that some Spanish judge was trying to get him arrested for the torturing and murder of several Spanish citizens living in Chile between 1973 and 1983, and for crimes against humanity. But little did I believe that anything would come of it. Apparently, the Chilean government protested against Pinochet's arrest. However, many in the Chilean government must be overjoyed. And what an interesting dynamic this situation must be creating in Chile at the present time! He who cannot be tried in his own country for his massive human rights abuse is arrested, for these same abuses, in another country!*

From Nicaragua, Danielle and I traveled to Costa Rica where we spent two weeks. Then we took the plane for Lima, Peru. Our flight was scheduled for 3:15 p.m. in San José on November 2, but, because of the bad weather caused by Hurricane Mitch, it was delayed until 9 p.m. and, eventually postponed until the next morning. During our long wait in the airport on November 2, we met two Chileans. One was a woman in her late twenties who lived in Los Angeles where she worked as a real estate agent. The other was her 70 year-old grandmother who lived in Arica, the Chilean port city located on the border with Peru. She was a tall, energetic woman who walked using a cane.

What sparked our encounter was an article on the Pinochet Affair that I was reading in the newspaper. The grandmother was sitting right across from me, so she immediately noticed the article. After maintaining a few minutes of what appeared to be a painful silence, she suddenly burst out with a testimony that I found so surprising that I carefully wrote it down the very next day in my diary, on my plane flight to Peru.

**Diary: During Plane Flight to Peru, November 3, 1998**

*What you are reading in that newspaper – the grandmother pointed to the article on the Pinochet Affair in the El Nuevo Herald – are pure lies. General Pinochet did one great thing for our country; he liberated it from Communism. He allowed Chile to return to law and order and to start working again. He hired economic consultants and implemented policies that have allowed Chile to grow very rapidly economically.*

*When the military intervened to save our country, they elected Pinochet as president. After all, someone has to be the leader. Pinochet allowed all those Chileans who were willing to work to remain in the country. Those who chose to leave did so because they didn't want to work; all they were interested in was raising trouble, acting as terrorists. I'm not claiming—I want to be clear—that there were no deaths; there were. However, these were not assassinations but shootings (fusillamientos). The fusillamientos were not done gratuitously; there was a reason. Those who were shot had been involved in wrongdoings.*

*When Allende and the Communists were in power, the foreign firms operating in Chile, firms that had created many jobs for us, all packed up and left. Unemployment thus increased a lot. During the Allende years, gangs of from 20 to 30 people would invade the large farms in southern Chile and take them over. In many cases the owners of these farms had worked all their lives for what they had. And how did Allende react to all this? He just tolerated the gangs and let them off the hook. Now, tell me, are these not human rights abuses? Granted, the landowners were very wealthy and some of them had several homes. But if one works hard, one has the right to own a lot obviously. Furthermore, these landowners used their farms in a productive manner. Once the land, with Allende's signature, had been parceled out to peasants, what did they do? They simply ate up all the cattle, they consumed and consumed and did not bother producing. Fortunately, when Pinochet took over, he gave the land back to the legitimate owners, and now agricultural production is doing fine.*

*Now I'm retired. However, I worked as a reporter for El Mercurio from the time Eduardo Frei was in power, in 1964,*

*until the end of the Pinochet era in 1990. I have observed a lot of things in my life. What is happening now is that the Communists are gaining influence again in Chile. That is why our economy is starting to suffer again of late. Even in Spain, you know, the Communists have been making headway. To think that Chile, several years ago, opened its arms to refugees from Spain and that today, they are thanking us by carrying on in this manner!*

*Isn't the USA the most wonderful country in the world? I admire the Americans a lot. They have always fought for human rights and democracy. They have always fought against Communism. In the USA, people of all cultures are welcome. All can get ahead economically. It is a land of opportunity (As she was saying this, she looked at her grand-daughter, seeking her approval).*

After spending more than two weeks in Peru, visiting the fantastic city founded by the Incas, Cusco, and the amazing ruins of Machu Picchu, we headed for Bolivia. There I met a Chilean with whom I had long and very interesting conversations.

### **Diary: La Paz, Bolivia, November 20, 1998**

*Last night as I was watching TV in the lounge of Hotel Italia, I started chatting with Alberto, a Chilean businessman in his fifties. News on Pinochet is what got our conversation going. He was quite surprised to discover that I was in Chile in 1973 for the coup and also that I knew so much about contemporary Chilean history. At first I spoke of the Pinochet Affair very cautiously, as I had no idea what his political leanings were. However, when he told me that he had been detained by Pinochet for five years—four in jail and one on parole in Linares—I immediately dropped my inhibitions and our conversation flourished. (...)*

*Alberto believes that there is more to the Pinochet Affair than what meets the eye. He explained why: "All surveys in Chile show that Ricardo Lagos, the leader of Chile's Socialist party, is the most popular politician in Chile right now. Should he win the leadership campaign in March 99 for the Concertacion, he will most likely be the next president of Chile. Lagos has been criticizing Chile's neoliberal economic model. He argues that the time has come to humanize it. The problem of income inequality must be addressed, as well as that of education and health. In*

*order to tackle these problems, he wants to increase the taxes on profits. Many transnationals, he argues, have benefited immensely from Chile's strong and prolonged economic growth. As Chile has been touted by the United States as a model not just for Latin America but also for the world, the possibility that Lagos would shift the economic agenda to the left must be a disturbing eventuality for the moneyed elite. I think that the Pinochet Affair may lead to a new political situation in Chile. I strongly suspect the US hand behind much of this."*

*I told Alberto that his analysis was interesting and that I understood his fear. However, I added that his interpretation was perhaps not the only possible one. "Most European nations have been moving towards a form of social democracy lately, I pointed out. This trend might explain why Pinochet is now detained. Can one imagine Pinochet detained if Margaret Thatcher were the Prime Minister of Britain? Is it not possible that many European countries would find a turn towards the left in Chile interesting?"*

*To support his hypothesis of the powerful but discreet US hand in Chilean affairs, Alberto explained that Pinochet, just before departing for Britain, had publicly supported Sandoval, Lagos' competitor as future leader of the Concertación. Given Pinochet's solid extreme rightist credentials, this, Alberto pointed out, is a surprising move and one that roused the fury of important elements of the right. Pinochet, of course, is not really supporting the Concertación. Instead, he is trying to prevent the Concertación from moving to the left.*

*As we parted to go up to our rooms, Alberto suggested that we have lunch together the next day. So, after discussing the invitation with Danielle, off we went for lunch today with Alberto. He was once again very charming and interesting. He was very sensitive to Danielle and she was impressed by his general culture.*

*After lunch, as we walked back to Hotel Italia, we discovered more about Alberto. During the Allende government, he was the governor of Linares (or that region, I am not sure). Before that, he taught grade school for ten years. When Pinochet liberated him from prison and put him on parole, he was penniless and*

*jobless. His first job was that of street vendor (as he explained this he pointed to the hundreds of street vendors all around us on sidewalks). Then, in the early 1980s, he started working as a building contractor in rural areas. The Pinochet government was offering subsidies to help the poor obtain a home, so these subsidies allowed him to start off in this new direction. With time he gained experience and now is doing fairly well.*

*Last August, Alberto pointed out, the Frei government accepted to grant some 6000 Chileans an excellent pension. He is one of the lucky ones. The government recognized, to this end, his years as a teacher, as a governor, and as a contractor. In fact, because Pinochet abolished the job of governor and replaced it with that of 'Intendente', one with higher responsibilities, Alberto will be receiving the pension corresponding to that of an 'Intendente, which is amazingly high.*

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*In the downtown La Paz area where we are living, the streets are literally filled with street vendors. The situation is similar to the one we saw in San Salvador in the area surrounding the Cathedral. But here, we feel it is not as dangerous and there is less filth. Cars and buses crawl through the crowds of vendors and clients, honking their horns. So much so, that when one listens the honking is literally non-stop. One can buy just anything: food of all kinds, warm and cold, clothes, tools, hats, toothpaste and what not. Most vendors seem to carry their entire stock, back and forth, from their homes—what homes, I wonder — to the streets. The bags they carry are so immense and so heavy that we couldn't believe our eyes. Mules, Danielle and I thought, could hardly carry more weight. What working conditions!*

*I spoke to a few Bolivians on the street and asked them if, ten or fifteen years ago, there were as many street vendors in La Paz. They answered no, and added that this trend came about as a result of the neoliberal economic reforms implemented in Bolivia, reforms whose outcome was the closure of many mines and the loss of thousands of jobs. "These vendors are trying to survive", they said.*

**Diary: La Paz, Bolivia, , November 22, 1998**

*This morning, I went to Alberto's room to listen to a special program on BBC titled: Globalization of Justice and the Pinochet Affair. Alberto welcomed me very warmly; he offered me 'mate de coca', bread and cheese.*

*After the program was over, Alberto went on to explain how Pinochet had, in some important ways, contributed to the success of the Chilean 'economic miracle'.*

*"Pinochet maintained a curfew for a full ten years. This practice, which meant that people had to stay in their homes every night, imposed a discipline on the entire country. It altered the previous relaxed and laissez-faire way of doing things."*

*"In the rural areas, Pinochet's iron hand was fundamental. Under Allende, the land received by the peasants through the land reform was mostly administrated in cooperatives. As peasants felt that their pay, originating directly from the State, was fully assured, they tended to be very easy-going and sometimes downright lazy. The government was forking out lots of money to peasants, money that was often used in an unproductive manner. Many peasants spent lots of time partying and living it up. However, when Pinochet took over, he rapidly split up the land in parcels and gave legal land titles to individual peasants. This being done, he informed them that they had to make a living by exploiting this land and that, from now on, they could no longer count on financial help from the State. In other words, no more State paternalism."*

*"You know what a lot of peasants did with their newly acquired land? Many of them simply turned around, and, in a matter of weeks and sometimes just days, they resold it to third parties. And they sold it at ridiculously low prices. For example, a peasant would sell 40 hectares of excellent land for no more than \$20 US! With this money peasants bought a TV set or some other household appliance."*

*"Those who were busy purchasing land from this and that peasant were generally very business-minded. They rapidly created large farms and managed them with ever increasing efficiency. Thus, land that previously represented a huge*

*financial drain on the public purse started being transformed into an important source of income. For its owners, of course, but also, through increased tax revenues, for the State. Did you know that in some regions of Chile where there is just a desert, crops are now being grown thanks to the implementation of state of the arts irrigation technology first developed in Israel?"*

*"Chile has some 80,000 km of roads, 18,000 of which are now paved. And many more kilometers are being paved thanks to an intelligent government policy. For example, the government will grant a 15 km stretch of road exposed to heavy traffic to a private firm. The latter accepts to pave the road and to maintain it in excellent condition in exchange of which it can install tolling stations and collect, for the next 20 years, money from those who use the road. Firms thus make more profits, more roads are paved and are kept in excellent condition, and, last but not least, the government needs not use public funds for the development of roads. Furthermore, citizens such as I who do not even own a bicycle, leave alone a car, do not have to subsidize the construction and maintenance of roads that they never use, this being left to those who actually make use of them."*

*"Tolling stations, it is true, do pose certain problems. Sometimes the line-ups at the stations can be so long that the time saved because of better, paved roads is lost waiting at the stations. This problem, however, has been addressed by increasing the number of people collecting the tolls. In the future, with sophisticated technology, vehicles no longer will have to stop at tolling stations. Each vehicle, as it passes, will be identified by radar and the owner will simply be billed by mail."*

*"Chile has developed a system to compensate for the inevitable ups and downs of the copper market. When the price of copper is high, a certain percentage of the price automatically goes into a copper fund. When the price drops, this fund is then used to compensate producers for the drop. In this way, the medium and long-term price of copper is more predictable, there is less uncertainty. Investments are thus encouraged."*

*As Alberto spoke, I could sense his immense pride in Chile. The new metro in Santiago; the fact that one finds mostly new cars nearly everywhere; the fact that the buses now operating in*

*Santiago are relatively new and all equipped with catalytic devices in order to lower pollution; the fact that Providencia, once a residential district in Santiago, has now become a thriving commercial center, the wealthy having moved to the outskirts of Santiago, on the side of the mountains; the rigor and discipline that one finds in the administration of the government finances, a far cry from what finds in the rather corrupt Bolivian and other Latin American government bureaucracies; the fact that the University of Chile has received some \$100 million US last year from the government of Chile; the fact that Chile, in the last thirteen years, has been experiencing a strong economic growth – an average of 8% per year; the fact that Chile will soon be producing 50% of the copper in the world, that a world-class port is now being built in Antofagasta: all this filled Alberto with justifiable pride.*

*I asked Alberto about his plans for the future.*

*“I am 53 years old. With the excellent pension that I will receive, I could easily build myself a house on my property in the countryside and live a relaxed way of life. However, if I do this I’m afraid my life will be boring. I would start getting up later and later every day, I would spend more time socializing, drinking, and spending money.”*

*“Up until recently, I was importing Bolivian artifacts and reselling them in Chile at a very interesting margin of profit. Now that I am retired, I have given this business up. Presently I’m studying Japanese in La Paz. For one thing, doing so here is much cheaper than in Santiago. Secondly, the teachers here are excellent. I like studying Japanese a lot; I am one of the two top students of my class. After Japanese, I want to tackle French and then English. Then I want to obtain a Masters in Economics at the University of Chile, spend a few months in a business administration field trip in the US and then hopefully I will be able to work as an economic consultant for some large firm operating in Chile.”*

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From La Paz, we took a long but beautiful bus ride – much of it through a mountainous desert – to Arica, a city located in Northern Chile, close to the border with Peru.

**Diary : Arica, November 25, 1998**

*Twenty-five years ago I was here in Chile witnessing a bloody coup d'état. It was followed by a long, seventeen-year wave of brutal repression. Today, the key actor in these events, after being detained in London for more than forty days, has seen his appeal to be freed denied by the five Lords who have the near-final say. Two voted, at 11:15 a.m. in favor of recognizing Pinochet's diplomatic immunity and two against. The fifth lord got up and joined his vote to those who voted against it, thus giving Pinochet a wonderful birthday gift on this, his 83rd birthday. A gift of justice also to those thousands and thousands who suffered, initially in the silence and invisibility imposed by a systematic reign of terror, then, in the silence and invisibility resulting, partly from a self-imposed censorship called the period of transition and partly from the impact of strong economic growth. A gift of hope, finally, to the countless millions who, in this century that is coming to an end, have endured torture, persecution, economic duress and sometimes death. Who have endured this in the name of national security, liberation or what not.*

*For the elite and all those in Chile who have been deifying, in the last 25 years, the man who 'liberated' Chile from communism, this court ruling represents a harsh blow. One of interpretation mainly. After the coup, even as the torture and execution machine was moving ahead with ever-greater speed and efficiency, their joy and feeling of liberation rendered them blind. In Chile, they tirelessly repeated, there is no such thing as torture and summary executions; there is no repression whatsoever! Alleging the contrary means, they contended, falling prey to an international communist campaign cleverly mounted against Chile and its brave liberator.*

*Today, exactly 25 years later, they are desperately trying to hold on to this interpretation. The fact that the transition Concertación government basically left the Pinochet symbol untouched, accepted the limits imposed by the Pinochet-imposed*

*constitution and opted for positions of compromise and pragmatism; the fact that the Chilean judiciary system stayed locked into a blindness imposed by a mixture of repression and deeply ingrained personal views: all this renders today's ruling a psychological coup d'état.*

*Small wonder that the leaders of the far right (in the Fundación Pinochet and some of the conservative parties) reacted to the ruling by claiming that it reflected a political bias. In their view, the ruling has been encouraged, both inside and outside Chile, by the socialists and the communists. By the very ones who, in the first place, were responsible for the polarization of the late 60s and early 70s. The main issue for them is not whether or not Pinochet is guilty of torture, genocide and disappearances, but rather whether or not Chile is a sovereign nation.*

*In the same manner that world accusations against Pinochet in September 73 could not but be communist-inspired, and thus were totally unfounded, the present decision of the Lords once again lacks solid judicial foundation and merely reflects a colonial attack on Chile's sovereignty. Nothing else. The State of Chile, in their view, has not been respected in its basic rights as a sovereign nation. This, in their eyes, constitutes a terrible aggression. One that should be countered by the Chilean government with deeds, not just mere words.*

*As the Chilean lawyer, Hernan Montealegre, who was interviewed several times on TV while Chile was anxiously waiting for the Lords' decision, argued, many in Chile wrongly prioritize the sovereignty of the State and forget that in the twentieth century, the sovereignty that is the heart of the matter is that of human beings whose rights transcend national borders. In the nineteenth century, sovereignty all too often was reduced to that of the leaders of a nation. Ordinary citizens were set aside and didn't matter.*

### **Pursuit of the neoliberal economic model**

After the Pinochet dictatorship stepped down from power, three civilian governments were elected in Chile. Members of the Christian Democratic Party headed the first two of these transitional governments, known as the Concertación. Patricio

Aylwin was president of Chile from 1990 to 1993 and Eduardo Frei, son of the Eduardo Frei who had ruled Chile from 1964 to 1970, was president from 1993 to 2000. As Alberto, the Chilean businessman whom I had met in La Paz had predicted Ricardo Lagos, a member of the same Socialist Party to which Salvador Allende had belonged, became president of Chile in March 2000. Lagos had become famous during the student protests of the mid-1980s after being imprisoned by Pinochet. Upon being freed, this student had courageously posed outside the prison gates holding up the palm of his hands as a sign both of his innocence and his struggle against the dictatorship.

Having experienced the harshness of the Chicago Boys' neoliberal economic model, one that was implemented swiftly, steadfastly and with brutality for more than a decade and a half, one could have expected the first civilian government to implement a wholesale rollback of this model. However, it left it basically intact. The Frei government, and so far the Lagos government, have done the same.

This surprising continuity resulted from a combination of several factors. The most important of these factors was undoubtedly the momentous changes occurring in the world at the time. In the late 1960s and early 1970s, there was widespread criticism of capitalism and American imperialism, in Chile as in many parts of the world. In the late 1980s and in the 1990s, the situation had changed drastically. Eastern Europe and the Soviet Union were rapidly moving away from socialism and adopting capitalism. China, officially socialist, started implementing market-oriented economic policies. Many progressive intellectuals in the world, and among them some of the key leaders of the former Popular Unity government, were calling into question some of the pillars of their worldview. Carlos Altamirano, president of the Socialist Party of Chile at the time of the coup and one of the most radical elements in the Popular Unity, had been exiled to a socialist country. Profoundly disappointed by what he experienced there, he no longer saw market economies and capitalism in a purely negative light. For him, as for many other former leaders of the Popular Unity, the solution to Chile's problems no longer appeared as simple as 'destroying capitalism and replacing it with socialism'.

A second factor accounts for the fact that the civilian Concertación governments continued with the same economic model as the Junta's: Chile's economy was experiencing strong economic growth in the second part of the 1980s. In fact, Chile's GDP increased by 10.3 percent in 1989. At a time when most Latin American countries were experiencing hard times economically speaking, Chile was doing well and appeared as a model. Many Chileans were starting to be proud of their country, as can be seen by the above testimony of Alberto.

A third factor sheds light on the path of continuity chosen by the civilian governments. By accepting the plebiscite proposed by the Junta in October 1988, the Concertación, for all intents and purposes, had recognized the rules established by the Pinochet dictatorship for the transition. These rules, which rendered any significant change in the near future next to impossible, had been entrenched in the 1980 constitution and were embodied in the numerous laws decreed throughout the military regime. More precisely:

- \* The constitution did not allow the elected president of Chile to remove Pinochet as Commander-in-Chief of the Army, as would have been the case in any normal democracy. The dictator, after stepping down as President of Chile, would stay head of the Army for eight years, after which he would become automatically Senator for life. Furthermore, the civilian presidents would not be able to remove any top military commander for eight years. The military budget, which the dictatorship decided would pocket, on a constant basis, 10 percent of the gross revenues of the state-owned copper firms, would remain autonomous and untouchable.
- \* The constitution stipulated that some senators would be appointed, not elected. And before leaving the presidency in 1989, Pinochet had taken the precaution of appointing his own Senators whose term was to last eight years. This assured that no legislation contrary to the interests of the Pro-Pinochet sectors of Chile could be adopted.
- \* The constitution created the National Security Council, which was dominated by military officials. This council was granted vaguely worded veto powers over presidential and

congressional decisions. This represented another gross anomaly in a 'democracy', as it granted the Armed Forces the right to overthrow a future civilian government.

- \* The secret police and the military would remain protected by amnesty and the archaic and pro-military judicial system would be left intact.

### **Neoliberal model consolidated**

As we have seen previously, the neoliberal economic model adopted by the military rested on the following principles: private enterprise and markets were viewed as the driving forces of the economy; export-growth and free trade appeared as the key to Chile's development; investment, both national and foreign, were encouraged by low taxes on profits; the labor market was rendered flexible and independent and militant unions were discouraged; finally, macroeconomic stability was prioritized.

The civilian Concertación governments not only followed this free-market oriented model but also in some ways consolidated it. For example:

- \* They lowered import tariffs even more than the previous military government.
- \* They authorized Chilean firms to invest abroad with very minimal constraints. They also authorized Pension Fund Administrators to do the same. (In 1980, the Junta, under the guidance of the Chicago Boys, had radically privatized Chile's social security system. The basic idea was to place social security into the hands of private enterprise, deemed more efficient than the government. Private Pension Fund Administrators now compete for employee retirement funds. The funds are held in individual accounts invested in stocks and bonds approved by a government commission. By allowing Pension Fund Administrators to invest abroad, the civilian governments increased the profit possibilities of these funds, but also the risks.
- \* They opened the door to foreign investment even wider by allowing foreign companies to repatriate *all profits after only one year*. They maintained very low taxes on the profits of corporations. According to KPMG International, based in

Amsterdam, Chile's corporation taxes, at 15%, were among the lowest in 70 countries surveyed in 1997.

- \* They pursued privatization. During the Concertación governments the following were privatized: the national airline, LAN-Chile; the hydroelectric power station, Colbun; the national postal services; and the water services in Santiago.
- \* Finally, they actively promoted Chile's insertion into NAFTA (the North American Free Trade Agreement between the United States, Canada and Mexico).<sup>271</sup> In 1996, Chile signed a free trade agreement with Canada. During the Summit of the Americas held in Quebec City in April 2001, the Chilean government lobbied to have the Free Trade Area of the Americas (FTAA) implemented before its scheduled date, January 2005. The FTAA would establish free trade in all of the Americas – North, Central and South – and the Caribbean.

### **Improvements to neoliberal model**

Despite such substantial continuity in economic policy, the Concertación governments did nevertheless attempt to distance themselves in some respects from the neoliberal legacy. Returning to a former Chilean tradition, they increased government intervention in some areas in order to correct the weakness and inequalities ensuing from the interplay of sheer market forces.

At the beginning of the Aylwin government, the Finance Minister Alexandro Foxley criticized the fact that the Chicago Boys, for ideological reasons, had abandoned the health system to private enterprise, neglected public hospitals and deprived Chile's shantytown dwellers of basic services. He also complained that the military government had completely abandoned "*urban development—public transport, water, air, noise and zoning—to the blind forces of the free market.*" The result, he said, was "*a situation of near chaos!*"<sup>272</sup> Several promises, to address these problems, were made.

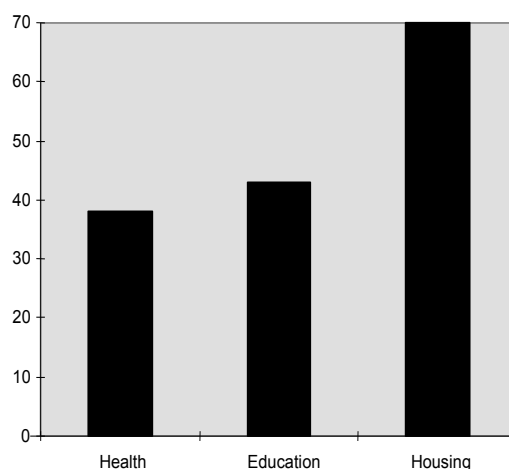
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<sup>271</sup> Ovide Bastien, "Les dessous du miracle économique chilien", op. cit. p. 16.

<sup>272</sup> Alexandro Foxley, op. cit., p. 29, 94, 177 and 193.

After only a little more than two years in office, the Aylwin government had already increased expenditures in social programs by 30% in real terms (after inflation). As is shown on the graph below, the increases from 1990 to 1992 were 43% in education, 38% in health and 70% in housing.<sup>273</sup> The sharp increase in the housing subsidy programs allowed 400,000 poor and middle-class families to buy homes from 1990 to 1994, an impressive achievement in a country with 13.4 million people.<sup>274</sup>

**Percentage Increase in Government  
Programs from 1990 to 1992**



These increases in government programs were made possible thanks to the increase in the goods and services taxes, a tax similar to the Canadian GST, from 16 to 18 percent.

The Labor Code, which had been revamped, as we have seen, in favor of the employers under Pinochet, was slightly modified. Unions obtained the legal right to form federations and confederations; the 60-day limit on strikes was eliminated; the activities in which unions could engage were broadened;

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<sup>273</sup> Foxley, op. cit., p. 180.

<sup>274</sup> Collins and Lear, p. 264.

negotiations between the private sector, the workers and the government resulted in an agreement concerning wages: the minimum salary, in terms of purchasing power, was allowed to increase by 30 percent from 1990 to 1993.<sup>275</sup>

To cope with the urgent transportation problem, the Aylwin administration implemented, through negotiation with the transport industry, a new set of regulations: bus routes were reorganized, bus stops enforced, the number of buses permitted in congested areas through competitive bidding was restricted, and catalytic converters were phased in. It also increased restrictions on personal car use, especially during winter when Santiago's smog is at its worst.

As a substantial portion of Chile's export earnings comes from copper, the Concertación governments introduced a copper fund. The Chilean businessman, Alberto, whom I had met in La Paz, explained, you will recall, the purpose of this fund. When the price of copper is high, a certain percentage of the copper earnings are automatically deposited in the fund. When the price of copper drops very low, a certain percentage of this fund is taken out. This stabilizes the copper earnings of the government. This type of 'price control' represents a clear departure from typical neoliberal policy.

Before the end of its term, the Aylwin administration was able to push through new legislation establishing processes for environmental review and for setting pollution standards. This process was pursued under the subsequent civilian governments of Frei and Lagos.

### **Excellent Economic Performance**

In terms of economic growth, both the Aylwin (1990-3) and Frei (1993-2000) governments did extremely well. As can be seen from the graph below, Chile's real GDP increased by 7.8 percent per year on average from 1990 to 1997, a remarkable accomplishment not only in comparison with the rest of Latin America but even with the rest of the world.<sup>276</sup> This solid growth,

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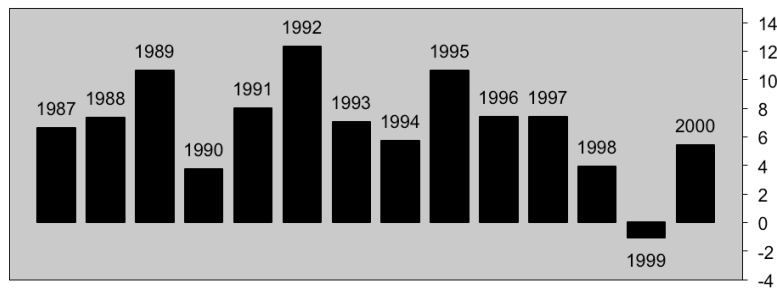
<sup>275</sup> Alexandro Foxley, *Economía Política de la Transición*, Colección *Economía y Gestión*, Ediciones Dolmen, p. 168.

<sup>276</sup> Data drawn from Central Bank of Chile



which had attained 10.3 percent in 1989, the year that the first civilian government won its elections, reached a record high of 12.3 percent in 1992. From 1987 to 1997, Chile's real GDP had more than doubled. The World Bank, the International Monetary Fund and the US government all praised an economy that had become an economic Jaguar! The New York Times celebrated this state of affairs by crediting Pinochet with a "coup that began Chile's transformation from a backwater banana republic to the economic star of Latin America."

Percentage increase of real GDP in Chile



From 1987 to 1997 Chile's exports, targeted by the neoliberal economic model as a key factor to promote growth, more than doubled, moving from US\$ 7 billion in 1987 to nearly 17 billion in 1997.<sup>277</sup> Even though exports became more diversified, a trend initiated, as previously noted, by the military regime, more than half of them remained in the mining sector. And the bulk of exports also remained in the primary sector. In 1995, Chile was classified as the world's second largest exporter of salmon, ahead of Canada. Chilean wine exports, already expanding rapidly under the military regime, continued their spectacular rise. By 1997, exports represented more than 38 percent of Chile's GDP, making it the most open of all Latin American economies.<sup>278</sup>

<sup>277</sup> José del Pozo, *Le Chili contemporain*, Éditions Nota Bene, Montréal, 2000, p. 184.

<sup>278</sup> José del Pozo, op. cit., p. 185.

When the first civilian government took office, inflation was 27.3 percent. In the 1990s, it was maintained at an average rate of about 8 percent. Another remarkable improvement.

The openness of the Chilean economy, however, made it more vulnerable. As a significant portion of Chile's exports is directed to Asia, the sharp crisis that occurred in this region in 1998 deeply affected the Chilean economy. As shown on the graph on the previous page, GDP increased by only 3.9 percent in 1998 and actually decreased by 1.1 percent in 1999.

In 1990, unemployment was 6%. By 1993, it was down to 4.6% and stayed low until the onset of the Asian Crisis. This crisis made it increase to an average of about 10 percent in 1999, reaching a high of 11.5 percent in August of that year. Fortunately, the Asian Crisis ended up being short-lived, and the economy managed to recuperate, but not at its previous level. The rate of unemployment still remained in the 10 percent range in 2000 and was down to only 9 percent in the first half of 2001.

### **Problems resulting from neoliberal model**

As noted in chapter 10, the Chilean economic miracle that developed at the end of the dictatorship must be qualified. From 1970 to 1986 Chile's GDP did not grow at all. And despite strong economic growth in the late 1980s, the average real wage earned by Chileans was 5 percent lower in 1989 than it was in 1981 and nearly 10 percent lower than it was in 1970.

The economic miracle that continued under the civilian governments must similarly be qualified. The low-wage trend initiated by the dictatorship continued under the civilian governments of the 1990s. *"Real salaries have declined 10 percent from 1986 to 1998, comments Cooper, and salaries were still 18 percent lower in 1998 than they were during the Allende period. (...) A third of the nation earns less than \$30 US a week."*

<sup>279</sup>

The Aylwin and Frei governments managed to reduce the poverty rate in Chile from 40.1 percent in 1990 to 21.7 percent in 1998.

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<sup>279</sup> Marc Cooper, *General Pinochet Still Rules: Twenty-Five Years After Allende An Anti-Memoir*, The Nation December 28, 1998.

This is an important achievement, doubtless attributable to increased government intervention to humanize market forces. Despite this progress, however, income inequality remains a crucial and persisting problem in Chile:

- In 1998, “a World Bank study of sixty-five countries ranked Chile as the seventh-worst in terms of most unequal income distribution, tied with Kenya and Zimbabwe notes Marc Cooper. To get a notion of just how skewed this is, consider the following: In the United States—hardly a paragon of wealth sharing—60 percent of national income goes to workers and 40 percent to capital; in Chile, 40 percent goes to workers and 60 percent to capital. The top 10 percent of the Chilean population earns almost half the wealth.”<sup>280</sup>
- A survey carried out by Caracterización Socioeconómica Nacional (Casen) revealed that in 2000 3,081,000 Chileans (20.6 percent of the population) were still living in poverty and 849,000 were living in extreme poverty (5.7 percent of the population). The survey also revealed a disturbing pattern. From 1990 to 1996, the number of Chileans living in poverty dropped by 15.4 percentage points, and the number living in extreme poverty by 7.1 percentage points. However, from 1996 to 2000, the number living in poverty only dropped by 2.6 percentage points and the number living in extreme poverty by a mere 0.1 percentage point.
- Even more disturbing, the same survey indicates that from 1990 to 2000, income inequality in Chile increased. In 1990, the 20 percent wealthiest Chileans received 14 times more income than the 20 percent poorest; in 2000, they received 15.3 times more.<sup>281</sup>

That strong economic growth results both in high and persisting poverty rates and the widening of the gap between the haves and have-nots indicates the weakness of labor and unions in neoliberal Chile. So far, the civilian governments have only made slight improvements to the anti-worker Labor Code adopted by

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<sup>280</sup> Marc Cooper, op. cit..

<sup>281</sup> *El Gobierno Reorienta Su Política Social*, El Mercurio, Santiago de Chile, August 6, 2001.

the Pinochet dictatorship, leaving its basic pillars intact. Aylwin, as noted above, made a few improvements. However, employers preserved the right to hire and fire at will, without sanctions and restrictions. The Frei government proposed to re-introduce the traditional right of unions, banished during the dictatorship, to hold industry level negotiations. The Senate, dominated by appointed rightist Senators, blocked the bill. Negotiations thus still take place in only one firm at a time. This reduces substantially the capacity of unions to improve the lot of workers. In May 1999, the leader of the Central Unificada de los Trabajadores (CUT), the largest labor federation in Chile, complained that *“the government does not oblige firms to respect their obligations. It allows them to slack off on legal controls and turns a blind eye to massive layoffs, to the lengthening of the workday without pay and to salary reductions.”*<sup>282</sup>

While more than 36 percent of the workers were unionized in Chile during the Allende years, this percentage was down to 16 by 1989. In the first three years of the Aylwin government, the situation improved slightly: 20 percent of the workers were unionized. After 1993, however, the rate of unionization started dropping. It was 18.6 percent in 1996 and only 13.2 percent in 1997. Although I do not have more recent statistics, it is highly probable that with the sharp drop in GDP registered in 1998 and the recession of 1999, the rate of unionization dropped even lower.<sup>283</sup>

Chile experienced major electric power shortages at the end of 1998 and the beginning of 1999, initially lasting one and a half hours per day and eventually six hours. A drought was the immediate cause of the problem. However, it was discovered that the large firms producing electricity, privatized by the Pinochet regime, were at the heart of the problem. Instead of supplying the country with electricity and seeing their profit margin plummet, these enterprises simply chose, in sound business practice, to maintain their profits by allowing the power

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<sup>282</sup> Etiel Moraga, interviewed by Sergio Villegas, Punto Final, April 30, 1999.

<sup>283</sup> Note added in 2014 edition: In 2012 the rate of unionization was 16.6 %. Source: dt.gob.cl consulted on May 27, 2014.

shortages to occur.<sup>284</sup> As in the case of California in 2001 in the US, excessive deregulation and privatization were the heart of the matter.<sup>285</sup>

### **Diary: Santiago, December 4, 1998**

*The day before yesterday Danielle and I arrived in Santiago at 5 pm after a bus ride of 31 hours! We took the subway to the apartment of Enrique and Marta<sup>286</sup>, talked and relaxed. After having a bit to eat, Enrique took us for a walk in the neighborhood.*

*It so happens that their apartment is located in exactly the same neighborhood that Wynanne and I were living in twenty-five years ago when the coup d'état took place. We walked through the Parque Forestal, briefly visited the Cerro Santa Lucia, strolled through Plaza de Armas and took a look at La Moneda (see below the photo we took of La Moneda, restored in the years following the coup).*



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<sup>284</sup> Punto Final, 30 de abril de 1999, *Lo que oculta el apagón*.

<sup>285</sup> See the excellent 2005 documentary film, *Enron: The Smartest Guys in the Room*, directed by Alex Gibney.

<sup>286</sup> Enrique Sandoval, as thousands of others, fled Chile after the coup in 1973. He was accepted as a refugee in Canada and taught English at Dawson College until the late 1990s. He is now living in Chile with his wife, Marta Miranda, a Chilean artist who also took refuge first in the United States, and then in Canada.

*Later we finally, found the apartment that I had lived in during the coup, on the corner of Monjitas and Miraflores. Although many things have changed in the neighborhood—for example there are several streets that have been transformed into beautiful malls—the apartment appeared unchanged. I looked up to examine the balcony that I assumed was mine and recalled the time that I stuck the mop over the balcony only to be angrily called back by Wynanne who was afraid that some military would take the mop for a gun and take a shot at me. There was no sign of a radio station on the other side of the apartment but the Ministerio de Salud, where the fighting had been so fierce that not a window of the large building was left unbroken, is still there.*

*Enrique and Marta have not found it easy to start living in Chile once again. In some ways, Enrique feels that he is no longer Chilean, if by the latter is meant the present way of living.*

*“When I started teaching, Enrique explained, I immediately sensed that my students were afraid of me. They saw me as THE authority. There was no such thing as a friendly two-way dialogue. Several students would not attend classes. Gradually, they realized that I wanted to establish a friendly and relaxed relationship with them and the wall of fear, undoubtedly the cultural heritage of a seventeen-year dictatorship, started melting. I felt that I had gotten through to them”*

*“One of the courses I taught was on theatre in Chile from 1976 to 1986. This is a subject my colleagues are not interested in, and, most likely, would not dare touch. At the end of the semester a few students in class decided to present their last assignment in the form of a play. The latter was called: ‘Those who are left behind’ and focused on the conditions of the Mapuche Indians in Chile. Many students from the University of Chile attended the play. It was truly excellent. At the end of the play, the actors compared the former domination of the Mapuche Indians to the present situation in Chile. They even read the names of some of the disappeared Chileans out loud. It was a very moving experience. A kind of catharsis.”*

*“The present Chilean culture is worlds apart from that which existed in Chile in 1973. Back then a great sense of solidarity*

*existed and there was a widespread and deeply rooted dream to build a more just and egalitarian Chile. Now one finds a culture of consumerism, individualism and competitiveness. Appearance is what matters the most. Some people, just to affirm their status, will hold a toy cellular phone as they walk on the street or drive their car. Middle-class motorists, pretending they have air-conditioning, bake inside their car with their windows closed. It is not uncommon to see dressed-to-kill clientele fill their carts high with delicacies, parade them in front of the Joneses and then discreetly abandon them before having to pay."*

**Diary: Valparaiso, December 9, 1998**

*I have written very little since we arrived in Santiago. Enrique and Marta have an excellent computer that I could use whenever I wanted to but somehow I just never got around to using it except for a few short hours. I am very excited about the Pinochet Affair and the newspapers talk about it constantly. But there is an awful lot of repetition even though one does find, practically every day, one or two excellent articles comprising new facts, new analyses.*

*Living in downtown Santiago is very different from what it was 25 years ago. For one thing, I have never really known Santiago in 'peace' time. Arriving at the end of July 1973 meant arriving just in time for the beginning of the work stoppage, a stoppage that was accompanied by a wave of increasing acts of sabotage and violence and that culminated on September 11 with the coup d'état. After the coup, it was hell and fear for a long time. The latter, in fact, was with me until the very day of my departure from Chile in July 1974.*

*Men with suits and ties, women very neatly dressed, streets filled with the constant noise of cars and several rapidly moving buses, new malls, a considerable amount of construction, a metro similar to the one we have in Montreal but with only about half its length at the very most, the feeling of a rapid, consumer-oriented society: such is Santiago in 1998.*

*When Danielle and I visited Pablo Neruda's house in Santiago, called La Chascona, I was appalled to see half a dozen young teenage girls, all dressed in their school uniforms, sitting on the*

*sidewalk drinking beer from one liter-sized bottles. And to think that it was only 11 a.m.! What, I pondered to myself, does this single event reveal about present Chilean society?*

*As I traveled with Danielle to visit La Reina (a neighborhood in metropolitan Santiago), I was impressed by the speed at which our bus – and the others as well – was moving. At times we were clipping along at 90 km per hour on ordinary urban streets. Why so fast?*

*I found out when I read an article<sup>287</sup> in yesterday's El Mercurio. Below, I'm reproducing a few parts of this article:*

“According to the Confederación de Trabajadores del Transporte de Chile (Conatrach), a recent study carried out by the Red de Salud Mental Laboral on the condition of public transport workers supports union demands concerning the salaries and working conditions of bus drivers.

“The study, which focuses primarily on the Eighth Region, was carried out by experts of the Catholic University and the University of Concepción as well as representatives of the health services. It concludes that 45.5% of the bus drivers of the Eighth Region have a high probability of experiencing mental problems related to anxiety and/or depression.

“According to the experts, this situation results mainly from the fact that bus drivers, being paid according to the number of passengers they get, are forced to compete ferociously and to work longer than ten hours per day. Such conditions mean considerable physical and psychological pressure.

“The president of Conatrach, Pedro Monsalve, says that this study supports the repeated demands that his organization has set forth regarding the pay and working conditions of bus drivers in Santiago and the regions. (...) The long working day, he says, is one of the greatest problems of drivers. They start at 5 a.m. and go on for ten

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<sup>287</sup> Choferes Admiten Problemas de Salud Mental.



hours. And, in some cases, when the system of two shifts is not implemented, their day can be extended to midnight or one a.m.

“What makes matters worse is the fact that some firms oblige their drivers to supervise their vehicle all night. This means that after a day’s work drivers have to take their bus to their own private residence and make sure nothing happens to it. The noise of the bus arriving and leaving often causes problems with neighbors.

“According to Monsalva, when the automatic pay system is introduced, this will take a big load off the drivers’ backs. The next move would be, he said, to eliminate the pay system based on the number of passengers each driver gets.

“In 1997, 25% of all accidents in Santiago – 7,214 out of 26,224 – involved a bus. In all of Chile in that same year, 308 out of 1,283 traffic casualties and 20% of all traffic injuries involved a bus.”

*Quite obviously, the bus-boom (analyzed in chapter 16) is still producing major problems, despite the improvements implemented by the civilian governments...*

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*Two of the editorials in today’s El Mercurio are extremely revealing. The first one deals with the Pinochet Affair; the second, with the Frei government’s attitude toward the Isapres, Chile’s private health companies referred to in chapter 13.*

#### **Editorial on Pinochet Affair**

“The British minister Jack Straw is about to decide whether or not he will authorize the extradition request concerning ex-President and Senator Pinochet. There are excellent reasons for him to refuse the Spanish request, but the politicization of the affair makes it harder for him to move in that direction. This new phase puts to test the government of Chile’s capacity to restore our sovereignty that has been stepped upon, in a light-hearted manner, by the British authorities.

“The ex-President is detained because of a series of arbitrary acts. His first order of arrest issued on October 16 was illegal. The British authorities thus canceled it and replaced it, on October 22, with another order of arrest. This was done even though it was clear that Senator Pinochet had been invited by a member (dependencia) of the British Ministry of Defense; even though, upon entering Britain, he was considered as an Ambassador on a special mission and thus enjoyed diplomatic immunity.

“The second arrest warrant was also annulled, by a unanimous decision, by the High Court of Britain that recognized the sovereign immunity. A non-unanimous decision refusing this immunity was then taken by the Judicial Committee of the House of Lords. In the latter decision, the determining vote came from a judge now under investigation for his marital relationship with an employee of Amnesty International, an organization that was allowed to testify before the Lords and that argued against Senator Pinochet’s diplomatic immunity.

“Partialness and administrative and judicial irregularities are not the only reasons why a detention that was, in any case, illegal for one week, should come to an end. The Spanish request was not based, as the international treaties clearly stipulate, on appropriate investigations regarding its validity. Instead, the Spanish ministers simply declared, without further ado (en forma anticipada), that they would go ahead with the extradition request without first evaluating, politically, its foundation.

“Notwithstanding the priority that should be granted, in judicial matters, to national tribunals (sin perjuicio de las fallas jurídicas y de la preferencia y soberanía de los tribunales nacionales), the extradition request should be refused because of its negative impact on relations between Chile and Britain. The political stability of Chile and its forthcoming presidential elections are being affected by a foreign intervention. Wounds have been reopened and divisions rekindled. Even the economy may be adversely affected. It will take many years and require new sacrifices

to repair the damage caused to our society and to restore relationships with England and Spain.

“As the ex-President’s age and poor state of health would of themselves justify the refusal of the extradition request, it is clear that the actions being undertaken are not only aimed at persecuting him. They also seek to tarnish his accomplishments, as well as those of his collaborators. Their purpose is to tarnish the achievements of the Armed Forces and all those people who helped them restore democracy, and who helped them improve the well being of Chileans, later extended by the subsequent governments.”

### **Editorial on Isapres, Chile’s private health system**

“Last February Health Minister Alex Figuerora once again started attacking, on the basis of a very unfortunate episode, the private health system. Leonidas Pinna, 30 years old and with a salary below 300,000 pesos (approximately \$940 Canadian) per month, was hit by a car; she suffered a serious leg injury requiring several operations. As her Isapres plan did not cover the costs, she went to Barros Luca, a State hospital, to be attended.

“Health Minister Figuerora, suspending his holidays, took over the case personally and took the opportunity to denounce the Isapres as ‘sellers of illusions’. This unfortunate incident, having received considerable media coverage, rapidly turned into the symbol of the return of Isapres clients to Fonasa (the public health system), a return encouraged by the government, the Medical Association, and those sectors who want to restore the outmoded public health care system.

“Last Wednesday December 2, Pinna made public, through a press conference given in the Corporación de Beneficiencia para el Accidentado del Tránsito (Insurance corporation for victims of public transport), new elements of this affair. The accident occurred in October. Pinna was taken to the Barros Luco Hospital because of a broken leg. As the doctors deemed this unnecessary, her clavicle was

not operated. However because of this decision, Pinna ended up with an arm two centimeters shorter than her other arm. Pinna's Isapres, although it did not cover costs related to emergency hospital care, reimbursed 70% of the medical bills—3,500,000 pesos – incurred.

“As Pinna was unable to pay the remaining 30% of her medical bills, she switched over, in the previously mentioned circumstances, to Fonasa. Once she was with Fonasa, she remained hospitalized, at the request of the Medical Association, for four months. Then she was given her hospital leave in May even though at the time she still had a small infection in her leg. After returning home, she went to three hospital appointments for a follow-up. Nevertheless, her leg infection was only getting worse. On her third appointment, she was told that she would be hospitalized on September 23. She subsequently went to the hospital several times only to be informed that there were no beds available and that when there would be, the hospital would notify her by phone.

“On the day of her press conference, Pinna could hardly walk and still had not yet been notified by the hospital. Following her public complaint, an employee of the Ministry of Health who promised her case would be solved immediately called her. The hospital explained that it had had trouble giving her an appointment because of the breakdown in electricity. As these breakdowns only occurred at the end of November, this excuse obviously does not hold water.

“The ‘symbolic case’ has thus been transformed into the exact opposite of what its creators had attempted to show. The Isapres system does have serious shortcomings; addressing these implies substantially different policies than those adopted by the Concertación since 1990. However, the public health system has far greater weaknesses than those of the Isapres system and 9,000,000 Chileans must nevertheless make do with it and are given no alternatives. When one talks about illusions, the most cruel thing, without a doubt, is to make the population

believe that with increased public spending and increased taxes, it would not simply receive something that would be 'more of the same' as Pinna has learned the hard way."

### **Diary: Valparaiso, December 10, 1998**

*Last night Danielle and I had supper in our room in the residence of Maria del Pozo<sup>288</sup>. We had fresh fish from the market, salad, bread, cheese and excellent Chilean wine. When I went into the kitchen to put the food back into the refrigerator, Maria's elderly friend, a woman of 86 years old, was having her 'once' (tea). We started chatting and I sat at the table with her.*

*"My life has not been that happy. My husband died in a train accident when our first child was only four months old. The train operator was drunk and tried to take a curve too fast, thus occasioning a dramatic derailment. I found out about the accident through a telegraph message but was unable to arrive in the hospital before he died."*

*"My father died when I was very young. When my mother eventually started living with another man, I had to leave home. I was only a young teenager and this man would constantly follow me in the house; he wanted to have sex with me."*

*"When I was 40 years old, I had an excellent, well-paying job in a luxurious hotel in Valparaiso. I was in charge of all the supplies for the hotel. I was the one who ordered the food, the blankets, etc. I was very well appreciated because, when I started doing the job, my boss noticed that his bills were substantially lower than before. After looking into the matter, he discovered that the man who did the job before me was constantly cheating. The items purchased, based on the records of the bills, vastly outnumbered the items actually used by the hotel on a month-to-month basis. For this reason, I was offered job security. With this security and a good income, I could have easily purchased myself a comfortable house in Valparaiso and obtained a long period financial security. But what happened is that I had to leave my job because of an unfortunate incident."*

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<sup>288</sup> To protect the anonymity of the people I refer to in this section I have altered their names.

*“One of the employees in the hotel found me very attractive and was constantly after me. I was submitted, on a daily basis, to sexual harassment. So much so that, after a while, I just could not stand it anymore. Instead of denouncing him, I simply kept the matter to myself. Instead, I decided to leave my job. To this day, I terribly regret this decision which negatively affected the rest of my life.”*

*During our very warm conversation, the elderly man – in his seventies -- who lived with Maria and her woman friend came in to the kitchen to have his ‘once’ (the expression used in Chile for the afternoon tea). He made himself some scrambled eggs and put these in a plate along with cheese, bread and Chilean wine. At first he merely ate quietly, just listening to our conversation. However, as soon as he discovered that I was from Canada, he jumped in and started talking practically non-stop.*

*“One of my nephews now lives in Canada. In three years he will retire and move to Columbia. His wife is Colombian. After arriving in Toronto, he started working for a firm that produces and exports wood furniture. When the firm noticed that although he was bright, responsible and hard working, he had a very serious hearing impairment, it asked him to consult a doctor about his problem. He did and the doctor told him that an operation could go a long way in solving his hearing problem. So he was hospitalized, underwent an operation and was released only three months later. Believe it or not, when he came out of the hospital he could actually hear very well!”*

*“My nephew told me that his operation in Canada was totally free, that it was covered by the Canadian public health system. He explained that in Canada, one has access to medical care whether rich or poor. He also says that the services that he received were of top quality.”*

*“Besides all this, my nephew told me that during his entire stay in the hospital, he kept on receiving a salary. This is incredible!”*

*As I listened to him speak proudly of his nephew and of the wonders of the Canadian public health system, my thoughts*

*returned to the editorials that I had read that very morning in Chile's main conservative newspaper, El Mercurio.*

*The hypocrisy of El Mercurio never fails to amaze me. Pinochet and the Chicago Boys all but dismantled Chile's public health system and created the private health system, the Isapres, strongly encouraging Chileans to join the latter. Not surprisingly, the Isapres catered to the rich and the wealthy, leaving the poor and the chronically sick to the weakened public health system. Now El Mercurio attacks Chile's public health system, says it is outdated, blames it for neglecting the 9 million Chileans (65 percent of the population) who have to make do with it and have no alternatives and, finally, criticizes the government for trying to improve the public health system by increasing government investments in it, and, to support these investments, by increasing taxes.*

*In a similar and just as incredible hypocritical logic, El Mercurio, in another editorial on the same day, argues that Pinochet and the Chilean military actually handed over democracy to the people of Chile! Pinochet would thus have at once given all Chileans the opportunity to increase their well-being and, at the same time, given them the gift of democracy! That a brutal, repressive dictator ruled over Chile for nearly seventeen consecutive years is not even mentioned! That the judicial system in Chile during this entire period did not raise a little finger against the massive human rights abuse that was going on is ignored! That today's Chilean democracy is heavily skewed in the direction of the military is left aside!*

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*When the man arrived in the middle of my conversation with the 86 year-old woman, he placed the newspaper he had just bought – La Estrella de Valparaiso – on the table. The headlines were written in huge characters that covered the entire page and announced that the British Minister Straw had okayed Spain's extradition request. I was literally thrilled by the news but, unaware of the political views of my hosts, I made no comment whatsoever.*

*My 86 year-old woman friend glimpsed at the paper and remarked: “Pinochet killed a lot of people. If he would only have the decency to say ‘I’m sorry’ things would possibly calm down. But he won’t, because he is too arrogant.”*

*A little later in the conversation she became upset about the fact that the English are sticking their nose in what are strictly Chilean affairs.*



“Death to Pinochet”

Poster in Valparaiso: photo by Danielle Turcot

**Diary: Santiago, December 12, 1998**

*This afternoon Danielle and I took a walk and stopped in a pharmacy to buy a roll of film. As we were waiting in line, I put my arm around Danielle’s shoulders. A woman, who was standing right in front of us, looked warmly at us while she stuffed money into her bra and remarked: “In Chile, you know, there’s lots of theft. It is the simple truth; why hide it? Saying the*



*truth is always preferable. That is something that our government is incapable of doing at the present time. The politicians are also thieves, but they go about things in a subtle manner."*

*Moving closer to us, she gently and affectionately put her hands on Danielle's cheeks. "You know, happiness is that arm (as she spoke she nodded her head in the direction of my arm on Danielle's shoulders) on your shoulder. Simple, authentic affection. That is what is real. That is what really matters in life. Money, clothes, consumption, and appearance: all that is nothing at all compared to that arm.*

*Then, suddenly, she was gone. Danielle and I were left standing, a bit stunned. No direct reference to the Pinochet Affair. No direct reference to the new, consumer and appearance-oriented Chile.*

#### **Diary: Santiago, December 14**

*Last night, there were rows of cars going by, honking their horns, on the Jose Miguel de Barra street below Enrique and Marta's apartment. The Colo Colo team won the soccer cup of the season against a team from Iquique. Youngsters with their heads sticking out of the windows hollering at the top of their lungs. This lasted for several hours.*

*This morning's newspaper reports that as a result of last night's noisy celebrations over the victory of the Colo Colo team, a sixteen-year old teenager died. Fighting apparently broke out between the fans of the team that won and the team that lost.*

*To observe the consumerism and superficiality of the Chileans I come across on the streets is hard for me. I still remember 1973. I still remember how politicized and how articulate Chileans were then, even very young teenagers. Even though Chile is going through a major crisis resulting from the Pinochet Affair, even though newspapers publish several articles on it every day, the general public seems to be oblivious to this historical event. Sports, eating a big ice cream cone, shopping for clothes, etc., all this seems more important than Pinochet's detention in London. The debate is intense but it seems to go on between a few politicians and businessmen. The average citizen seems to go on*

*with his or her individualistic life as if politics mattered little or not at all.*

*I was sure that when I would arrive in Santiago, I would see large demonstrations day after day because of the Pinochet Affair. Yet I haven't seen one single demonstration since my arrival. However, on the Paseo Ahumada yesterday I did see a group of twenty to thirty Evangelicals listening to their preacher who was hollering at the top of his lungs, walking about in frenzy, arms above his head. Two days ago, not far from the same area, I saw another Evangelical preacher hollering out his biblical message. In the heart of Valparaiso Danielle and I saw another preacher hollering out holy messages with the help of a loud speaker.*

*Is this the new Chile? On the one hand, little to no interest in matters political and, on the other, a passion for sports and hysterical religious practices? Que pasa (What's going on)?*

*After reading every day two of the country's major newspapers, El Mercurio and La Nación, I feel there is little to learn from them any more. El Mercurio staunchly defends Pinochet and what he stands for. England and Spain are stepping on Chile's sovereignty, they are totally ignoring the fact that all nations are sovereign and equal; they are acting in an illegal, politically partisan manner; they are being totally hypocritical, letting some of the African dictators off the hook on the one hand, but attacking Pinochet on the other; the Socialists in the Concertación, instead of defending the sovereignty of Chile, are siding with colonialist Spain and Britain and cooperating in what is obviously a socialist European offensive against Pinochet: this is the line defended day after day by El Mercurio. Not a single word about the fact that Pinochet's recent political testament or 'Letter to all Chileans' is a very pathetic document.*

*La Nación, the official newspaper of the government of Chile is much more critical. Even though half of its pages are always dedicated to sports, even though its entire front page focuses, 90 percent of the time, on sports, it seems to side more with the leftist part of the Concertación. According to Enrique and Marta, the only truly left-leaning newspaper in Chile – La Época -- closed its doors no longer than a couple of months ago and many*

*of its best journalists are now working for La Nación. The latter argues that Pinochet must recognize, at the very least, that he has not respected human rights. It argues that the transition is incomplete, that the human rights issue in Chile has been neglected and marginalized, and that the time has come to face up to this issue and to finalize the transition to a real, authentic democracy. It opens its pages to a wide variety of critical evaluations of the Pinochet Affair.*

*The key ambiguity in Chile, as far as I can make out, is the following:*

*For the right, Pinochet is simply a national hero because he saved Chile from Communism, contributed to the downfall of Communism in the whole world, and allowed Chile to experience an economic miracle. His detention in London is outrageous first and foremost because he is basically innocent, and, second, because Chile's sovereignty is grossly being stepped upon.*

*For the government of Chile, at least for its Christian Democratic president and its key leaders, Pinochet's detention is absolutely unacceptable because Chile's sovereignty is not being respected. This does not mean, however, that Pinochet is totally innocent of the crimes for which he is accused. Looking in to this matter is the business of Chilean tribunals and they are fully capable of doing the job and doing it well.*

*Even though it is hinted here and there that Pinochet, by traveling to England, took a big chance and acted very rashly; even though it is acknowledged that Pinochet's hands may not be all clean, the thrust of the official government battle is over the sovereignty issue. So much so, as a matter of fact, that the heart of the matter, as far as both government official behavior and media-coverage are concerned, in no way appears to be a human rights issue but rather a national one: small Chile is being stepped upon by big, former colonial powers. The logical conclusion that most Chileans can easily come to is therefore that all must be done to restore the country's battered, tortured and tarnished sovereignty!*

*Behind this official government line, there are two important issues. First, it is obvious that the Concertacion is scared of the*

*right. It is scared of the right because the latter can count on the heavy-handed way of the Chilean military, one that has been made ultra-clear by the recent declaration by the ex general Garin, a Pinochetista, according to which there is no way of knowing 'what might happen' should Pinochet's detention continue. A way that has been carved not only by a brutal and long-lasting dictatorship but that has been enshrined into a weird 'democratic' constitution that provides the military with a big, nay a determining say in the country's political affairs. Officially, according top priority to Pinochet's return to Chile is nothing but a matter of putting principles above all else; it is not focusing on a person but on a fundamental national right. Unofficially, however, according top priority to Pinochet's return is acting in the name of Chile's greater good; it is desperately attempting to prevent the boat from rocking, to prevent those to a considerable extent unpredictable events that could occur, should Pinochet be tried in Europe, from occurring. Fear of violence, fear of political instability, and fear of jeopardizing Chile's fairly peaceful transition: this is the heart of the matter.*

*The second issue hidden beneath the surface of the government's official line is the position taken by the Socialist party and especially by a few more outspoken members of this party. If the few Socialists who occupy key positions in the government do have mixed feelings about the Pinochet Affair and doubtless would have preferred that Pinochet stay quietly at home, most members of the Socialist Party perceive Pinochet's detention as an unexpected historical gift. The recognition, at long last, of the repression that they, and thousands of Chileans, have experienced during the long Pinochet dictatorship. An important step forward in the awareness of the peoples of the world regarding the primacy of individual human rights.*

*Thus, each time the right, the military and the police in Chile suffered a blow – first, Pinochet's detention; then the ruling of the Lords; finally, Jack Straw's decision to allow Spain's extradition request to proceed – practically all members of the Socialist Party rejoiced and celebrated.*

*However, the government of Chile could not rejoice. As Pinochet's appalling human rights record turned into a top*

*newspaper story in the world, that unspoken and unspeakable reality – fear of the right, the military, and ‘what could happen’ – loomed ever more powerfully. As Pinochet sank, the government’s fear rose. Instead of allowing this fear to surface, instead of facing up to it, the government started beating the drum of national sovereignty. Instead of jumping on the occasion to sever its alliance with the right and to lead the nation forward, the government beat the drum harder and harder. It took measures to express its discontent to those countries not respectful of Chile’s rights as a nation. It called three meetings of the Consejo Nacional de Seguridad (National Security Council), the very symbol of a democracy heavily skewed by the military. In the last of these meetings, the heads of the three military branches and that of the national police walked in together, demonstrating a momentous military discipline reminiscent of that of September 11th 1973.*

**Diary: Santiago Airport, December 15, 1998**

*This afternoon I visited the poblaciones (shantytowns) La Legua and La Pintana. The former is located about 10 km from Santiago and the latter 20 km. My guide was Hector Cereceda Salinas, the Director of the Programa de Reconocimiento al Exonerado Politico, a program set up by the civilian government to compensate, at least mildly, those persecuted politically during the Pinochet regime. While driving through La Legua, Hector stopped his car so I could take a snapshot. Before taking the picture, I cautiously asked him if it was okay to do this and he said yes. However, no longer was the picture taken that the people sitting next to their homes—a man in his fifties and some teenage boys—reacted very aggressively and started yelling at us. As we immediately drove off, we suddenly heard a large bang on the back part of the car. They had thrown a fairly large rock at us.*

*Hector explained that alcohol and drugs are a major problem in the poblaciones. The latter, he noted, have become dangerous places, especially at night. Bus drivers who have to work on the routes between the poblaciones and Santiago are constantly complaining about violence. As drivers are assaulted in these*

*poblaciones practically every day, they do not want to work on these routes.*

*In the poblaciones it is common for two or more families to share the same house. Even though most poblaciones now have electricity, potable water, paved streets and sewage systems, there is still a serious housing shortage.*

*When we arrived in La Pintana, we drove to the house of one of Hector's old friend. The latter is now 43 years old. In 1973 he was studying electric engineering at the Universidad Técnica del Estado. As thousands of other students, he had to give up his studies after the coup. Recently, thanks to a government scholarship, he has been able to return to university. In a couple of years he expects to obtain a degree as a veterinary.*

*Hector's friend offered to be our guide in La Pintana and hopped into the car with us. We drove to a sector of the neighborhood where people have only recently obtained a home thanks to government subsidies. "The mortgage of each one of these families, he explained, will be paid back over a fifteen to twenty year period. Monthly payments range from 25,000 to 35,000 pesos (about \$50) per month. Approximately 70% of the workers in La Pintana commute daily to Santiago for their jobs. Most travel by bus. A bus ticket costs 180 pesos and the ride is long and tiring. There are also many in La Pintana who work in the informal sector."*

*As Hector and I were driving back to the heart of Santiago, we conversed. "At the moment I have to pay 130,000 pesos per month for my daughter's university training (roughly 300% higher than the tuition fees in Canada; the average income in Chile is less than 33% that in Canada), he explained. This is a lot of money. Especially when you consider that 75% of the Chileans in the labor force are making less than 100,000 pesos per month. My son will soon also be entering university so my bills will go up again. The Universidad de Chile, as other public universities in Chile, charges tuition fees similar to those charged in private universities. These fees range from 100,000 to 150,000 pesos per month depending on the career for which one is studying."*

*“If the Pinochet Affair had occurred in 1990, there would now be massive demonstrations in the streets. At the time people were very mobilized and active. Throughout the 1980s, and especially at the end of that decade, people were fighting very hard to get rid of the dictatorship. Why is it that they are now so indifferent, so demobilized? Basically because, contrary to what they expected, things did not really change with the Concertación government. The neoliberal model implemented by the military dictatorship continues as before; no changes of substance have been made. Not surprisingly, most people have lost faith in politicians, even in politics in general. In the last elections, 40% of the potential voters did not even bother to vote.*

*I told Hector that my present trip in Latin America had given me the opportunity to see for myself just how corrupt many of the governments are. Remembering what the Chilean businessman in La Paz, Bolivia, had told me, I added that in this respect, however, the Chilean government seems to stand out as an exception. Financial rigor and honesty seem to be prevalent here in government bodies.*

*Hector agreed but made certain qualifications: “Even though Chile does have a greater discipline and financial accountability in public affairs than most Latin American nations, I think that corruption is presently increasing, not decreasing. The salary of many public servants is so low and the tuition fees are so high that they simply cannot afford to pay for the education of their children. What do you do when faced with the following dilemma: if you cheat a little and accept a few bribes you can afford to pay for your children’s education; if you refuse to cheat and act morally, then you simply can’t afford to give them a good education.”*

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*The taxicab driver who took us to the airport was young. In his mid-twenties I would say. He told us that he works 18 hours a day and six days a week. However, he explained that these were not full, consecutive hours. Sometimes he has no clients so just relaxes. When he has some two or three-hour commitment, he simply does not work. This privilege he has because he owns his own vehicle.*

*I asked him about the Pinochet Affair: “Most Chileans don’t give a dam about Pinochet right now. They are busy trying to make a living, making ends meet. The politicians are the ones who are the most concerned by this whole affair. And, of course, the media.”*

*As we were approaching the airport, he started talking about certain aspects of the Chilean economy. “My father works for Exxon, an American-owned copper mine here in Chile. In the Exxon mine, four workers manage to extract 40 tons of copper deposits per day. In the state-owned Chuquiquamata mine however, it takes about 150 men to extract 60 tons of copper deposits per day. In the Exxon mine, if a machine breaks down, one of the four workers quickly goes about repairing it so production can resume. In the Chuquiquamata mine, one worker has the job of writing down a report documenting the fact that the machine is broken; another worker is specialized in repairing machines. The machine does eventually get repaired but doing so takes much more time and, furthermore, when the repairman has no machines to repair, he sits and does nothing.”*

*“According to my father – and he knows what he’s talking about – there are 4,000 surplus workers at the present time in the Chuquiquamata mine. Why are they not laid off? For one simple reason: the Frei government is afraid of losing the next elections if it increases unemployment. There are surplus workers also in the government-owned railway firm. The reason for which they are not laid off is the same.”*

### **Human Rights and the Pinochet Affair**

The election of the first civilian government headed by Aylwin allowed Chile to move ahead both in terms of democracy and human rights. However, given the manner in which the Pinochet regime had dominated and masterminded the transition from dictatorship to democracy, it was obvious that progress would be slow and painful.

In 1973, Allende had been buried in haste and secretly. Aylwin distanced himself from the military regime by organizing a state funeral for Allende in September 1990. He was careful nevertheless not to step on Pinochet’s feet. While speaking



respectfully of Allende during the funeral, he put the blame for what happened in September 73 on Allende, not Pinochet.

While recognizing the Amnesty law passed by Pinochet in 1978, a law that, you will recall, pardoned all those who had perpetrated human rights abuses following the coup of September 1973, the Aylwin government took a modest step to address the flagrant human rights abuses of the Pinochet dictatorship: it set up the Truth and Reconciliation Commission. Commonly referred to as the Rettig Commission, this commission, however, did not have the power to identify nor to punish those guilty of human rights abuses. Its only power was that of bringing out in the open the names of those who had been murdered or who had disappeared and of working towards the reconciliation of all parties concerned. As a matter of fact, all human rights abuses, other than those resulting in death, were excluded.

In 1991, the commission published its report. It concluded that 2,279 had been killed from the moment of the coup in 1973 to the beginning of 1990. Of this number, 916 died after torture sessions and summary executions. One of its recommendations was that the Chilean military establish an official dialogue with civil society in order to arrive at the healing of wounds and, ultimately, at national reconciliation. It also recommended that monuments be built in memory of the victims, and that their families receive monetary compensations. The program directed by Hector Cereceda Salinas, who acted as my guide when I visited the shantytowns of La Legua and La Pintana (see diary of December 15, 1998), undoubtedly resulted from this last recommendation.

Not surprisingly, a significant portion of the Chilean population felt and still feel that the Rettig Commission was a far cry from what was needed in Chile to arrive at some form of authentic reconciliation. Aylwin constantly reacted by insisting that his government was restoring justice *as much as possible*. He knew that Chile's return to democracy was fragile. He could hardly forget the fact that Pinochet, just before passing over the presidential sash to him on the day of his inauguration, had

publicly declared: *The day they touch any of my men, democracy (el estado de derecho) will come to an end!*<sup>289</sup>

During the eleven and a half years of civilian ‘democratic’ governments, only a handful of people have been tried for human rights abuses in Chile. Two of the most famous of these are Contreras and Espinoza. On 30 May 1995, the Supreme Court of Chile condemned, after a procrastination of nearly 19 years (!), the ex-Director of the DINA, Gen. Manuel Contreras and his ex-assistant, Brigadier Espinoza. They were sentenced to six years for having masterminded (obviously with the knowledge of Pinochet) the assassination of Orlando Letelier in Washington in September 1976. After the condemnation, Contreras declared that he would never go to prison. A few days later, thanks to an immense cover-up operation involving the Navy, the Air Force and the Army, ex-Gen. Contreras was able to take refuge in the Naval Hospital of Talcahuano. Two days after this operation, an F-5 bomber descended on Santiago. As it broke the sound barrier, three immense explosions reverberated throughout the city.

President Frei was not informed of the operation and was, of course completely taken aback. The ‘ex-dictator’ Pinochet, still Commander-in-Chief of the Armed Forces, later explained that the operation was “*an intelligent maneuver*”. Contrera’s condemnation, he said, was “*unjust*”.

This affair created a situation of crisis. The military were obviously afraid that the Contreras affair would spill over and that many more would be judged for their flagrant human rights abuses during the long military rule.<sup>290</sup>

This confrontation between Pinochet and the civilian government was not unique. Many similar incidents occurred and each time, Pinochet make it clear just who the boss in Chile was.

At the end of the day, both Contreras and Espinoza ended up in prison, but they are only exceptions to the rule. Ironically, while the civilian and democratic governments have kept in prison

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<sup>289</sup> Constable and Valenzuela, p. 317

<sup>290</sup> On this affair, see Nicolas Mesly, “L’affaire Letelier ravive les tensions au Chili”, *Le Devoir*, 22 July 1995

some of the most courageous leaders of the long and difficult struggle against the military dictatorship, virtually all those guilty of massive detentions, torture and summary executions were left totally free, including of course, the key player in these events and still Commander-in-Chief of the Armed Forces, Augusto Pinochet.

In this context of massive impunity, Pinochet's surprise detention in October 1998, while he was in London England, proved to be a historical event, not only for the people of Chile but also for the entire world. Just a few months before, in March 1998, Pinochet had become, as 'his' 1980 constitution stipulated, Senator for life. And now, the untouchable, the man who could make the Chilean governments tremble, the initiator of the Chilean economic miracle, was reduced to the state of prisoner and formally accused of crimes against humanity.

While detained in England, Pinochet wrote a long and solemn letter to the people of Chile, published in the country's national press in December 1998. In the letter he referred to the accusations made against him by the Spanish judge Baltasar Garzón as *lies* and did not acknowledge one single human-rights abuse. Instead, he claimed that thanks to his intervention Christian civilization, based on the *respect for human dignity, had conquered atheist and materialistic Communism* (emphasis mine).

After living through nearly one and a half years of house arrest in England and a very long and much publicized judicial saga, Pinochet was able to return to Chile in March 2000. He was officially freed for medical reasons, the experts who had examined him having concluded that his health did not allow his being tried in Spain. This, of course, represented a hard pill to swallow for the human rights organizations, in Chile and throughout the world, which had been following the Pinochet Affair day by day. Pinochet's return to Chile, these organizations insisted, would mean that he would never be tried for his human rights violations and would continue enjoying impunity until his death.

For the Frei government, Pinochet's return to Chile represented a victory. As I explained in my diary of December 14, 1998, the

government of Chile had put its entire weight, for complex reasons, in trying to persuade the British government to free Pinochet. It even called on the Secretary of the Vatican State (headquarters of the Catholic Church), Cardinal Angelo Sodano, to pressure the British government to obtain his liberation.<sup>291</sup> Not surprisingly Cardinal Sodano, who had been the official representative of the Vatican during much of the Pinochet dictatorship and who did not see the latter in a negative light, complied.

However, this victory came at a cost. Now that Pinochet was back in Chile, the government of Chile had to deliver. For months and months it had been repeating to the entire world that Pinochet's detention in England represented the crushing of the national sovereignty of Chile. That contrary to what many European governments and virtually all human rights organizations in the world maintained, the government of Chile was truly democratic and had the power to bring Pinochet to trial. Now, it had to prove to itself, to the people of Chile and to the world that this was not an empty promise.

Following Pinochet's detention in England, many Chileans dared to come out of a long silence, founded on years of repression and fear. The number of accusations against the former dictator thus started multiplying. By October 1998, there were only 14 accusations against Pinochet. By summer 2000, there were 177 and in the months that followed the number kept on increasing. Juan Guzmán, the relatively conservative Chilean judge who was appointed to these cases, soon became a celebrity. When Guzmán managed to have the Supreme Court of Chile remove Pinochet's diplomatic immunity, most of the human rights' organizations throughout the world started to gain new and unexpected hope. It now seemed that the new Lagos government had decided to leave the Pinochet Affair to the courts. But this hope was once again crushed on July 9, 2001 when the Chilean judicial system suspended all procedures against Pinochet on the grounds that "*the mental health of the former dictator was deteriorating*".

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<sup>291</sup> Marc Carrillo, *El Vaticano y Pinochet: una obscenidad legal y moral*, El Pais, February 25, 1999.

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Although Pinochet was notorious for his human rights abuses, it was widely believed that he had been honest in handling public monies. That changed in July 2004 when “a US Senate committee found that the Washington-based Riggs Bank had held up to \$8m from 1994 to 2002 in secret accounts for the former dictator”. The same committee reported that “Riggs took pains to hide the money for the former ruler, especially during the late 1990s when a Spanish judge issued an international arrest warrant for him on human right charges and tried to freeze his assets.”<sup>292</sup>

On March 17, 2005 BBC News reported that the relatives of “victims in Chile have demanded extra compensation after a US Senate report revealed that former President Augusto Pinochet had at least US \$13 million stowed away in 125 bank accounts”.<sup>293</sup>

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<sup>292</sup> *Pinochet accused in tax fraud inquiry*, The Guardian, 2 October 2004.

<sup>293</sup> *Pinochet bank report angers Chile*, by Clinton Porteous.

## **Chapter 19**

# **Underside of Economic Miracle**

Chile experienced a much-touted economic miracle from 1987 to 1997. As we have seen, the annual increase in its GDP during this period averaged nearly 8 percent, the fastest growth of any economy in the Western Hemisphere. Not surprisingly, it received praise from all parts of the world. It is considered by many as a model country, a showcase both of what one must avoid and of what one must do.

This economic miracle, as we have seen, is founded on the brutal and rapid destruction of one order and the implementation of an old, but considerably revamped order.

### **Destruction of a New Order**

What order was destroyed? That which the Popular Unity government had been trying to implement for three years under the leadership of Salvador Allende. An order based on a vision of an egalitarian society where wealth would no longer remain the privilege of the few. An order in which Chile's natural resources and its people would no longer be subordinated to the narrow, short-term interests of profit-hungry multinationals. An order in which education, health and social services were considered basic human rights. An order which allowed workers and peasants to become aware, through popular organizations and cultural expressions, of domination and exploitation. An order that encouraged them to stand up, to affirm their dignity as human beings. An order in which values of solidarity and community life appeared fundamental.

This popular order, which had created immense hopes both in Chile and other developing nations, was not completely new. It

had profound roots in the history of the Chilean people, in the remarkable struggles of its popular movements, its unions, and its political parties. As we have seen, in many respects the reforms implemented by the Frei administration, especially the land reform, were concrete manifestations of this surging order.

### **Restoration of a Revamped Old Order**

With the violent coup d'état of 11 September 1973, the old order was restored and with vengeance. This order was founded on the idea that private initiative, competition and profit seeking must not only be the pillars of economic activity, but also become the very organizing principle of society. Each individual was to fend for himself in an economic rat race. Private enterprise appeared the ultimate good, public enterprise the seed of evil. Income and wealth inequality no longer appeared negative; in fact they were allowed to increase rapidly and substantially. Multinationals were welcomed with open arms and given free access to the nation's natural resources.

Those who disagreed with this Chicago-style old order, especially if they appeared as leaders, were tracked down ruthlessly by the DINA, the Chilean Gestapo set up by Pinochet with the help of the CIA. They were imprisoned, forced to live in concentrations camps, tortured, thrown out of the country. Several thousands were executed. Not surprisingly, nearly 10% of the entire population left the country, on the one hand to escape political persecution and, on the other, because of economic duress. Some, as we have seen, were tracked down even in foreign countries: General Carlos Prats was assassinated in Argentina and Orlando Letelier in Washington.

Those who disagreed with this order were not given freedom of speech. Nor were they allowed to organize. Basically, they were forced to live in fear and silence. Chile had become a nation of enemies.

The greatest brutality, however, was perhaps not that of prisons, torture and executions. The neoliberal economic reforms resulted in massive unemployment. Working conditions and salaries deteriorated substantially. Soup kitchens appeared for the first time and soon mushroomed in city neighborhoods. A radically

new Labor Code was implemented, transforming Chilean workers into a highly flexible, mobile and inexpensive commodity. The economic collapses of 1975 and 1982 were incredibly harsh. Only in 1989 did per capita output in Chile return to the level it was already at in 1970. And even this per capita statistic does not tell the whole story. Between 1978 and 1988 the richest 10% increased their share of national income from 37% to 47%, while the next 30% saw their share shrink from 23% to 18%. In 1973, 17% of Chileans lived in poverty; by 1990, more than 40% lived in poverty. The percentage of those living in extreme poverty more than doubled.<sup>294</sup>

Thanks to the massive selling off of public assets at bargain prices, wealth and economic power were systematically concentrated, with renewed intensity, in the hands of the wealthy few. The domination of multinational corporations over Chile increased substantially. Privatization and debt swaps allowed them to consolidate their power over the nation's economy like never before.

Schools were privatized and municipalized. Before, education was considered a basic right. Now, it was increasingly becoming a commodity that one buys on the market. For the wealthy few, this meant excellent, first-class schooling. For the many, this meant getting by with whatever a substantially reduced wallet permitted.

Health services were privatized and exposed to the winds of competition, resulting in upscale hospitals for the elite, and run-down, poorly equipped public hospitals for the many: to each according to her or his capacity to pay! Preventive medicine was to a considerable extent scrapped.

Total economic freedom, combined with forced relocation of shantytown dwellers, ended up creating two completely distinct Santiagos, one for the elite, the other for the common people. Housing for the poor was only made possible when repeated failures forced the Chicago Boys to water down their dogmatism and make room for modest government intervention.

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<sup>294</sup> Collins and Lear, p. 243.



Nevertheless, the housing crisis at the end of the day had become critical.

Busses in Santiago were completely privatized and deregulated. This produced a bus boom: many more busses, half-empty and charging high fares, traffic jams, and one of the most polluted cities in the world. Fatalities involving buses increased sharply.

If the fruit industry experienced a boom, it is only partially due to free-market policies. These policies did create a flexible, low paid, non-unionized rural labor force. But many other factors played a key role. Without the Frei and Allende land reforms, this boom would not have been possible.

The miraculous boom in forestry products originated from an economic freedom that allowed companies to exploit labor and plunder the native forests. Harsh working conditions, not seen in Chile since the 19th century, became the lot of many forest workers. Companies, many of them foreign, were granted the freedom to plunder native forests, sacrificing long term economic growth to short term, unsustainable profits. The International NGO forum says, *“up to 40,000 hectares of native forest have been felled and replanted with non-native pine and eucalyptus plantations, causing serious ecological damage through soil erosion and the increased use of pesticides and agrochemicals.”*

<sup>295</sup>

The fishing industry export boom also rested on an economic freedom that allowed the plundering of nature. Numerous foreign-owned factory trawlers were allowed to fish in national waters--a rare occurrence in the world--rapidly depleting fish stocks. Once the fish are gone, these companies will quite obviously pack up and leave.

Private is good for the other guy, but not for oneself... The Pinochet dictatorship did not undo the Chilean nationalization of copper carried out by Allende. Instead, it instituted a system whereby 10% of the gross revenues of the copper industry automatically flowed into the military budget. Nor did it expose

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<sup>295</sup> Kevin Danaher, *50 Years is Enough*, South End Press, Boston, 1994, p. 54.

the very advantageous public health services of the military and their generous public social security to privatization schemes.

### Origin of the Economic Miracle

The Chilean economic miracle, claim the Chicago Boys, comes from the sweeping free-market economic reforms to which Chile was subjected. In his book, Daniel Wisecarver argues that the 'miracle' originated from the implementation of traditional economic theory:

*"When one considers the economic policies leading to economic restructuring in Chile, he writes, one comes to the conclusion that they do not originate from new, revolutionary ideas (,,) but merely from the direct implementation of very traditional economic theory. And he adds: When one examines the success of Chile's economic reforms, one element always stands out. Even though there are other factors, it is clear that the leadership and iron will of President Pinochet were fundamental."*<sup>296</sup>

Alexandro Foxley, the Finance Minister of the first civilian government following the dictatorship, offers a very different explanation. In an address delivered in Spain in March 1993, he had this to say about the Chilean economic miracle:

*"Sometimes people ask me what the secret of Chile's economic performance (strong economic growth, low inflation and remarkable export achievements) is. **I think the fundamental element lies in the quality of Chile's political class.** This political class has survived a long and bitter experience. It has made big mistakes, plunging Chile into a social crisis and leading to the disintegration of its democratic institutions. For 17 years it took upon its shoulders the burden of the deep suffering of its people. However, this political class has learned a lesson. It has rediscovered the meaning of consecrating oneself to public*

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<sup>296</sup> *El Modelo Economico Chileno*, Instituto de Economia de la Pontifica Universidad Catolica de Chile, Centro Internacional para el Desarrollo Economico, 1992, p. 67.

*service. It has examined the needs of Chile in 1990 with openness and a sense of responsibility.*"<sup>297</sup>

Even though I have differed from the analysis of the Chicago Boys throughout this paper, I tend to agree, on this basic issue, with Wisecarver and not with Foxley. It is true that an amazing degree of unity was achieved in Chile's political class as the opposition movement was gathering steam in the 1980s. It is also true that this unity undoubtedly contributed to Chile's remarkable political stability at the moment of transition from dictatorship to civilian rule, and thus to the continuation of strong economic growth in the early 1990s. But the maturity and pragmatism of Chile's political class in 1990, as impressive as it may be, does not constitute, in my view, the determining factor in the Chilean economic miracle. What does is the neoliberal economic model implemented by Pinochet with speed, thoroughness and brutality for at least 15 years. This radical economic restructuring stands out clearly as the heart of the miracle.

On 11 September 1973 an old, traditional order was reinstated in Chile by the military. The same order that one finds in the writings of the intellectual father of capitalism, Adam Smith, in 1759. An order in which considerable inequality of income does not appear as a problem but as a solution. An order in which the survival of the fittest, in a competitive context where each individual strives above all else to achieve his own material gain, is perceived as the secret of economic growth. An order in which the opulence and conspicuous consumption of the wealthy, who constantly seek to satisfy their numerous and insatiable desires, is deemed to trickle down to the multitude of the poor in the form of jobs and income.

This old order did not originate, as Wisecarver correctly points out, from new and revolutionary ideas but from the mere application of very traditional economic theory. Such traditional theory can be found in the early 19th century writings of another great intellectual father of capitalism, David Ricardo. Both a distinguished economist and a member of parliament, Ricardo

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<sup>297</sup> *Economia Politica de la Transicion*, p. 23.

waged a long and successful struggle against Britain's poor laws. First enacted in 1601, and then considerably strengthened in 1795 with the new Speehamland Law, these 'poor laws' obliged the State to provide all workers with a minimum income. Whenever the wages paid by a private employer were too low to provide this minimum, the State had to make up for the difference. Ricardo argued, as the Chicago Boys would also many years later, that this 'government interference' in economic matters was pushing productivity down and thus preventing economic growth. The 'poor laws' were thus eliminated. While the working conditions of workers deteriorated drastically, leading to a super exploitation of the workforce and even to child labor, Britain did experience strong economic growth.<sup>298</sup>

As our paper has shown, evidence that the repression that fell on Chile following the coup was particularly harsh for the popular movements and the working class is overwhelming. Their organizations and unions were completely wiped out. Government subsidies designed to help the poor were cut. The Labor Code was revamped in such a way that the clout of employers became immense and that of workers very feeble. Economic policies systematically favored the wealthy, and discriminated against the others. It is doubtful that even Adam Smith, who already realized in 1789 that the masters had much more power than the workers, would have agreed with the radicalism of the Chicago Boys.

In a nutshell, three factors appear fundamental in the creation of the Chilean economic miracle:

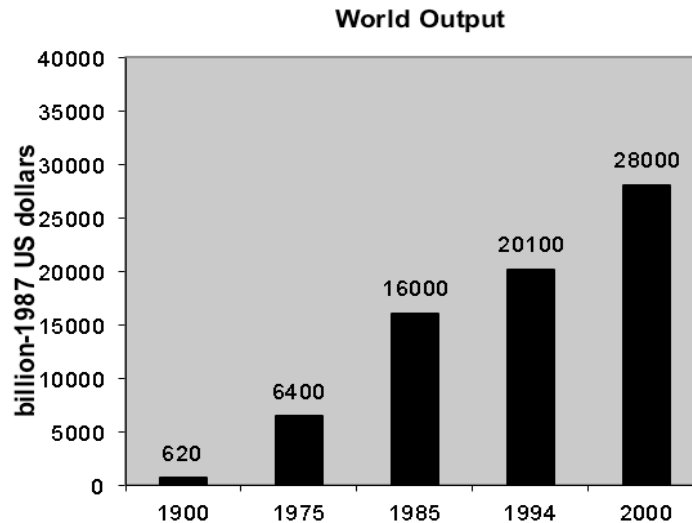
- \* The super exploitation of labor combined with a short-sighted plundering of natural resources,
- \* A shock treatment radically subjecting the economy to competitive forces,
- \* And two waves of privatization that resulted in the rapid concentration of wealth in the financial elite.

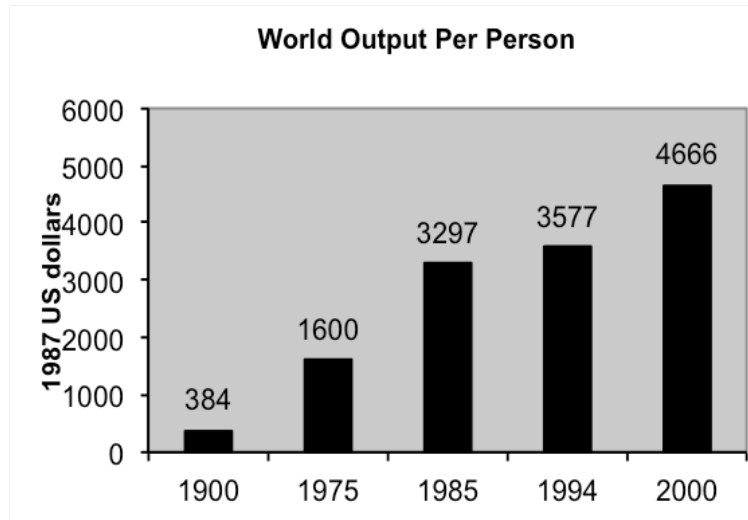
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<sup>298</sup> Karl Polanyi, *The Great Transformation*, Beacon Press, Boston, 1944, Paperback edition of 1957, p. 79

## The Worldwide Economic Miracle

In many respects, Chile's neoliberal restructuring and ensuing economic miracle parallels that of capitalism on a worldwide basis. Just as Chile's economy, in terms of GDP, grew very rapidly from 1987 to 1997, the **world output**, defined as all goods and services produced in the world in one year, has been expanding very rapidly in the last century. As shown on the graph below, world output measured in US 1987 dollars was \$580 billion in 1900, \$6,000 billion in 1975, \$16,000 billion in 1985, 20,100 billion in 1994, and 28,000 billion in 2000! In other words, world output in 2000 was 48 times greater than it was in 1900; an amazing and historically unprecedented 4,800 percent increase in wealth!





Despite these huge steps forwards in terms of both world output and world output per person (for the latter, see above graph), the gap between the haves and the have-nots has widened dramatically in the world, just as it has in Chile during the economic miracle. The *Human Development Report 1992*, published by the United Nations Development Program, has this disturbing information about the evolution of the distribution of world output (designated as global GNP) in the last 30 years:

*“Between 1960 and 1989, the countries with the richest 20% of world population increased their share of global GNP from 70.2% to 82.7%. The countries with the poorest 20% of world population saw their share fall from 2.3% to 1.4%. The consequences for income inequalities have been dramatic. In 1960, the top 20% received 30 times more than the bottom 20%, but by 1989 they were receiving 60 times more. (...)*

*“Even these figures conceal the true scale of injustice since they are based on comparisons of the average per capita incomes of rich and poor countries. In reality, of course, there are wide disparities within each country between rich and poor people.”<sup>299</sup>*

<sup>299</sup> Published for the United Nations Development Programme, Oxford

Once this internal income distribution is taken into account, the report continues, “*the ratio between the richest and the poorest people more than doubles to 140 to 1.*”

Consider the following statistics:

- \* In 1992, 85% of the world’s income went to 23% of its people, while one billion people were struggling to survive with an income of less than \$1 per day.
- \* Over 3.5 billion individuals (more than 62% of total population) in the world are now only receiving 5.6% of world income.
- \* One in three children in the world is still malnourished.
- \* More than 100 million children of primary school age in the world are not in school.
- \* Free market policies are allowing forests to vanish at 17 million hectares per year, an area about half the size of Finland.<sup>300</sup>
- \* Three hundred companies now own an estimated 25% of the productive assets of the world.<sup>301</sup>
- \* Of the top 100 economies in the world, 47 are corporations.<sup>302</sup>
- \* In 1994, a sheer 358 individuals owned as much wealth as the annual income of 45% of the population of the world, that is 2,3 billion people.<sup>303</sup>

The structural adjustment programs (SAPs) imposed on developing nations by the IMF and the World Bank in the 1980s, as a result of the Third World Debt crisis, were basically identical

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University Press, New York - Toronto, 1992

p. 34

<sup>300</sup> Lester R. Brown et al., *State of the World - 1992*, WW Norton & Company, New York - London, 1992, p. 3-4.

<sup>301</sup> Richard Barnett and John Cavanagh, *Global Dreams*, New York: Simond and Schuster, 1994, p. 15, quoted in Jeremy Brecher and Tim Costello, *Global Village or Global Pillage*, South End Press, Boston, Massachusetts, 1994, p. 18.

<sup>302</sup> Stephen Viederman, *Ecological Literacy*, text of keynote address to the Associated Colleges of the Midwest Conference on Ecological Education, March 11, 1994, quoted in Brecher and Costello, p. 18.

<sup>303</sup> *Human Development Report 1995*, United Nations, published in July 1996.

to those implemented by the Chicago Boys during the Pinochet dictatorship. As Susan George<sup>304</sup> and numerous observers have pointed out, the SAPs have had negative results on deeply indebted developing nations:

- \* Wages and working conditions have deteriorated.
- \* Deep cuts were made in health and education budgets.
- \* Violence and destruction, both human and environmental, have increased..
- \* Thirty-seven governments in sub-Saharan Africa have been forced by the World Bank and the IMF to adopt SAPs. A United Nations study concluded in 1988 that “*the most vulnerable population groups, in particular women, youth, the disabled and the aged, have been severely and adversely affected*” by the SAPs in these African countries.<sup>305</sup>

Cristovam Buarque, a Brazilian economist, argues that the challenge facing the planet is the same as that facing present-day Brazil:

*“Either we build an apartheid society, addicted to consumption for a minority, that destroys the environment and treats its excluded masses in an authoritarian manner, or else we invent a brave new future that embraces the whole of humanity. Capital accumulation, through slave labor or the payment of low wages, and income concentration produced by economic policies, are very real, if disguised forms of cannibalism, he adds. (...) The science of Economics continues to serve as an instrument for legitimating the behavior of economic agents, churning out sets of ideas that can only be justified by cults as weird and illogical as those of anthropophagic religions.”*<sup>306</sup>

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<sup>304</sup> Susan George, *L'effet boomerang*, (Choc en retour de la dette du tiers monde), La Découverte, Paris, 1992, Translated from English by Thierry Piélat, 291 p. See also her other book, *A Fate Worse Than Debt*.

<sup>305</sup> Kevin Danaher, Editor, *50 Years is Enough (The Case Against the World Bank and the IMF)*, South End Press, Boston, 1994, p. 3.

<sup>306</sup> Cristovam Buarque, *The End of Economics*, Zed Books, London, Translated from Portuguese by Mark Ridd, 1993, p. xii and 10.



## **What is the Solution?**

In his address to the United Nations in December 1972, President Salvador Allende, as we have seen, made several pertinent remarks about the world of his time:

*“The power of the multinational corporations is so great that it transcends all borders... We are facing a collision between the large corporations and sovereign states...(But the corporations) do not have to answer to anyone and are not accountable to any parliament.*

*“In one year these enterprises repatriated profits from the Third World representing net transfers in their favor of \$1.7 billion: \$1billion from Latin America, \$280 million from Africa, \$366 million from the Far East and \$64 million from the Middle East.*

*“We are witnessing a pitched battle between the great transnational corporations and sovereign States, for the latter’s fundamental political, economic and military decisions are being interfered with by world-wide organizations which are not dependent on any single State and which, as regards the sum total of their activities, are not accountable to or regulated by any parliament or institution representing the collective interest. In a word, the entire political structure of the world is being undermined (...)*

*“(The modernization being imposed by the West on Third World nations is contributing...) to the exclusion of more and more millions from the very possibility of progress, well-being and social liberation and relegating them to a sub-human existence -- a pattern destined to lead to still greater housing shortages and to condemn an ever-increasing number of citizens to unemployment, illiteracy, ignorance and physical want.”*

Unfortunately, what Allende was saying in 1972 remains surprisingly relevant in today’s world. As we have seen, the gap between the haves and have-nots has been increasing dramatically in the last thirty years. Statistics indicate that

developing nations are dominated even more today than they were in Allende's time.

- \* The foreign debt of the Third World was \$380 billion in 1979. By 1987 it was up to \$1.3 trillion. In 2001 it has reached more than \$2 trillion!
- \* As a result of this growing dependence, the net transfer of money from the poor countries to the rich has increased dramatically. In 1982, the net transfer of money from Latin America to the North was \$17 billion. From 1984 to 1990, the net transfer of money from the developing nations to the wealthy ones was \$178 billion.

As globalization expands, mega-corporations are able to obtain, through free trade agreements such as the North American Free Trade Agreement and the Free Trade Area of the Americas, investor-state clauses that grant them the right to sue governments for the profits they lose because of public policies, even in the case when these policies clearly defend public health and the environment. In this context, Allende's speech appears even more prophetic than it was in 1972. Corporations, unaccountable to society, dictate the global agenda like never before.

In *Mortgaging the Earth*<sup>307</sup>, Bruce Rich questions the 'modernization' process encouraged by the World Bank during its fifty years of existence. He carefully documents the forced relocation of millions of people, especially the poor, occasioned by Bank loans. He points out that the World Bank has constantly supported brutal dictatorships as long as they have adopted free-market policies. He forcefully argues that Bank policies have resulted in massive environmental destruction and impoverishment.

What then is the solution? We have seen that the Popular Unity's peaceful road to socialism ended up in bloodshed and brutal repression. The United States proved to be very effective in collaborating with the Chilean elite to 'make the economy scream' and the most powerful international financial

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<sup>307</sup> Bruce Rich, *Mortgaging the Earth*, Beacon Press, Boston, 1994.

institutions, including the World Bank and the IMF, systematically boycotted the Allende government. After the coup d'état, however, they provided Pinochet, who was voluntarily applying SAPs with a speed and a thoroughness that was truly impressive, with rapid and generous help. Now they are proud of their baby. Chile's economy has boomed from 1987 to 1997.

Attributing Allende's failure in achieving a popular revolution only to external factors may not, however, be correct. Several observers have noted that in the Popular Unity government, there was an element of magical thinking. Many considered that it sufficed, to rid the country of exploitation and solve fundamental economic problems, to redistribute income and go on a nationalization spree.<sup>308</sup> In fact, several former members of the Popular Unity government recognize that serious errors were made.

The testimony of Alberto, the Chilean businessman whom I encountered in La Paz, Bolivia, in November 1998 and which I related in my diary in the preceding chapter, is very revealing in this respect. It shows both some of the weaknesses of the Popular Unity and some of the strengths of the neoliberal model. Alberto, who occupied a high rank in the Popular Unity government, explained that many of the peasants who received land did not use this land productively. While they received lots of money from the Allende government, they often spent it foolishly, which seems to indicate a lack of rigor and control. Although imprisoned by Pinochet for four years, Alberto seemed to admire the immense progress that his country made thanks to the economic model implemented by the dictatorship. He noted that 11 years of curfew had favorably affected the Chilean culture, rendering it more disciplined. He said that he managed to do well following his release from prison by taking advantage of the new business opportunities opened by the private enterprise-oriented housing program of Pinochet. At 53 years old, he seemed to incarnate the qualities of entrepreneurship resulting from the neoliberal revolution. He was studying Japanese, and later wanted to learn English and French, obtain a Masters in

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<sup>308</sup> See, for example, Simon Collier and William F. Sater, *A History of Chile, 1808-1994*, Cambridge University Press, 1996.

Economics and carry out a field trip in the United States. His ambition: work as a consultant for a large corporation in Chile!

This being acknowledged, our analysis indicates that the neoliberal economic model proposed by the Chicago Boys, even though it undoubtedly created a renewed and much invigorated spirit of enterprise in Chile, also implied a considerable dose of magical thinking and dogmatism and created serious problems.

- \* This model perceives competition and free markets as the 'Gospel Truth', as the overriding principle of society.
- \* It has a tendency to reduce labor to a mere commodity.
- \* It fosters an economic apartheid, creating two very distinct worlds, that of the rich and that of the others.
- \* It does not hesitate to plunder natural resources, sacrificing long-term economic growth to short term gain.
- \* It makes room for the freedom of the moneyed elite and does not hesitate to use an iron fist to curb the basic rights of the majority.
- \* It transforms education, health services and the very quality of life into commodities sold on the market, thus making money, and not human dignity, decide who gets what.

Capital and financial markets have indeed become global and more than \$1.5 trillion circulates *every day* with the speed of light between the countries of the world. Only a small fraction of this money serves to finance trade; the bulk goes for mere speculative purposes.

The problems facing contemporary Chile today are very similar to the problems facing the world. The present trend towards ever more global markets and free trade undoubtedly represents, for the world moneyed elite, greater freedom to move their capital wherever they want. Capital and financial markets have indeed become global and more than \$1.5 trillion circulates *every day*

with the speed of light between the countries of the world.<sup>309</sup> Only a small fraction of this money serves to finance trade; the bulk goes for mere speculative purposes. Clearly, this trend does not mean greater freedom for the majority of the people. It is not only increasingly reducing labor to a disposable commodity, but it is eroding the power of elected governments to adopt economic policies geared to the needs of the majority of their people. As in Pinochet's Chile, money talks more and more, and democracy and human dignity are tossed aside. Free markets become the organizing principle of society.

### **Challenges Facing Civil Governments**

The three civil governments which have governed in Chile following Pinochet's own self-designed transition from dictatorship to 'democracy' maintained, as we have seen, the pillars of the neoliberal order. However, they did distance themselves a little from it by making slight improvements in the Labour Code, by regulating public transport, by introducing and implementing improved environmental norms, by increasing taxes and using the additional revenues to reduce the poverty rate. Despite the relative success that they achieved, serious problems remained. In 1990, the Chileans were working on average 48.5 hours per week; by 1992, they were working 50.5 hours per week.<sup>310</sup> And this prolongation of the working hours continues. In 1994, after four years of civil government, the average income of the wealthiest 10% of the population was still more than 36 times greater than that of the poorest 10%.<sup>311</sup> A national survey carried out in November 2000 revealed that after a full decade of civil governments, the gap between rich and poor in Chile had increased. In 1990, the 20 percent wealthiest Chileans received 14 times more income than the 20 percent poorest; in 2000, they received 15.3 times more. It also showed that the efforts on the part of the civil governments to reduce

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<sup>309</sup> John Gerard Ruggie, "Territoriality and Beyond", *International Organization*, vol. 47, no. 1, Winter 1993, p. 141, quoted in Brecher and Costello, op. cit., p. 19

<sup>310</sup> Alvaro Diaz, "Restructuring and the New Working Classes in Chile: Trends in Waged Employment, Informality and Poverty", 1990, *UNRISD Discussion Paper*, p. 22, quoted by Stephanie Rosenfeld, in Collins and Lear, p. 256.

<sup>311</sup> Jack Epstein, op. cit.

poverty were only partly successful. While the rate of poverty decreased significantly from 1990 to 1996, it only decreased very slightly thereafter. In November 2000, 20.6 percent of Chileans were still living in poverty. After declining by nearly one million from 1990 to 1994, the number of people living in extreme poverty increased by 30,000 from 1998 to 2000. In November 2000, 5.7 percent of Chileans were living in extreme poverty.<sup>312</sup>

Another important problem facing contemporary Chile is the impact of an individualistic, market-oriented competitive culture, clearly the result of the neoliberal revolution. In my diary of December 4, 1998, I relate my encounter with Enrique Sandoval, a Chilean who returned to Chile in the late 1990s after living in Montreal for more than 20 years. Enrique says that the Chilean culture is so different than it was in Allende's time that in some ways he no longer feels Chilean. Life is now competitive, market-oriented, and an individualistic rat race. The appearance of wealth is given utmost importance.

In 1990 the World Health Organization compared the city of Santiago with fifteen other major cities in the world and found that Santiago, with 30 percent of all medical consultations related to depression, was by far the worst in this respect. La Tercera reported in 1998 that 30 percent of consultations in all of the municipalities of Chile were now related to depression. Specialists attribute this growing problem to excessive pressure in the workplace, excessive consumerism and competitiveness and emotional factors<sup>313</sup>.

### World Contracts

Under Pinochet, Chile was one of the very first countries in the world to implement the neoliberal economic model of the Chicago boys. As of the early 1980s, this model has been rapidly spreading its wings to encompass the entire globe, including Eastern Europe and the ex-Soviet Union who have now abandoned centralized planning.

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<sup>312</sup> *La pobreza en Chile en el año 2000*, publicado bajo el N° 14 de la *Serie Estudios Estadísticos y Prospectivos* de la Comisión Económica para América Latina y el Caribe (CEPAL).

<sup>313</sup> Víctor Hugo Durán, Representa un tercio de atenciones en consultorios Chile tiene millón y medio de depresivos, October 8, 1998.

Our analysis has shown that market forces may be able to play an essential role in unleashing creativity and allocating resources, but when transformed into Gospel truth and the very organizing principle of society and the world, they are bound to lead to destruction.

Troubled by this worldwide neoliberal trend, a group of world experts known as the Groupe de Lisbonne published in 1995 *Limites à la compétitivité* (Limits to Competitiveness).<sup>314</sup> Written by a group of academics from different countries, this book is extremely critical of the present trend in the world of today toward the Chicago Boys' style economic policies. Competitiveness is essential, they acknowledge, but when, as is presently occurring, it becomes the overriding organizing principle of the planet, it is bound to become a destructive, dehumanizing force. The authors call for the creation of four world contracts.

A world contract is defined as global planning and cooperation. The nations of the world would cooperate in addressing the fundamental needs of those segments of the world population now living in dire need, while at the same time seeking ways to foster the common good of the entire population of the world. The needs of over 3.5 billion individuals in the world, who are now only receiving 5.6% of world income, would be addressed.

- \* The first contract directly addresses the fundamental needs of the deprived. It aims at providing drinking water to two billion people, decent housing to 1.5 billion, and environmentally friendly energy to 4 billion.
- \* The second contract aims at promoting tolerance and dialogue between cultures. It recognizes the fact that cultural diversity is a value to be preserved.
- \* The third contract aims at the eventual creation, by the year 2020, of a world government. This is recognized as a difficult but absolutely essential task, given that private economic power increasingly outweighs that of national elected governments. The international moneyed elite is now deciding the course of world development but is not

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<sup>314</sup> Boréal, Montréal, 1995

accountable to the people. National governments, on the other hand, are accountable, but are increasingly powerless.

- \* The fourth contract aims at the effective respect of the commitments taken by 130 nations of the world at the World Summit on Development and the Environment in Rio de Janeiro. Its purpose is to assure that future economic growth is environmentally sound and sustainable.

These four contracts, especially the first and third, reflect the idealism that motivated the Popular Unity government in Chile. It does not call for the nationalization of enterprises, or for a return to socialist centralized planning, but it does deal with some of the basic issues discussed by Allende in his address to the United Nations in 1972. And it does call on greater global planning, both at a national and an international level.

On September 4, 1973, one million Chileans demonstrated in the streets of Santiago, showing their support for the Allende government. In December 1999, as the World Trade Organization, which masterminds and directs the neoliberal oriented globalization in the world, convened in Seattle, thousands and thousands demonstrated their disapproval. In April 2001, as the leaders of 34 of the 35 countries of North, Central and South America and the Caribbean were discussing the Free Trade Area of the Americas in Quebec City, at least 50,000 demonstrated outside of the barricaded zone where the discussions were taking place, supervised by thousands of police officers.

One can only hope that the dream reflected in the four above contracts and in the millions of people represented by the demonstrators in Seattle and Quebec City, will one day materialize and not, as was the case in Chile on September 11, 1973, be violently crushed...





## Epilogue

### Challenges Facing New Majority Coalition in 2014

When on June 27, 1970 Salvador Allende's victory seemed probable the then Secretary of State, Henry Kissinger, stated "*I don't see why we need to stand by and watch a country go Communist due to the irresponsibility of its own people*". And upon learning that Allende had won the elections in September 1970 the then US president, Richard Nixon, became very upset and affirmed, as he pounded his fist into the palm of his hand, "*That son of a bitch, that son of a bitch!*"<sup>315</sup> A few months later, when Allende nationalized, through a constitutional amendment that was unanimously adopted in Congress, the large American copper firms operating in Chile, the same Nixon exclaimed, "*It's time to kick Chile in the ass!*"<sup>316</sup>

We all know what happened after that:

- Three years later the Chilean military brutally ousted Salvador Allende, not in an amateurish way but after the CIA had helped the Chilean elite take all the precautions necessary to make the economy scream and to create a situation of chaos, disorder and insecurity. (To see a detailed description of this destabilization plan, see the award-

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<sup>315</sup> Thomas Powers, *The Man Who Kept the Secrets: Richard Helms and the CIA*, New York: Knopf, 1979, p. 230. Quoted in Nathaniel Davis, *The Last Two Years of Allende*, Ithaca: Cornell University Press, 1985, p. 7.

<sup>316</sup> This statement appears in US documents only declassified in 2014. It appeared in the Chilean daily *El Mostrador* May 24, 2014. <http://www.elmostrador.cl/pais/2014/05/24/richard-nixon-y-su-indignacion-por-la-nacionalizacion-del-cobre-es-hora-de-pegarle-a-chile-en-el-culo/>, consulted June 5, 2014.

winning 139-minute documentary film *La Spirale*<sup>317</sup> produced by Armand Mattelart)

- The Chilean economy was radically revamped to fit the utopian free market (neoliberal) dream of the Chicago Boys—public sector reduced to peanuts, radical privatization of health, education and even pensions.<sup>318</sup>
- This revamping was carried out in a context of a massive repression—summary executions, massive detentions in concentration camps, torture, censorship of the press, banishment of all political parties—that lasted nearly seventeen years; and to ensure its permanence it was embedded in a constitution.

In December 2013, some forty-one years after the military coup, Michelle Bachelet, head of the New Majority Coalition, was re-elected president of Chile after a landslide victory due to the growing popular dissatisfaction with the most radical free market model in the world. A model that has produced impressive growth—Chile’s economy has grown by an average of 5% per year in the last twenty years—but where income inequality is one of the highest in the world; where quality education and healthcare are but a privilege for the moneyed elite; and where even pension plans, all privately owned, favor the moneyed few at the expense of all others, especially the very poor.

And what happened when Bachelet, a few weeks after her inauguration in March 2014 proposed a major tax reform that included a corporate tax increase of five percentage points—20 to

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<sup>317</sup> Produced in 1975 by Armand Mattelart, Jacqueline Meppiel, and Valérie Mayoux, (in French with Spanish subtitles): <http://www.google.fr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0CCsQtwIwAA&url=http%3A%2F%2Fwww.youtube.com%2Fwatch%3Fv%3DrHFcjGWX9Ag&ei=hxWXU5K-OYKUyASepoDAAw&usg=AFQjCNGo-XoJKdpO2zEpgOhCGRM8iMrKVg&bvm=bv.68445247.d.aWw>. The DVD for this documentary is available in Santiago, Chile, in the “Librería Le Monde Diplomatique”, San Antonio 434.

<sup>318</sup> See Naomi Klein, *The Shock Doctrine*, 2007, 576 pp. In this book, Klein shows how the neoliberal free market model was imposed, through strikingly similar policies, in countries as different as Pinochet’s Chile, Yeltsin’s Russia, China and post-Saddam Iraq. <http://www.infoshop.org/amp/NaomiKlein-TheShockDoctrine.pdf> or <http://www.youtube.com/watch?v=7iW1SHPgUAQ>

25%—in order to fund the key changes for which she had been elected, namely to reduce income inequality and to revamp the educational system? The Economist (May 24, 2014) asked, “*Is Michelle Bachelet putting her country’s growth model at risk?*” And Mary Anastasia O’Grady of the Wall Street Journal commented (May 4, 2014): “*Ms. Bachelet and her minions in Congress are signaling a game change that suggests a return to the political polarization of the early 1970s. It is hard to avoid the conclusion that they see their legislative majorities as their chance to finally ram the utopian dream of the late President Salvador Allende down the collective Chilean throat.*”<sup>319</sup>

Such is the logic of a world in which money and the power that goes with it matter the most.

What Allende did not manage to do in the early 1970s—ram a utopian dream down the collective Chilean throat—Bachelet is now doing, claims O’Grady.

That Chile experienced a bloody coup and a long and brutal dictatorship was nothing but the restoration of freedom. Nothing then was being rammed down the collective throat of Chileans. Nothing at all. As the bishop of Osorno, Mgr. Francisco Valdés Subercaseaux, said on the day of the coup d’état in his prayer that was published a few days later in El Mercurio, a newspaper that had received nearly two million US dollars from the CIA to help oust Allende,<sup>320</sup> “*Lord, in this glorious September of my liberation, I suddenly recognize the hand with which you were guiding me. (...) Lord, how can I ever thank you for having freed*

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<sup>319</sup> *Assault on the Chilean Miracle*,  
<http://online.wsj.com/news/articles/SB10001424052702303678404579535830371293094> consulted on June 6, 2014.

<sup>320</sup> In documents released by the US government only in 2014 (<http://history.state.gov/historicaldocuments/frus1969-76v21>) one learns that William J. Jordan of the National Security Council Staff wrote the following memorandum to Henry Kissinger on April 10, 1972: “*CIA has come up with a new proposal for additional support for El Mercurio, the largest newspaper—and the loudest opposition voice—in Santiago. The new tranche would be for \$965,000. (...) In September 1971 we decided to support El Mercurio in the amount of \$700,000. We provided an additional \$300,000 between October and December.*”

*Chile of the worst lie and the greatest evil that our poor humanity has ever known throughout history.*”<sup>321</sup>

Now that Bachelet wants to respect her electoral promise to address income inequality and extend quality education to the many, she is deemed to be ramming “*the utopian dream of the late President Salvador Allende down the collective Chilean throat*”. Small wonder that O’Grady did not also accuse Bachelet of summary executions, massive detentions and torture!

In the end, perhaps Henry Kissinger was right. Perhaps Chileans acted irresponsibly by granting Bachelet more than 60% of the vote. Perhaps they acted irresponsibly when, in a popular poll on September 17, 2008 they chose Allende as the greatest Chilean of all times.<sup>322</sup>

### **Lagos, Bachelet, Piñera and New Majority Coalition**

Following the long Pinochet dictatorship—1973-1990—Chile has had five civilian governments: Patricio Aylwin (1990-1994), Eduardo Frei (1994-2000), Ricardo Lagos (2000-2006), Michelle Bachelet (2006-2010), and Sebastian Piñera (2010-2014). All of them maintained basically intact the radical neoliberal economic model implemented by the military regime. And all of them also softened and humanized the model, but within the constraints of a constitution marked by the neoliberal philosophy.

In what follows I will present an overview of the last three governments—Lagos, Bachelet and Piñera—and discuss the challenges facing Michelle Bachelet following her re-election in December 2013 as head of the New Majority Coalition government.

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<sup>321</sup> Ovide Bastien, *Chili le coup divin*, Éditions du Jour, Montréal, 1974, p. 57. Republished as an e-book in 2014 on Amazon.com. (I translated from the Spanish this prayer written on the day of the coup and published in El Mercurio on September 30, 1973).

<sup>322</sup> Sergio Grez Toso, *Grandes Chilenos de nuestra historia : rápidas reflexiones a propósito de un programa de televisión*, *La Historia y la Memoria*. <http://noticias.uarcis.cl/index.php/opinion/arte-cultura/907-qgrandes-chilenos-de-nuestra-historiaq-rapidas-reflexiones-a-proposito-de-un-programa-de-television>, consulted on June 5, 2014.

### **Lagos government (2000-2006)**

The Concertacion government of Ricardo Lagos (2000-2006) maintained and in some ways extended, as had done the two previous governments, the neoliberal model imposed during the dictatorship. For example, it signed free trade agreements with the European Community, the United States, South Korea, China, New Zealand, Singapore and Brunei.

However it also continued rendering this model more human, as had done the two previous Concertacion governments:

- Compulsory schooling was extended to 12 years;
- Several victims of torture under the Pinochet regime received monetary compensations;
- The first divorce law in Chile was approved;
- The AUGES health program was created guaranteeing coverage for a number of medical conditions;
- The weekly working hours were reduced from 48 to 45.

Even though, as we discussed at the end of chapter 18, the Pinochet Affair did not end with a trial given that the former dictator's mental health was deteriorating, it did deal a major psychological blow to those in Chile who admired him. And when it was discovered in 2005 that Pinochet, in order to escape taxes, had been hiding 13 million dollars in US banks throughout the world often using false names, the blow was such that many of his long-term supporters even in the financial Chilean elite abandoned him.

### **Bachelet government (2006-2010)**

In 2006 Michelle Bachelet was elected president of Chile. She was the first woman ever to hold this office. A member, like Lagos, of the Socialist Party, Bachelet had been detained and tortured after the coup d'état. Her father, a general in the Chilean Air Force, was also detained after the coup and died of a heart attack following an extended period of torture.

Bachelet maintained, as all previous Concertacion governments had done, the neoliberal model inherited from the dictatorship. In some ways she even deepened free market forces by signing ten

free trade agreements including Japan, India, Australia, Peru and Vietnam.

However, she also took several steps to humanize the free market model:<sup>323</sup>

- During the world economic crisis of 2008, one of the worst in 70 years, Bachelet rapidly implemented anti-cycle measures that considerably softened the negative impact of the crisis on Chileans and allowed the country to grow at an annual average rate of 3.2% during her four-year mandate.
- She imposed a minimum pension payment to help the Chileans whose pension was only 12 to 15 dollars per month. More than one million Chileans benefited from this reform; 62% were women.
- The number of daycare centers increased from 781 in 2005 to 4,200 in 2010.
- Some 14 laws were adopted to defend and protect workers' rights. Among these: changes to unemployment insurance that allowed more workers to be covered and extended the benefits to seven months.
- The number of illnesses covered in the Auge health Plan was increased from 25 in 2005 to 69 in 2010.
- The number of students receiving scholarships more than doubled; in 2010 there were 640,785.
- A very impressive national museum—"El Museo de la Memoria y los Derechos Humanos"<sup>324</sup>— was inaugurated in January 2010 to commemorate the victims of the human rights violations in Chile during the 17-year dictatorship.

### **Piñera government (2010-2014)**

At the end of her mandate, Michelle Bachelet's popularity rating stood at nearly 80%. Nevertheless, thanks to a series of scandals in the government and to the growing disenchantment of many Chileans with the neoliberal model, only cosmetically improved by the Concertacion governments but never called into question,

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<sup>323</sup> This information was drawn from <http://michellebachelet.cl/pdf/government.pdf>. Consulted on June 5, 2014.

<sup>324</sup> <http://www.museodelamemoria.cl>, consulted on June 5, 2014.

the forces opposing the right split; those dissatisfied with the Concertacion formed a new coalition of leftist parties and movements. Known as “Juntos Podemos Más”, this coalition included the Humanist Party of Chile, the Communist Party of Chile, the MIR or Movement of the Revolutionary Left, the Christian Left and the Patriotic Movement of Manuel Rodriguez. It is mainly because of this split in the progressive and more moderate forces in Chile that Sebastian Piñera, the head of a coalition of conservative parties known as the Coalition for Change, was elected president of Chile in 2010.

Piñera—Chile’s third richest billionaire citizen with a controlling interest in the country’s largest airline, a major television channel and a stake in Chile’s most popular soccer team—promised jobs and the continuation of Bachelet’s popular social programs. He also promised the privatization of 20% of state-owned Codelco, the world’s biggest copper producer, renewable energy projects, improvements in education and legal rights for gay and lesbian couples.

The following events or developments characterize the Piñera government<sup>325</sup>:

1. The massive earthquake that struck Chile on February 27, 2010 just a few days before Piñera’s inauguration, destroying hundreds of thousands of houses, causing more than 500 deaths and a total economic loss estimated at around 25 billion dollars. Piñera’s leadership skills in handling this crisis at first impressed the population and increased his popularity. However, when reconstruction efforts lagged, his popularity dropped considerably.
2. The mining accident of August 5, 2010, which trapped 33 workers some 2,300 ft. underground. The miners survived 69 mass-media-covered days before they were rescued in a remarkable operation skillfully managed by the government. Not surprisingly, Piñera’s popularity rose sharply.

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<sup>325</sup> Some of this information was taken from Carl Meacham, *Chile after Piñera: What’s in store for Bachelet*, November 13, 2013 : <http://csis.org/publication/chile-after-pinera-whats-store-bachelet-reprise>, consulted on June 5, 2014.



3. Sound macroeconomic management: during the Piñera administration Chile experienced an average yearly growth of 5.3%; unemployment fell from 9% in 2010 to 6% at the end of 2013; inflation was reduced to 3% in 2013.
4. The most important and detrimental factor, one that would prove fatal politically speaking: a sharp increase in social protests.

Protests erupted following a 17 % hike in natural gas in the Magallanes region in the south close to the Antarctic. They were met with a heavy-handed response that resulted in mass arrests.

Other protests later erupted over the HidroAysén project, which involved the construction of five large dams affecting 14,579 acres of nature reserves and public parks and also reducing the lands of Chile's indigenous Mapuche population. These protests were also met with a heavy-handed response. In fact Piñera even used counterterrorism laws first introduced by Pinochet against the Mapuche as they organized marches, hunger strikes and roadblocks in response to increasing restrictions on their traditional lands; UN officials and NGOs such as Amnesty International criticized these laws.

Then came the historical student protests. These had already started during the Bachelet administration<sup>326</sup>, however now they became increasingly massive and lasted for more than two years. Students demanded an education reform that would allow all Chileans and not just the moneyed few to have access to quality education; and their protests were backed by 70% of the population. When it was discovered that Piñera's education

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<sup>326</sup> Larry Rohter, Chile Copper Windfall Forces Hard Choices on Spending, January 7, 2007 <http://www.nytimes.com/2007/01/07/world/americas/07chile.html?fta=y&r=0>. In this article Roth explains that with record prices for copper, Chile experienced a windfall that pressured Bachelet to use the bonanza for social investment. "*Hundreds of thousands of students took to the streets to demand an immediate overhaul of the education system*", he comments. Before Pinochet reluctantly accepted to transfer power to a civilian government in 1989, he had imposed a law that stipulates that 10% of the export sales of Codelco (the state-owned copper company) must be transferred to the armed forces in three secret accounts (army, air force and navy) at the Central Bank of Chile. These accounts escape parliamentary oversight.

minister, Joaquín Lavín, was trying to increase government funding for some private universities in order to increase their profits using loopholes, this simply fanned the flames of the student protests. And when it was finally discovered that the government was trying to legalize this loophole and that Piñera himself had personal investments in some universities, a two-day national strike was organized. Given that Piñera's response to these student protests was again heavy-handed—tear gas, water canons and beatings of student leaders, many of whom were hospitalized—his popularity rating dropped to 22%, the lowest ever recorded for a democratically elected president.<sup>327</sup>

These protests, especially the long student demonstrations, were fatal for the Piñera government because they allowed ever more people to realize that the changes needed to democratize education, to protect nature reserves and the land of the Mapuche and to redistribute income *were impossible within the parameters of the present neoliberal free market model*. And the heavy-handed response by the government only served to deepen this awareness.

Thus, just as the Chilean students had played a key role at the end of the 1980s in initiating the changes that would lead to the end of the military dictatorship (see the section 'Students Organize' in chapter 10, Birth of an Opposition), they once again played a key role in helping Chileans in the last three years to call into question the dictatorship of market forces. Forces that had been, to use Mary O'Grady's this time very appropriate words, "rammed down the Chilean collective throat".

### **Bachelet and the New Majority Coalition (2014)**

It generally takes a very long time—twenty, thirty and sometimes forty years—before a child who has been sexually abused can start talking about this abuse and laying charges against the abuser. In a similar manner it took a very long time before Chileans as a society could come to grips with the trauma

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<sup>327</sup> This information from Gabriela Belmar-Valencia, *Chile's Piñera Leaves Presidency with High Growth, Low Ratings*, February 13, 2014 : <http://atlanticsentinel.com/2014/02/chiles-pinera-leaves-presidency-with-high-growth-low-ratings/>, consulted on June 5, 2014.

experienced during the coup and the long and brutal dictatorship that followed it. In the context of the events commemorating the 40<sup>th</sup> anniversary of the coup, the conservative Chilean daily *La Tercera* noted that “until 1988 September 11 was celebrated as a great national holiday; now it is only considered a day of mourning and reflection”.<sup>328</sup> And Carlos Torres, a Chilean who has returned to Chile after years of exile in Canada, notes: “Forty years later, it seems that in the context of the commemorations, the mourning and grieving for the fallen is coupled with the revival of their dreams. (...) At present more than ever, social movements across Chile—from workers of all sectors to students and peasants—are requesting the end of the market in the strategic sector of the economy and the removal of the neoliberal approach in the implementation of social programs: no more market in health, education, housing, and pension plans; no more profits on the state funding of social services. (...) The debate about a new constitution and the enactment of a constituent assembly is back on the agenda, as is reorganizing the economy and a progressive new tax system. Communities in northern and southern Chile want their regions to have more rights through a decentralized government. The Mapuche-indigenous nation wants their land back and reparation for historic losses. (...) Human rights organizations and social movements want all perpetrators of abuses, as well as the collaborators of the dictatorial regime to pay with jail or social scorn for their crimes.”<sup>329</sup>

When I visited Chile in 1998 I was very emotional. After witnessing the smashing of the Popular Unity dream in blood and torture and living in a regime of terror for one year I had suddenly departed, in July 1974, to return to Montreal in order to publish my book *Chili: le coup divin*. Now, just as I was returning to Chile for the first time in twenty-four years the person under whose terror I had lived for one year had just been

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<sup>328</sup> Quoted in *Courrier international*, September 11, 2013.

<sup>329</sup> *Commemorating Chile's Military Coup, September 11, 1973: Chile and Latin America Forty Years Later*, September 11, 2013, <http://www.globalresearch.ca/commemorating-chiles-military-coup-september-11-1973-chile-and-latin-america-forty-years-later/5349284> consulted June 5, 2014.

arrested in London England. And his arrest was making the headlines in newspapers throughout the world.

However, I was shocked to find a very different Chile than the one I had known and to see how subdued and indifferent the population appeared even in the heart of the Pinochet Affair. In my diary I noted on December 14: *“This morning’s newspaper reports that as a result of last night’s noisy celebrations over the victory of the Colo Colo soccer team, a sixteen-year old teenager died. Fighting apparently broke out between the fans of the team that won and the team that lost.*

*“To observe the consumerism and superficiality of the Chileans I come across on the streets is hard for me. I still remember 1973. I still remember how politicized and how articulate Chileans were then, even very young teenagers. Even though Chile is going through a major crisis resulting from the Pinochet Affair, even though newspapers publish several articles on it every day, the general public seems to be oblivious to this historical event. Sports, eating a big ice cream cone, shopping for clothes, etc., all this seems more important than Pinochet’s detention in London. The debate is intense but it seems to go on between a few politicians and businessmen. The average citizen seems to go on with his or her individualistic life as if politics mattered little or not at all.*

*“I was sure that when I would arrive in Santiago, I would see large demonstrations day after day because of the Pinochet Affair. Yet I haven’t seen one single demonstration since my arrival.*

Today, forty years after the coup, it is very gratifying for me to witness the awakening that is taking place in Chile. To see a dream, once smashed in blood, torture and terror, resurfacing in many of its fundamental ingredients.

Michelle Bachelet’s New Majority Coalition government, inaugurated in March 2014, marks a significant shift in Chile’s political landscape. It is made up of the same political parties as the former Concertacion (Christian Democratic Party of Chile and Socialist Party of Chile) but also includes, for the very first time, the Communist Party in whose ranks appear two of the

leaders of the historical student demonstrations, Camila Vallejo and Karol Cariola, both victorious in the elections. While it does not represent a break from a market-oriented economy, it does set forth an electoral program that will modify the pillars of the neoliberal free market straitjacket under which the Chilean economy has evolved since the military coup of 1973.

Given the strong majority obtained by the New Majority Coalition—more than 60% of the vote—and the crisis in the Alliance for Chile Coalition of conservative parties, it would seem that Bachelet's chances of implementing her ambitious program are very high.

As we have seen (see chapter 11, Worldview of the Chicago Boys), the neoliberal economic model is based on the following fundamental belief: when each person in an economy pursues above all his or her own self interests, this automatically brings about the greatest well being for everyone thanks to the invisible hand of God reflected in market forces. The wealthy become ever wealthier, but some of this wealth always trickles down to all the others.

The concrete experience of Chile over a 40-year period has shattered this neoliberal dogma. While it is true that the rate of poverty has diminished from 38,6% in 1990 to 14,4% in 2011, one must not forget, as we noted in chapter 19, that it was only 17% in 1973. And as points out Marcelo Solervicens<sup>330</sup> recent studies carried out at the University of Chile<sup>331</sup> reveal that Chile is one of the countries of the world with the highest inequality of

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<sup>330</sup> *Inicio del Segundo Gobierno Bachelet en Chile: ¿Y ahora Qué?* March 7, 2013, consulted June 5, 2014 <http://marcelocomenta.wordpress.com>.

<sup>331</sup> Ramon Lopez et al, La parte del León: Nuevas estimaciones de la participación de los súper ricos en el ingreso de Chile, Santiago de Chile, March 2013, <http://www.econ.uchile.cl/uploads/publicacion/306018fadb3ac79952bf1395a555a90a86633790.pdf>

See also CEP, No 364, Combatiendo la desigualdad. Conclusiones del Ciclo de Políticas Públicas: Panel de Pobreza y desigualdad, 364 [http://www.cepchile.cl/1\\_5425/doc/combatiendo la desigualdad conclusiones del ciclo de politicas publicas panel.html#.UxvqFz9dXT0](http://www.cepchile.cl/1_5425/doc/combatiendo%20la%20desigualdad%20conclusiones%20del%20ciclo%20de%20politicas%20publicas%20panel.html#.UxvqFz9dXT0)

income, its Gini coefficient<sup>332</sup> being at 0,52. *“One percent of the population (73,000) pockets 33% of total income...and a mere 0,01% (1,200) 10% of total income. Ninety nine percent of the population has to get by with only 68% of total income. This is quite different from Canada where 1% of the population pockets 15% of total income and 0,01% receives 2% of total income,”* comments Solervicens. The 2013 United Nations Development Report *“shows only 18 countries, out of 140, with an income distribution more unequal than Chile”* states Carlos Fortin, former assistant UN secretary-general.<sup>333</sup> Although Chile enjoys a GDP per capita of nearly 20,000 US, which allows it to become part of the OECD countries, the great majority of Chileans have to live with less than 5,000 US per year.

In order to address this intolerable inequality that is fomenting increasing popular discontent, Bachelet has called into question the basic tenet of the neoliberal model. In her letter of October 2013 she stated that the New Majority program was *“placing the interests of the many above the benefits and interests of the few.”* And she added: *“Fulfilling the hopes and dreams of thousands and thousands of Chileans requires implementing fundamental reforms in taxes, education and the constitution”*.<sup>334</sup>

After being in power only a little more than three months, Bachelet has moved ahead very rapidly implementing virtually all of the fifty steps that she had promised for the 100 first days of her term. Among these:

- A major educational reform bill based on the principle that education represents a basic right and not a mere commodity; that government subsidies should only be given to those institutions that are not profit oriented and do not practice any kind of discrimination in accepting students;

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<sup>332</sup> *“The Gini coefficient measures the inequality among values of a [frequency distribution](#) (for example levels of [income](#)). A Gini coefficient of zero expresses perfect equality, where all values are the same (for example, where everyone has the same income). A Gini coefficient of one (or 100%) expresses maximal inequality among values (for example where only one person has all the income).”* [http://en.wikipedia.org/wiki/Gini\\_coefficient](http://en.wikipedia.org/wiki/Gini_coefficient), consulted June 5, 2014.

<sup>333</sup> Letters, The Economist, June 7, 2014.

<sup>334</sup> <http://michellebachelet.cl/wp-content/uploads/2013/10/Carta-Presentación-Michelle-Bachelet-5-7.pdf>, consulted on June 5, 2014.

that education must serve to integrate the poor and marginalized and not, as is presently the case, to set them apart and increase their marginalization<sup>335</sup>; that if Chile is to move ahead it must reduce its dependency on mining exports—only 26% of Chile’s export earnings in 2012 came from non-mineral related products—and industrialize: to do so it must develop its capacity to innovate, knowledge and skills forming the basis of growth in the 21<sup>st</sup> century.

- A law creating two new public universities, one in Aysén and one in O’Higgins.
- A law of constitutional reform for the overhauling of the country’s unpopular binominal electoral system designed by Pinochet to preserve the power of the conservative parties.
- A major tax reform law that will raise corporate taxes to 25% and will gradually put an end to the FUT system implemented by the dictatorship. This system allows companies indefinitely to defer payment of some tax on their retained profits, often paving the way for tax evasion. Since its inception it cost the government of Chile approximately \$50 billion in lost revenues.
- A law creating a Ministry totally dedicated to ensuring that women be granted the same rights and opportunities as men.
- Revamping labor laws to strengthen the capacity of workers to organize and defend their rights.
- Providing a list of the communities where the first 500 daycare centers will be created in 2014, another 4,000 more to be created during the rest of her mandate.
- Creation of a state-owned Pension Plan (AFP) whose purpose will be to serve the many neglected Chileans with very low revenues, such as women and self-employed workers; and also to add competitive pressure on the privately owned AFPs.

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<sup>335</sup> The recent interview of an elderly Chilean worker-priest, Mariano Puga, illustrates very well this segmentation. Puga states, “Ever since colonial times we have lived in a Chile of classes. And the Church, instead of eliminating social classes, merely accentuated them: one school for the rich, another for the poor, and yet another for the indigenous. *Mariano Puga: Con el emperador Constantino “la iglesia le agarró gusto al poder, al privilegio”*, La Segunda, June 8, 2014.

- Creation of a task force to investigate Chile's pension system in order to propose a long-term solution.
- Submission of a plan for the construction of twenty new public hospitals to be completed over the four-year term.
- Setting up of a team of experts to propose changes to the ISAPRES in order to prevent the latter from discriminating against the sick and elderly, either by increasing prices or simply abandoning them.
- A law creating a Ministry of Indigenous Affairs; another law creating the Council of Indigenous Peoples, which will be autonomous and representative of the various indigenous peoples of Chile.

If Bachelet should easily obtain support in parliament for virtually all of the proposals in her electoral platform, carrying out deeper constitutional changes, deemed essential by increasingly large sectors of the population, will be much slower and difficult.

Chile's constitution was designed by Jaime Guzman during the Pinochet dictatorship in such a way that the neoliberal philosophy is woven into its very fabric. Chapter three, for example, guarantees that the state will respect human rights; however it completely fails to render the state responsible for ensuring that all citizens have the same equal rights in the work place and in terms of access to health, education and pensions. While this point may appear to some as an unimportant intellectual nuance, for the great majority of Chileans who so often feel defenseless when experiencing the constant abuse of the privatized pension plans (AFP), the privatized health system (ISAPRES), the privatized universities and employers who do not hesitate to overexploit them, it matters a lot.<sup>336</sup>

So strong was the desire for a new constitution among the Chilean public that in March 2014 an organization known as the Broad Coalition Front for a Constitutional Assembly was created. Comprised of lawyers, political activists and former presidential

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<sup>336</sup> Claudia Rivas Arenas, *Los puntos clave que cuestionan la Constitución del 80*, October 3, 2012, <http://www.elmostrador.cl/pais/2012/10/03/los-puntos-clave-que-cuestionan-la-constitucion-del-80/> consulted on June 5, 2014.



candidates, its aim is to encourage the creation of a Constituent Assembly similar to those used in other Latin American countries such as Venezuela.<sup>337</sup>

Changing the constitution requires a two-thirds majority, one that the New Majority coalition failed to obtain in the elections. Furthermore, not all in this coalition believe it is necessary to proceed to such substantial changes. This is the case of many in the Christian Democratic Party and even some in the Socialist Party.

Given that it seems impossible to overhaul the entire constitution by a vote in parliament, many in the New Majority Coalition, especially in the Communist Party, are calling for a constituent assembly. They believe that Bachelet, who is rumored to favor that option, should seek to push this agenda forward by cooperating very closely with the growing and powerful social movements.

### **Worldwide Economic Miracle Revisited**

When I wrote chapter 19 *Chile: Underside of Economic Miracle* about ten years ago I compared Chile's economic miracle to the worldwide economic miracle that took place over the course of the twentieth century. I showed that in the same manner that the Chilean economy had experienced impressive growth under military rule but with increasing income inequality, worldwide output in the twentieth century had also experienced impressive growth but also with increasing income inequality.

This trend has continued. Despite the major crisis of 2008, both the Chilean economy and the world economy have continued on a fairly impressive path of growth in the last decade. However, just as Chile's income inequality has been reaching alarming levels—a recent study<sup>338</sup> even suggests that Chile's Gini coefficient would be considerably higher than 0,52—the growing

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<sup>337</sup> Gabriela Belmar-Valencia, *Ending the Permanent Draw: Chile's Controversial Constitutional Reform*, May 17, 2014, <http://atlanticsentinel.com/2014/05/ending-the-permanent-draw-chiles-controversial-constitutional-reform/>

<sup>338</sup> El mejor país del mundo si usted es un súper rico, <http://www.rebelion.org/noticia.php?id=165757> consulted on June 5, 2014.

world income disparities have also been making the news thanks to Thomas Piketty's blockbuster book "Capital in the Twenty-First Century".<sup>339</sup> In this book Piketty shows, using abundant statistics, that there exists in capitalism a long-term trend towards ever-greater income and wealth inequality.

The good news is that just as Chile's rate of poverty has been decreasing substantially in the last decades, so too has the rate of poverty in the world. *"In 1990, 43% of the population of developing countries lived in extreme poverty (then defined as subsisting on \$1 a day); the absolute number was 1.9 billion people. By 2000 the proportion was down to a third. By 2010 it was 21% (or 1.2 billion; the poverty line was then \$1.25, the average of the 15 poorest countries' own poverty lines in 2005 prices, adjusted for differences in purchasing power). The global poverty rate had been cut in half in 20 years"*, notes the Economist in its June 1, 2013 issue. A significant portion of world economic growth and decline in poverty is due to one single country: China. In the last thirty years this country with a population of 1.2 billion has managed to lift out of poverty over 680 million people—more than the current population of Latin America.

However the bad news is that the world is moving towards ever more income and wealth inequality. Consider the following:<sup>340</sup>

- *"Almost half of the world's wealth is now owned by just one percent of the population.*
- *The wealth of the one percent richest people in the world amounts to \$110 trillion. That's 65 times the total wealth of the bottom half of the world's population.*
- *The bottom half of the world's population owns the same as the richest 85 people in the world.*

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<sup>339</sup> Thomas Piketty (trad. Arthur Goldhammer), *Capital in the Twenty-First Century*, Harvard University Press, April 2014, 696 p. First published in French: *Le Capital au xxie siècle*, Le Seuil, coll. « Les Livres du nouveau monde », 5 septembre 2013, 976 p.

<sup>340</sup> The following information was drawn from, WORKING FOR THE FEW: Political capture and economic inequality, January 20, 2014 <http://www.oxfam.org/sites/www.oxfam.org/files/bp-working-for-few-political-capture-economic-inequality-200114-summ-en.pdf> consulted June 5, 2014.

- *Seven out of ten people live in countries where economic inequality has increased in the last 30 years.*
- *The richest one percent increased their share of income in 24 out of 26 countries for which we have data between 1980 and 2012.*
- *In the US, the wealthiest one percent captured 95 percent of post-financial crisis growth since 2009, while the bottom 90 percent became poorer.”*

Such is the concern over this rising inequality that the criticism of neoliberal capitalism is originating from unexpected circles. The Governor of the Bank of England, Mark Carney, in a recent and very memorable speech affirmed that capitalism is in danger of destroying itself unless bankers stop “promulgating inequality across the globe” and “reject the heads-I-win-tails-you-lose system” in which “belief in the market enters the realm of faith”.<sup>341</sup> One would normally expect such criticism to originate from a left-leaning intellectual, not the Governor of the Bank of England!

In its *Outlook on the Global Agenda 2014*, the World Economic Forum<sup>342</sup> ranks the widening income disparities as the second worldwide risk in the coming 12 to 18 months. In a recent article on these widening income disparities Oxfam refers to US Supreme Court Justice Louis Brandeis who once famously said, “*We may have democracy, or we may have wealth concentrated in the hands of the few, but we cannot have both*”. Then it adds,

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<sup>341</sup> Angela Monaghan, *Bank of England governor: capitalism doomed if ethics vanish*, <http://www.theguardian.com/business/2014/may/27/capitalism-critique-bank-of-england-carney>, consulted on June 6, 2014.

<sup>342</sup> “*The World Economic Forum (WEF) is a Swiss nonprofit foundation, based in Cologny, Geneva. It describes itself as an independent international organization committed to improving the state of the world by engaging business, political, academic, and other leaders of society to shape global, regional, and industry agendas. The forum is best known for its annual winter meeting in Davos, a mountain resort in Graubünden, in the eastern Alps region of Switzerland. The meeting brings together some 2,500 top business leaders, international political leaders, selected intellectuals, and journalists, for a winter meeting, to discuss the most pressing issues facing the world, including health and the environment.*” [http://en.wikipedia.org/wiki/World\\_Economic\\_Forum](http://en.wikipedia.org/wiki/World_Economic_Forum) consulted on June 5, 2014. Gini

*“Oxfam is concerned that, left unchecked, the effects (of widening income disparities) are potentially immutable, and will lead to ‘opportunity capture’—in which the lowest tax rates, the best education, and the best healthcare are claimed by the children of the rich. This creates dynamic and mutually reinforcing cycles of advantage that are transmitted across generations”.*<sup>343</sup>

It would be hard to find a better description of the underside of Chile’s economic miracle.

**Update for 2015 Edition**<sup>344</sup>(written one year after epilogue)

As mentioned above, considerable hope was placed in the New Majority Coalition headed by Michelle Bachelet in order to carry out deep structural reforms that would finally call into question some of the basic tenets of the radical neoliberal economic model implemented by the Pinochet dictatorship.

Approximately one year after initiating her second mandate, Bachelet addressed both chambers of Congress for the traditional annual report. (Outside demonstrators who were denouncing the weakness of the government reforms were violently repressed.) She presented some of the achievements of her government: for example, a law putting an end to profits in subsidized education, the tax reform law, the law allowing Chileans living abroad to vote. She announced a forthcoming law that would provide free tuition to 264,000 post-secondary students and promised that by the end of her mandate in 2017, 60% of the students – those deemed poorest – would have free access to post-secondary education. Regarding one of the key items in her electoral platform – constitutional reform – she also announced, for September 2015, the beginning of the process. What that means

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<sup>343</sup> WORKING FOR THE FEW: Political capture and economic inequality, January 20, 2014 <http://www.oxfam.org/sites/www.oxfam.org/files/bp-working-for-few-political-capture-economic-inequality-200114-summ-en.pdf> consulted June 5, 2014.

<sup>344</sup> Information for this sections was drawn from the following sources: *Bachelet reconoce que le costara cumplir sus reformas estructurales*, El Pais, July 14, 2015; *La cuenta publica de Pinochet en Chile y la crisis de la clase politica chilena*, Marcelo Solervicens, May 31, 2015, <https://marcelocomenta.wordpress.com/2015/05/>

exactly is not clear; however, most observers agree that she seems to be leaning towards a process in which constitutional changes would emanate from the political elite. No constituent assembly that would allow the population at large to participate is envisioned.

Despite these accomplishments, the immense hope created by the election of the New Majority Coalition has, in many respects, been dashed. For one thing, economic growth was only 1,9% in 2014 and is expected to be no more than 2,5% in 2015. Chile is negatively affected by the fall in both the price of copper—the lowest in 35 years—and investments. Secondly, when the tax reform was implemented it was considerably watered down by modifications proposed by the economic elite. The above two factors will make it very difficult to finance the educational reform. Finally several political scandals erupted involving not only members of the conservative opposition parties but also those of the New Majority Coalition. In fact, Bachelet's own son, Sebastian Davalos, and his wife, Natalia Compagnon, stand accused of using their political connections to obtain a 10 million dollar bank loan that then served to purchase and resell a property, allowing them to make millions in a matter of weeks. Small wonder that according to a recent poll Bachelet's popular rating has plunged to 27%.

By sacking her entire cabinet in mid May 2015, Bachelet is attempting to restore the confidence of a population deeply shaken by one of the most dramatic political crises since the 1973 coup. One is left wondering whether she will manage to salvage the deep structural reforms that she promised when elected, or whether an economic elite, whose fraudulent and immense financial influence in government was made loud and clear by recent scandals<sup>345</sup>, will continue having the upper hand.

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<sup>345</sup> One such major scandal: Two private pension funds (known in Chile as AFPs), Cuprum and Argentum, merged in order to avoid paying 130 million dollars in taxes (at the present exchange rate). It turns out that Argentum existed only on paper and was invented to allow this fraudulent tax dodging. Excellent for the owners of the shares of Cuprum, and bad for the state of Chile and the well being of its population. See "La gran estafa de las AFPs, Paul Walter, Punto Final, no 831, 26 June 2015.

# **Appendix 1**

## **Chile May Compensate Pinochet Victims**

By EDUARDO GALLARDO  
Associated Press Writer, Nov 28, 2004

SANTIAGO, Chile (AP) -- President Ricardo Lagos on Sunday said he planned to compensate thousands of people who were imprisoned and tortured under the regime of Gen. Augusto Pinochet.

Lagos said he made up his mind after studying a gruesome report on torture during Pinochet's 1973-90 regime. The report was prepared by a commission that heard testimonies from 35,000 people. The commission accepted 28,000 of those testimonies as true.

However, Lagos cautioned that "These measures should not be seen as an insult to the armed forces" that ruled with Pinochet. Pinochet's right-wing dictatorship fiercely suppressed leftists, dissidents and others perceived as opponents, imprisoning, exiling, torturing and killing thousands. Many of them simply disappeared

The report on torture was the second to be compiled since the restoration of civilian rule in 1990. A 1991 examination focused on the abductions and deaths of dissidents, stating that 3,197 people died for political reasons during the Pinochet regime.

Lagos called reading the report "an experience that has no precedent in the world."

He said he would ask Congress to approve compensations for the victims, including pensions of \$190 a month. In addition, victims

and their relatives will get housing and health benefits from the state.

Politicians both pro-government and from the opposition anticipated support for the presidential proposal to Congress. But human rights groups reacted with frustration.

"This is just a partial solution," said Liliana Mason, member of an association of former political prisoners. "I do not think this is enough. We wanted truth, but also justice."

There was no immediate reaction from Pinochet or his associates, but when Lagos received the report earlier this month, retired Gen. Guillermo Garin, the former dictator's spokesman, said the report would "reopen wounds in our society."

The president did not disclose details of the testimonies included in the report, which will be published on the Internet, but he called them "shocking." He said virtually all 3,400 women interviewed by the commission claimed to have suffered some kind of sexual abuse.

Published reports have disclosed some of the torture methods described by the victims, including widespread use of electricity, sexual abuses including the use of animals, beatings and simulated firing squads.

"How can we explain such horror?" Lagos asked. "I do not have an answer." Lagos said the report aims "at healing wounds, not reopening them."

**For more information about this report on torture, search the Internet for the Valech Report (Chile)**

## Appendix 2

### They Dance Alone (Cueca Solo)

From the album *Nothing Like the Sun* (A & M)  
Words and music by Sting (Gordon Matthew Thomas Summer)

Why are these women here dancing on  
their own?  
Why is there this sadness in their eyes?  
Why are the soldiers here,  
Their faces fixed like stone?  
I can't see what it is they despise  
They're dancing with the missing  
They're dancing with the dead  
They dance with the invisible ones  
Their anguish is unsaid  
They're dancing with their fathers  
They're dancing with their sons  
They're dancing with their husbands  
They dance alone  
They dance alone

It's the only form of protest they're  
allowed  
I've seen their silent faces scream so loud  
If they were to speak these words,  
They'd go missing too  
Another woman on the torture table  
What else can they do  
They're dancing with the missing  
They're dancing with the dead  
They dance with the invisible ones  
Their anguish is unsaid  
They're dancing with their fathers  
They're dancing with their sons  
They're dancing with their husbands  
They dance alone  
They dance alone



One day we'll dance on their graves  
One day we'll sing our freedom  
One day we'll laugh in our joy  
And we'll dance  
One day we'll dance on their graves  
One day we'll sing our freedom  
One day we'll laugh in our joy  
And we'll dance

Ellas danzan con los desaparecidos  
Ellas danzan con los muertos  
Ellas danzan con amores invisibles  
Ellas danzan con silenciosa angustia  
Danzan con sus padres  
Danzan con sus hijos  
Danzan con sus esposos  
Ellas danzan solas  
Danzan solas

Hey Mr. Pinochet  
You've sown a bitter crop  
It's foreign money that supports you  
One day the money's going to stop  
No wages for your torturers  
No budget for your guns  
Can you think of your own mother  
Dancin' with her invisible son  
They're dancing with the missing  
They're dancing with the dead  
They dance with the invisible ones  
Their anguish is unsaid  
They're dancing with their fathers  
They're dancing with their sons  
They're dancing with their husbands  
They dance alone  
They dance alone

## **Appendix 3**

### **Comments by Students on**

### ***CHILE: Underside of Economic Miracle***

**Charles Flicker**

*I have a great passion for the social sciences. I love history, politics, philosophy and economics a great deal. I find it refreshing to read the work of someone who, quite obviously, shares my love for the social science disciplines. I am referring, obviously, to Part II of CHILE: Underside of Economic Miracle.*

*A history lesson has the ability to stimulate one's intellect. One can become quite fascinated with the names, dates, and places of a given country. When I read the manual on Chile, my intellect was interested, but the text also triggered an emotional response on my part. To read about a man's personal experiences provides the reader with an emotional attachment that no secondary source or history book can provide. Once the reader reads your manual, he is no longer simply learning names like Allende, Pinochet, or learning about theories such as capitalism or socialism. Instead, the reader gains a genuine understanding of why and how these names, theories and dates were significant to the time period, thereby gaining a far greater understanding than any 'time-line' could provide. (...)*

*Personally, I cannot stop the exploitation. I can, however, make a conscious decision to help the less privileged members of society. I can donate my time and my money to those who need it. If everybody took that attitude, the poor would get help and stop suffering.*

*When I signed up for this course, I considered myself a believer in the capitalist system. After reading the manual*

*and watching the movies (The Panama Deception, Zoned for Slavery and Missing), I now seem to be moving towards the socialist end of the spectrum. I have learned a great deal in this class, and I will always be happy that I took it. It has changed me for the better!*

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*After reading your manual and Bruce Rich's Mortgaging the Earth, I have come to realize that the USA is not the noble, democracy-protecting country that I thought it was. Between its involvement in the assassination of political leaders, its collaboration with totalitarian dictatorships, one can see that the United States is far from an innocent, peacekeeping country. Their reputation is stained with the blood of Allende (and others), a great leader who they shamelessly murdered.*

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*I am pleased and privileged to have taken this course. I will no longer be left in the dark over issues that cannot be ignored. I will encourage others to pursue study in North-South issues and I am interested and motivated to learn more about this important field of study. Until we open our eyes to the problem of poverty and economic destruction, economies will continue to take advantage over victims who cannot help themselves. I, for one, have experienced an awakening.*

### **Carl Alleyne**

*I have read many books and watched countless movies about the world's history of various wars and their horrors, but I have never experienced anything like what I read in your manual. I think that the main reason that it was done so well was the fact that you were present throughout the coup, and experienced its horrors.*

### **Mélissa Tremblay**

*The whole section of the diary entries impressed me. (...) I cried a lot when I read some of these entries. Especially when I read the entry about the torturing of Salvador Allende's secretary in the National Stadium. I think that she is very brave for living through this experience and for continuing on with her life. I know that if it had happened to me, I would have wanted to die.*

### **Ahmad Kayali**

*I was impressed by the way you were driven by passion to do what you loved to do, risking your life to help people and to make the whole world know what was going on in Chile. (...) In this book you are not only talking about Chile and the injustices of the world, you are illustrating how we all have a little Hitler in ourselves; that we have to start rebuilding the world by rebuilding ourselves using love, passion in our work, positive and rational thinking, and by knowing ourselves.*

### **Catherine St-Amand**

*La partie de votre livre qui contient des extraits de vos lettres et de votre journal intime m'a réellement impressionnée. J'ai pu me sentir là-bas, à votre place, à ce moment-là. Je peux quasiment dire que j'ai vécu une partie du coup d'État au Chili. Je n'en reviens pas du courage que vous avez eu pour demeurer là-bas et risquer votre vie pratiquement à chaque seconde. (...)*

*Une partie m'a spécialement atteint : c'est lorsque vous retourniez dans votre appartement après avoir demeuré chez l'ambassadeur et vous étiez dans une situation de dépression à la vue de tous ces gens sans pouvoir, apeurés et tristes de tout perdre. Lire cette peur sur tant de visages*

*et n'avoir aucun pouvoir face à tout devait être terriblement difficile pour vous.*

**Tracy Batchelor**

*In reading the diary entries, I caught myself at times thinking about things to which perhaps I had not given much thought. I found myself having stimulating conversations about related topics. My head was filled with questions. The diaries were a release for you, a way of unloading. For me, the reader, it was as if in a small way I was there, feeling the anger, the frustration. The journal moved me in a way that a lot of other readings from past classes or outside readings had not. It is the truth, the roughness that captured my attention. I found myself enthralled and curious, wondering what would happen next.*

## Appendix 4

### 30,000 Hongrois, 16 Chiliens

Le Devoir le 14 novembre 1974

Au cours des 25 dernières années, le Canada a accueilli des réfugiés en maintes occasions. “ *Cette action humanitaire est une preuve tangible de la reconnaissance par le pays de ses responsabilités à l’endroit de la communauté des peuples,* déclare le gouvernement fédéral dans une publication officielle. *Le nombre de réfugiés admis au Canada depuis 1945 s’élève au minimum à 350,000.* ” Chaque fois qu’une grande crise est survenue dans un pays impliquant des milliers de personnes, le gouvernement fédéral, en effet, a déployé des moyens et un esprit d’initiative considérables.

Ainsi, à la suite des événements tragiques de Hongrie en 1956, le Canada ouvrit ses portes à quelque 30,000 réfugiés. De même, après la crise qui déchira la Tchécoslovaquie en 1968, Ottawa accueillit quelque 11,200 personnes. Plus récemment, l’année dernière, au moins 4,300 personnes expulsées d’Ouganda trouvèrent asile et accueil au Canada. Comment se fait-il que plus de deux mois après le renversement du président Salvador Allende, le gouvernement fédéral n’ait reçu au pays que 16 personnes, alors que des milliers, des dizaines de milliers sont plongées avec leurs familles dans les plus inhumaines des conditions?

En consultant les dossiers de l’époque, on est surpris de constater à quel point le gouvernement du Canada était capable de parler clair, de comprendre vite, et de mettre en branle des moyens considérables pour venir en aide aux réfugiés politiques.

Ainsi, le ministre de l’Immigration du temps, M. J. W. Pickersgill, avait donné des instructions à son bureau d’Autriche, où affluaient les Hongrois “ *pour que l’on accorde la priorité aux demandes émanant de ces réfugiés* ”. Ce bureau avait été autorisé à “ *engager sur place toute aide nécessaire à cette fin* ”. Le ministère était alors prêt à déplacer du personnel d’autres bureaux d’Immigration en Europe. Non seulement ces mesures

spéciales ont-elles été prises sans délai, mais, indiquait alors le ministre en Chambre, *“ quiconque voulait venir au Canada et le pouvait physiquement, bénéficierait de l'aide sans égard à ses moyens ”*.

Le ministre avait aussi déclaré dans plusieurs grandes villes du pays *“ que si certaines de ces personnes avaient besoin de soins et que, de ce fait, il ne nous était pas permis de les laisser immigrer dans notre pays ”*, lui-même utiliserait *“ les pouvoirs dont le Parlement avait investi le ministre, aux termes de la loi de l'immigration, de manière qu'elles puissent bénéficier de ces soins médicaux une fois entrées dans notre pays, chaque fois que la chose paraîtrait possible ”*. Bien plus, le gouvernement fédéral, conscient qu'il fallait agir d'urgence, déclare alors *“ que toutes les personnes qui se présentent doivent être reçues, même si cela doit entraîner la suppression de formules à remplir, des radiographies, etc., en somme de toutes les formalités administratives, 'red tape', ou façons normales de procéder ”*.

Le ministère avait aussi établi un pont aérien, retenu des avions du Canadien Pacifique et d'Air Canada, et réservé des centaines de places à bord d'un navire alors disponible. Bien plus, après avoir d'abord décidé de faire payer leur transport à ces réfugiés, le gouvernement changea ce prêt en un don, que ces réfugiés soient déjà rendus ici ou attendent là-bas, qu'ils aient ou non signé une reconnaissance de dette!

Les universités canadiennes avaient alors mis sur pied un programme d'accueil aux étudiants et aux professeurs hongrois. Le gouvernement fédéral avait porté à \$1 million son aide aux organisations de secours, subvention que l'opposition conservatrice et créditiste trouvait alors trop modeste. Le Premier ministre du temps, M. Louis Saint-Laurent, avait fait appel au Premier ministre soviétique pour lui demander d'user de son influence et permettre aux secours d'arriver aux victimes hongroises. Le ministre Pickersgill s'était lui-même rendu en Europe où il avait conclu une entente avec la Hollande qui garderait quelque temps 2,000 réfugiés hongrois avant leur entrée au Canada.

En moins de cinq heures, par téléphone, le ministre a fait transplanter en Colombie-Britannique presque tous les professeurs et étudiants de l'université de Sopran!

Point farouche devant les frontières idéologiques de 1956, le ministère des Affaires extérieures d'Ottawa se targuait d'avoir même envoyé à Vienne “ *un avion portant des médicaments et du matériel sanitaire à destination des combattants hongrois* ”! Devant ce que M. Lester Pearson qualifiait alors à l'ONU “ *d'oppression impitoyable et barbare* ”, le Canada avait su agir et faire sa part “ *humanitaire* ”. Ottawa n'avait pu obtenir de l'ONU une enquête sur les événements intérieurs de Hongrie. Mais il avait réussi à sauver quelque 30,000 réfugiés.

Devant une tragédie analogue en Tchécoslovaquie, le gouvernement Trudeau a également facilité l'entrée de milliers de réfugiés, libérant un budget de \$2 millions pour les aider à brève échéance et relâchant aussi les procédures de l'Immigration. Quelque 11,200 réfugiés tchécoslovaques furent ainsi accueillis. L'an dernier, un programme spécial vint également, d'urgence, en aide aux personnes expulsées d'Ouganda par le général Amine: plus de 4,300 réfugiés bénéficièrent ainsi de l'asile canadien.

Devant semblable précédents historiques, on devient abasourdi en constatant l'incurie innommable dont le ministère de l'Immigration et celui des Affaires extérieures ont fait montre jusqu'à maintenant à l'endroit des milliers de réfugiés, rejetés du Chili, ou prisonniers politiques à l'intérieur du pays et menacés dans leur liberté et leur vie même sous le régime Pinochet. Quelques organismes canadiens et québécois ont commencé de réclamer le rappel de l'ambassadeur canadien à Santiago; il y aura lieu d'y revenir, car le moins qu'on puisse dire, c'est qu'il n'a pas été à la hauteur du travail humanitaire déployé par le personnel de l'ambassade. Mais le problème dépasse amplement le cas de M. Andrew Ross. Plus que la tête d'un diplomate, c'est la vie et la liberté de milliers de réfugiés politiques qui doit en priorité retenir l'attention et déterminer l'action d'Ottawa et des citoyens.

Des milliers de personnes, terrorisées par les échos des exécutions sommaires et des assassinats purs et simples qui se



continuent sur une large échelle, sont réfugiées dans diverses ambassades, notamment latino-américaines. Le ministre Mitchell Sharp s'est retranché derrière le fait qu'Ottawa n'avait pas signé de convention sur le droit d'asile dans les ambassades pour expliquer que si peu de personnes aient été accueillies à l'ambassade canadienne à Santiago. Cette attitude est franchement inacceptable. Certes, le ministère a délégué un haut fonctionnaire à Santiago, et l'Immigration a déplacé au Chili un de ses agents, et M. Sharp a fait savoir au gouvernement militaire *“ le désir du Canada de collaborer à l'accueil des réfugiés ”*. Mais l'on n'a pratiquement encore rien fait, et chaque semaine qui passe est catastrophique pour des centaines de personnes et leurs familles.

Ottawa n'a pas besoin des autorisations du général Pinochet pour aider d'urgence les centaines de réfugiés abandonnés sans moyens de subsistance au Honduras et à Panama, et dont plusieurs ont fait des demandes pour le Canada. Rien n'empêche non plus le Canada de soulager les ambassades qui, à Santiago même, supportent des milliers de réfugiés encore: bon nombre de ces personnes pourraient venir au Canada via le pays de leur ambassade d'accueil. De même, parmi les milliers de citoyens chiliens qui sont en prison et menacés d'y pourrir, un grand nombre pourraient s'exiler au Canada, si seulement Ottawa voulait intervenir plus énergiquement auprès de la junte.

Bref, il est temps que le Canada renoue avec ses meilleures traditions d'aide aux réfugiées. Ottawa doit donner des subventions aux organismes volontaires qui se mettent sur pied dans le but d'accueillir des exilés chiliens ou latino-américains en danger au Chili. Le gouvernement fédéral doit constituer un Groupe d'urgence pour coordonner les mesures qui s'imposent tant à Santiago que dans les autres capitales impliquées. Le ministre de l'Immigration doit formuler publiquement une politique claire et audacieuse qui donne l'exemple aux citoyens et à leurs organismes de secours. Car accueillir 16 personnes quand des dizaines de milliers sont en danger, c'est indigne de ce qui reste de meilleur dans ce pays.

Jean-Claude LECLERC

## **Appendix 5**

### **Declassified documents confirm US role in 1973 death of Charles Horman**

By Bill Vann

26 October 1999 (source:

<http://www.wsws.org/en/articles/1999/10/horm-o26.html>

More than a quarter century after the execution in Chile of Charles Horman, an American freelance journalist, Washington has released a document admitting that US intelligence agents played a role in his death.

The Horman case was made famous by the Hollywood movie *Missing*. Directed by Constantino Costa Gavras, the film dramatized the struggle of Charles Horman's family to uncover the truth about his murder and the collaboration of US officials with the Chilean military dictatorship of General Augusto Pinochet in carrying it out.

The State Department memo, dated August 25, 1976, was declassified just over two weeks ago (October), together with 1,100 other documents released by various US agencies. These papers dealt primarily with the years leading up to the military coup that brought Pinochet to power in September 1973. An initial set of 5,800 previously classified documents, made public last June 30, concerned the first five years of the dictatorship, when tens of thousands of Chilean workers, students and political oppositionists were imprisoned, tortured and executed.

Charles Horman was one of the victims of the Pinochet coup. On September 17, 1973, six days after the US-backed military takeover, Horman was seized by Chilean soldiers

and taken to the National Stadium in Santiago, which had been turned by the military into a makeshift concentration camp. There prisoners were interrogated, tortured and executed. One month later, Horman's body was found in a morgue in the Chilean capital. A second American journalist, Frank Terrugi, was killed in the same fashion.

Written by three State Department functionaries—Rudy Fimbres, R.S. Driscoll and W.V. Robertson—and addressed to Harry Schlaudeman, a high-ranking official in the department's Latin American division—the August 1976 document described the Horman case as “bothersome,” given reports in the press and Congressional investigations charging that the affair involved “negligence on our part, or worse, complicity in Horman's death.” The memo was written while Henry Kissinger was still Secretary of State.

The State Department, the memo declared, had the responsibility to “categorically refute such innuendoes in defense of US officials.” It went on, however, to lay out the case that these “innuendoes” were well founded.

The three State Department officials said they had evidence that “The GOC [Government of Chile] sought Horman and felt threatened enough to order his immediate execution. The GOC might have believed this American could be killed without negative fall-out from the USG [US Government].”

The report went on to declare that circumstantial evidence indicated “US intelligence may have played an unfortunate part in Horman’s death. At best it was limited to providing or confirming information that helped motivate his murder by the GOC. At worst, US intelligence was aware the GOC saw Horman in a rather serious light and US officials did nothing to discourage the logical outcome of GOC paranoia.”

What the document does not mention is that the US military and the Central Intelligence Agency had their own reasons not only to feed the Chilean dictatorship's "paranoia," but also to take a direct role in sanctioning the execution. Horman spent the day of the military uprising and several days thereafter in the resort town of Viña del Mar, near the port of Valparaiso, which was a key base for both the Chilean coup plotters and US military and intelligence personnel who were supporting them. While there, he spoke with several US operatives and took careful notes documenting the US role in overthrowing the elected government of President Salvador Allende.

After the release of the State Department memo, Horman's widow, Joyce, described it as "close to a smoking pistol."

The same document had been released to the Horman family more than 20 years ago. But the paragraphs cited above were blacked out by the State Department. It took nearly two decades for Washington to reveal what had been hidden in the 28 lines blacked out by government censors.

Still, the Clinton administration's "Chile Declassification Project," touted by the president as an effort to "shed light on human rights abuses, terrorism and other acts of political violence" under Pinochet, has amounted to an exercise in hypocrisy. Motivated by Washington's desire to distance itself from its former ally after the ex-dictator's arrest in London and efforts to extradite him to Spain, the declassification has hidden more than it has revealed.

The Horman document released October 8 came from the State Department, as have the vast bulk of the material that has been declassified. In it, the State Department officials themselves express skepticism about the account given by the CIA of its relations with key Chilean figures involved in Horman's case.

While this section of the document still has sections deleted for reasons of “national security,” it declares that the agency's account “needs further illumination no matter CIA disclaimers.” It goes on to declare that the authors find it hard to believe “that the Chileans did not check with [name deleted] regarding two detained Americans ... lack of candor with us on other matters only heightens our suspicions.”

But where are the CIA documents, both those shared with the State Department at the time and those whose concealment prompted such suspicions? They remain classified, as do documents from the Pentagon which would have recounted contacts between US military officers and Charles Horman in Viña del Mar.

In the first batch of declassified material, 5,000 of the 5,800 documents came from the State Department, while the CIA released only 500. Out of some 25,000 pages of reports, memos and cables that have been made public thus far, not a single one provides any information on the part played by the CIA, the Pentagon or other US agencies in the Chilean coup itself and the bloody repression which followed.

There is no dispute that these documents exist. Daily cables went back and forth between Washington and Santiago as the CIA and the Nixon government followed the progress of “Track II,” as the planned coup was known in intelligence circles. These documents have been referred to repeatedly in congressional investigations and access to them has been repeatedly denied in various Freedom of Information requests.

One of the recently released State Department documents gives an indication of the scale of US collaboration with Pinochet's preparations. It establishes that US military aid was raised dramatically between the coming to power of Allende in 1970, when it amounted to \$800,000, to \$10.9

million in 1972, as the coup plans were elaborated. Even as Nixon and Kissinger vilified the Allende government, they poured vast resources into the instrument they would use to overthrow it, the Chilean military.

Further documents withheld by the CIA and other US intelligence agencies concern the 1976 car bomb assassination of Orlando Letelier, a former Chilean minister and opponent of the dictatorship, together with his American aide, Ronni Moffitt, in Washington, DC. American officials have made the improbable claim that these documents must remain secret because they are material to the investigation of Pinochet's crimes.

According to Peter Kornbluh, a senior analyst at the National Security Archive, the CIA has rejected any review of documents emanating from its Directorate of Operations, the covert arm that earned the agency the nickname Murder Inc., on the grounds that the US government has never officially acknowledged carrying out covert operations in Chile. Similarly, the agency has taken the position that planning and policy documents are not covered by Clinton's declassification order.

This guarding of Washington's dirty secrets relating to Chile is motivated in part by the fact that former and present US officials who played a role as criminal as that of Pinochet himself are still alive. They, like the ex-dictator, could conceivably be called to account.

Men like ex-Secretary of State Henry Kissinger and the CIA's former coup master in Latin America, General Vernon Walters, are among them, as are many lesser-known functionaries of US intelligence and the Pentagon.

Even more important, "national security interests" are at stake in keeping these documents secret because, 25 years after the Chilean coup, US imperialism is still prepared to use the methods employed by Pinochet and his American

backers in defending the interests of the US banks and multinationals and suppressing the struggles of the working class all over the world.

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### **Chilean court links US intelligence to 1973 killings of two Americans**

The Guardian, July 1 2014

<http://www.theguardian.com/world/2014/jul/01/chile-us-intelligence-1973-killings-americans>

“A Chilean court has said US military intelligence services played a key role in the killings of two Americans in [Chile](#) in 1973 in a case that inspired the Oscar-winning film *Missing*.

A court ruling released late on Monday said a former US navy captain, Ray Davis, gave information to Chilean officials about journalist Charles Horman and student Frank Teruggi that led to their arrest and execution days after the coup that brought General [Augusto Pinochet](#) to power.

"The military intelligence services of the United States had a fundamental role in the creation of the murders of the two American citizens in 1973, providing Chilean military officers with the information that led to their deaths," the ruling said."

## **Appendix 6**

### **El Criminal Siempre Vuelve al Lugar del Crimen**

A raíz de la detención y procesamiento de Alfonso Podlech, por la importancia y trascendencia que ella tiene, he sentido la necesidad de compartir con ustedes esta reflexión que me ha surgido. Me impulsa a ello mi condición de sobreviviente de aquel traumático período de mi vida, como una expresión de recuerdo y homenaje al amigo JAIME ELTIT SPIELMANN, amigo ausente porque así lo decidieron el odio, desprecio y fanatismo que animaba a quienes hicieron, a partir del 11 de septiembre de 1973, del dolor, de la tortura y de la muerte, su verdadera forma de vida.

Los hechos, sucintamente explicados, indican que el martes 28 pasado, fue detenido en Temuco el ex fiscal militar Podlech, junto a otros cinco ex agentes del Estado, por orden del Ministro de Fiero, señor Alejandro Madrid, por las inequívocas e ineludibles responsabilidades que tienen en la desaparición de JAIME ELTIT, quien se encontraba detenido en el regimiento Tucapel de Temuco desde el día 7 de octubre de 1973, después de haber sido traído a esta ciudad en esa calidad desde Santiago, desapareciendo de este recinto militar el 13 de octubre, sin haberse sabido jamás cuál fu su destino final, razón por la que oficialmente el Estado chileno lo reconoce como detenido desaparecido.



Mientras permaneció en el regimiento Tucapel, JAIME fue visto por numerosas personas, quienes han entregado sus testimonios en la causa que sustancia el Ministro Madrid. Esta comprobada e indesmentible realidad es la que demuestra que mi amigo JAIME desapareció estando en ese regimiento y que ahí entonces se sitúan los responsables de su brutal asesinato.

La detención y procesamiento de Alfonso Podlech tiene el gran mérito de echar abajo el velo de la impunidad que por mas de 40 años cubrió este crimen y de identificar a sus responsables. De esta manera, son los superiores valores de la Verdad y la Justicia los que derrotan a la impunidad y los que deberían conducir, finalmente, a la aplicación de condenas a los culpables, plenamente acordes con la gravedad del delito cometido.

Enfrentado de nuevo yo con el caso de JAIME, acude a mí, nitidamente, una vivencia que me marcó a fuego, para siempre, en lo mas profundo de mi ser y que me acompañará mientras tenga vida. En una ocasión, eran los primeros días del mes de octubre de 1973, fui sacado de la cárcel y conducido al regimiento Tucapel para ser torturado, porque el fiscal militar Podlech necesitaba información, ya que se acercaba la fecha del Consejo de Guerra que me condenaría. Llegado al regimiento de inmediato fui llevado, con la vista vendada, al gimnasio, que era el lugar de torturas. Después de unas horas, cerca del mediodía, en malas condiciones físicas, fui trasladado a una celda en que a los presos políticos se nos dejaba en espera. De pronto, violentamente, abrieron la puerta y dos militares lanzaron a una persona hacia adentro quedando ésta tendida en el piso. De inmediato me di cuenta que era JAIME y acercándome a él lo moví para acomodarlo al lado mío, sentados en el suelo. Venía en muy malas condiciones físicas y era evidente que venía de la sesión de torturas. Nos tomamos la mano y nos la apretamos todo cuanto podíamos por las

pocas fuerzas que en ese momento conservábamos. Ese apretón de mano, por el dramático contexto que vivíamos, siempre lo sentiré, pues sin decirnos nada, nos dijimos todo. Fue un saludo y despedida a la vez. Nos hablamos muy poco, en voz muy baja, por cuanto había otros presos en el calabozo y yo no conocía a ninguno de ellos. En un momento JAIME se me acercó para decirme, en un susurro: “Chercan, nos van a matar. Me preguntan mucho por ti”. Después, el silencio se apoderó de nosotros y tanto él como yo nos situamos y encerramos en nuestros propios mundos, cavilaciones, tiempos y lugares, donde nuestros seres queridos estaban siempre presentes. Mas tarde volví a ser sacado para ser llevado al gimnasio y entregado a los torturadores para que continuaran su trabajo y cuando se me llevó de regreso, ya anocheciendo, al mismo calabozo, estaba vacío, no había nadie. A JAIME no lo volví a ver nunca mas.

En estos días, al recordar este episodio que refleja un profundo drama humano, con angustia me sitúo en ese mismo lugar y reviviendo todo, me encuentro con mi amigo JAIME y siento de nuevo su mano aferrada a la mía, como aferrada a la vida, vida que él sabía, se le iba, que se la quitaban. Coincidentemente, la fecha que procesalmente está establecida como la de su desaparición, 13 de octubre de 1973, es la fecha en que se realizó en el regimiento Tucapel mi Consejo de Guerra y en el cual Podlech, vestido de riguroso uniforme militar, como fiscal acusador solicitó se me aplicara la pena de muerte.

Que este recuerdo que hago de este doloroso episodio, quiero que sea entendido como un sentido homenaje a un amigo que nos fue arrebatado ignominiosamente en los tiempos del odio, de la perversidad, de la falacia porque su ausencia aún nos duele. Es también una sentida expresión de solidaridad a la familia Eltit Spielmann que por fin, después de muchos años de lucha, demandas y espera, se

acercan a la posibilidad cierta de saber de Justicia y de Verdad por el caso de JAIME.

Hoy, con Podlech Michaud preso en ese mismo regimiento donde se mostró implacable y profundamente insensible frente al dolor y sufrimiento de otros seres humanos. Donde hizo gala y ostentación de una increíble inhumanidad para llevar a cabo los abusos, las aberraciones de todo tipo, las arbitrariedades y los crímenes que , por acción y omisión cometió, no puedo dejar de recordar aquella sentencia que surge del mundo de la criminalística y de la investigación policial, que dice que EL CRIMINAL SIEMPRE VUELVE AL LUGAR DEL CRIMEN.

Víctor Maturana Burgos  
TEMUCO,  
junio 4 de 2014

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*Clotilde Bertrand : Passionnée de justice sociale et de solidarité mondiale*, Produced by Fernand Foisy, Ferisson, May 12, 2015; Part I, 27 minutes, Part II, 27 minutes

*Enron: The Smartest Guys in the Room* (2005), Directed by Alex Gibney, starring John Beard, Tim Belden, Barbara Boxer.

*Missing*, produced by Costa-Gavras, starring Jack Lemmon and Sissy Spacek, color 122 minutes, 1982.

*Richesse des autres*, par Maurice Bulbulian et Michel Gauthier, Office National du Film du Canada, 1973, [https://www.onf.ca/film/richeesse\\_des\\_autres](https://www.onf.ca/film/richeesse_des_autres), Long métrage documentaire sur le travail dans les mines. Ce film de combat social établit un parallèle entre l'exploitation des mineurs et des richesses minières du Québec et une situation analogue au Chili. Les injustices faites aux hommes et aux pays concernés sont décriées par René Lévesque comme par Salvador Allende. La parole a aussi été donnée aux mineurs eux-mêmes. Richesse des autres, c'est 94 minutes de témoignages québécois et chiliens sur une situation que tous s'entendent à dénoncer.

*Salvador Allende*, Produced by Patricio Guzman, “This homage that Guzmán pays to Chile's ex-president reminds us of the radiant dream that a generation lived (where politics and utopia were synonyms)”, 100 minutes (2004).

*The Battle of Chile I-II-III*, Produced by Patricio Guzman, "... a historical documentary that in the seventies and eighties was distributed in 35 countries of the world. It is not a film made from archives; it is a document filmed as the events took place. Its author and director worked with a crew in the middle of the events. The virgin material (16 MM black and white film) was a contribution of the French documentary-maker Chris Marker and the editing was possible thanks to the collaboration of the Cuban Cinematography Institute (ICAIC). Jorge Müller Silva (the film's cameraman) was kidnapped by Pinochet's military police in November of 1974. 272 minutes (1972-1979)

*The Pinochet Case*, Produced by Patricio Guzman, "On Tuesday, September 22, 1998, Augusto Pinochet was arrested in London accused of genocide, terrorism and torture. He remained a prisoner for 503 days. Patricio Guzmán offers the words of the women - victims of terror - who for the first time in 25 years are received and heard by a judge: Baltasar Garzón. In Chile, another judge went deeper into the job: Juan Guzmán." 108 minutes (1999-2001).

*The Panama Deception*, An Empowerment Project Productions, directed by Barbara Trent, written and edited by David Kasper, 91 minutes, August 1992 (In Dawson film library).

# Review Questions

## Part I Chile before the Coup

1. In the manual, *CHILE: Underside of Economic Miracle*, I adopt a particular methodology. Instead of focusing on the Third World in general I make a case study of Chile, using economic analysis but with the help of other disciplines: history, political science, sociology, philosophy. I also draw from the diaries and letters I wrote when I lived in Chile. Seven reasons are given for adopting this particular methodology. Point out and explain at least three of these.
2. Explain the momentous historical changes that occurred in the world at the end of the 1980s and in the early 1990s. How did these changes affect progressive or leftist intellectuals?
4. Explain the reasons why I decided to travel to Chile in 1973. For what reasons do you like traveling?
5. Identify and briefly explain some of the problems that I perceived when I first arrived in Chile.
5. In order to win the elections of 1964, the leader of the Christian Democratic Party of Chile, Eduardo Frei, made several promises. Explain the key promises.
6. The United States' strategy regarding Latin America in the 1960s rested on the Alliance for Progress on the one hand, and counterinsurgency on the other.

- a) Point out and explain the key elements in the Alliance for Progress? Who initiated this Alliance? For what reasons?
  - b) What is meant by counterinsurgency? How was it implemented in the case of Chile?
7. Critically evaluate the performance of the Christian Democratic government under the leadership of Frei from 1964 to 1970 in terms of housing, land reform, copper policy, and education.
8. After Allende's election, a plan was set up by the United States under President Nixon to prevent him from taking office. What was the plan? How did it unfold?
9. Explain what the term 'nationalization' means. For what reasons did the Popular Unity government under the leadership of Salvador Allende nationalize the major American copper companies in Chile? In what manner were these companies compensated for these nationalizations? Discuss.
7. What is a land seizure or 'toma'? Why were land seizures taking place in Chile in the late 1960s and early 1970s? How did the Allende government react to these seizures?
8. How did the Popular Unity government, a minority government, manage to implement a fairly ambitious land reform? Was it a success?
9. After a first fairly successful year, the Popular Unity government started having certain problems. Investments were declining and the balance of payments was in the red. Briefly explain.
10. Under the Allende government, national consumption started rising rapidly. Initially, this brought benefits to the population but eventually created problems in the economy, one of them being inflation. Explain and discuss.
11. What is the black market? For what reasons was it developing in Chile during the Allende government?
12. From 1971 to 1973 inflation in Chile increased rapidly. Point out and explain the various reasons why this happened (in other words, point out the causes of inflation).

13. Explain the economic policies (typical of the World Bank and the IMF) that the Popular Unity government could have followed to redress the economic crisis of Chile in 1972 and 1973. Why did it not make sense for the Popular Unity government to embark in such a course of action?
14. Discuss the polarization that was occurring in Chile in the weeks preceding the historical military takeover of September 11, 1973. Were these events the outcome of a secret plan devised by the CIA, the American government, and the moneyed elite in Chile? Discuss.

## **Part II The Coup d'état**

1. In some of the diaries I reflect on the legitimacy of using violence to get rid of an economic arrangement that exercises a form of institutional violence on the masses. I discuss Ghandi's views on this issue.
  - a) Summarize these reflections.
  - b) What are your present views on this matter?
2. Summarize and comment on the last speech of President Salvador Allende to his people on the day of the military takeover just before his death. Discuss.
3. In my diaries on September 18 and 19, 1973 I made a scathing criticism of the attitude taken by the hierarchy (leadership) of the Catholic Church of Chile in the first days following the military takeover. Summarize this critique. Write a brief commentary.
4. Read the section titled 'Testimony of a person subjected to torture in the National Stadium' in chapter 5. Were you aware that torturing is commonly used by many governments in the world as a tool to subordinate and control people? Briefly discuss your reactions to this testimony.
5. Following the coup, the military regime allowed the price of many essential goods, such as bread and bus tickets, to increase sharply. Drawing from the diaries and letters, summarize the information relative to these price increases. Why do you think the military government was allowing such sharp increases? Discuss.



6. Drawing from the diaries and letters, summarize and comment on the information regarding the censorship of the media – newspapers, radio and TV – in Chile after the coup.
7. “According to information provided in *CHILE: Underside of Economic Miracle*, the Canadian reporter Jack Best was very professional in his reporting of the events occurring in Chile following the coup d’état of September 11, 1973.” Do you agree with the above statement? Why or why not? Discuss.
8. Write a general commentary on Part II of *CHILE: Underside of Economic Miracle*. Point out the passages in the diaries and letters that interested you the most and explain why.
6. Jean-Claude Leclerc wrote an editorial in *Le Devoir* on November 14, 1973 in which he criticized the Canadian government relative to the situation in Chile. Point out and discuss some of the key ideas of this editorial.

### **Part III The Pinochet Dictatorship (1973-1990)**

1. In chapter 7 (*CHILE: Underside of Economic Miracle*) I point out five reasons why the economic reform carried out during the Pinochet dictatorship in Chile was unique. Discuss this matter.
2. What was the DINA? Why was it set up? By whom? Describe the goals that DINA had and the various methods it used to attain these. Was there any evidence that the CIA helped in setting up the DINA? Discuss.
3. Who was Orlando Letelier? Why was he assassinated? By whom? The US prosecutors, after a long and arduous investigation, concluded that there was no evidence whatsoever that the CIA was involved in Letelier’s assassination. Some disagree. Discuss some of the key questions that the latter raised to support their view.
4. “*The legal establishment – judges and lawyers – in Chile were totally neutral and carried out their duties very conscientiously during the 17 year long Pinochet dictatorship in Chile.*” Does the evidence set forth in chapter 5 of *CHILE: Underside of Economic Miracle* support the above statement? Why or why not? Discuss.

5. Describe the situation facing workers and their unions in Chile during the Pinochet dictatorship. Point out the evolution of unemployment, working conditions and wages.
6. a) In 1979, the Pinochet dictatorship adopted a new Labor Code. Point out and explain both the positive and negative aspects of this code. Discuss these negative aspects.  
b) The Labor Code was amended downwards in the heart of the economic crisis of the early 1980s. Explain and discuss.
7. Describe the evolution of the student movement in Chile as it gained momentum in its struggle against the military dictatorship. Why can it be said that it actually spearheaded the entire opposition movement that eventually led to the downfall of Pinochet?
8. Briefly describe the evolution of the following political parties in Chile during the Pinochet dictatorship: Socialist Party; Christian Democratic Party; Communist Party.
9. What was the National Accord of 1985? What factors led to its downfall? What was the Concertacion? Discuss the key events leading to the victory of the Concertacion in the elections of 1989.

#### **Part IV Chile under the Chicago Boys**

1. The Pinochet dictatorship basically adopted the views of the Chicago school of thought.
  - a) Briefly describe the worldview of the Chicago Boys' school of thought in economics and its historical roots in Adam Smith.
  - b) Point out and discuss the economic policies recommended by Milton Friedman, one of the most influential leaders of the Chicago Boys, regarding the following:
    - \* Unions and minimum wage laws
    - \* Price controls and subsidies
    - \* Trade barriers such as tariffs and quotas
    - \* Nationalization of firms
    - \* Government-controlled schools, health care services and social programs.

2. Chapter 12 describes the five key economic periods of the Pinochet dictatorship. Briefly describe each one of these, identifying the main facts.
3. Chapter 13 discusses the health reforms, inspired by the Chicago Boys, which were implemented in Chile under the military dictatorship.
  - a) Discuss some of the highlights of this reform.
  - b) Explain how Chile's private health system, the ISAPRES, functioned. Then, drawing from the information provided in this chapter, point out some of the drawbacks or negative effects of the ISAPRES.
  - c) Do you see any resemblance between these health reforms and what has been happening to the health system in Quebec in the last few years? Discuss.
4. Chapter 14 discusses the reforms in education implemented by the Pinochet dictatorship.
  - a) Describe what education was like in Chile before the military takeover.
  - b) Describe the changes brought about by the Pinochet government in primary and secondary schools.
  - c) Describe the changes brought about in the universities.
  - d) Briefly evaluate the impact of these reforms on students and teachers.
5. Chapter 15 discusses the housing policies implemented by the Pinochet dictatorship. Compare and contrast the housing policies implemented by Frei and Allende to those implemented by Pinochet. In your opinion, and drawing from the information provided in this chapter, did Pinochet's housing program favor the rich or the poor? Explain and justify your answer.
6. What is meant by 'forced relocations'? Show how the Pinochet government used forced relocations to separate the rich from the poor in Santiago.
7. Explain the key elements in the so-called middle-class mortgage crisis in Chile during the Pinochet dictatorship.

8. Chapter 16 discusses the boom in agriculture and the export of agricultural products that occurred during the Pinochet government. Discuss the origin of this boom. In particular, point out the factors, other than the free-market economic reforms, that have contributed to this boom.
9. Chapter 16 also discusses public transport in Santiago. Explain and discuss the changes implemented by the Pinochet dictatorship to public transport and the impact of these changes.
10. Chapter 17 discusses the policies implemented by the Pinochet government regarding forestry and fishing. Outline the nature of these policies and their impact, both short term and long term.
11. According to *CHILE: Underside of Economic Miracle* one of the key factors leading to the Chilean economic 'miracle' of the 1980s was *the super exploitation of labor combined with a short-sighted plundering of natural resources*. Drawing from the information provided in Chapter 17 *Freedom to Plunder Natural Resources*, (and from other chapters if you feel that it is pertinent) discuss the above statement.

## **Part V Civilian Governments – Pinochet Affair**

1. What is the 'Pinochet Affair'? Describe the views of the Chilean woman whom I met in San José, Costa Rica, on November 2, 1998 relative to this affair (see my diary of November 3). Also read the editorial on this affair published in *El Mercurio* on December 8, 1998, and that I translate in my diary of December 9. Do these views suggest that in contemporary Chile there still exists a great divide between two segments of the population?
2. Alberto, the Chilean businessman whom I met in La Paz, Bolivia, seemed to admire the progress achieved by the Chilean economy in the last years. Briefly explain his views in this respect (see my diary of November 22, 1998).
3. For what reasons, according to the information given in chapter 18, did the Concertacion civilian governments adopt the same neoliberal economic policies than its predecessor, the Pinochet dictatorship?

4. The civilian governments made certain improvements to the neoliberal model that they inherited from the Pinochet dictatorship. Explain these improvements.
5. From 1987 to 1997 by how much did the Chilean GDP grow, on average, per year? What caused an economic slowdown, in 1998, and a recession in 1999?
6. Despite the very strong economic growth that Chile experienced during the Aylwin and Frei governments, did all Chileans benefit equally from this 'miracle'? Explain your answer by drawing the pertinent information from chapter 18.
7. Compare and contrast the Chilean culture of the 1960s and early 1970s to that which exists in contemporary Chile (see my diaries of December 4, 9 and 14, 1998).
8. Drawing from the information in the diary I wrote on December 9, 1998, explain the impact, on bus drivers, of the reform in public transport implemented by the Pinochet dictatorship.
9. a) In the same diary, I have translated the editorial written in *El Mercurio* on Chile's health system. Does this editorial suggest that this important daily in Chile adopts the views of the Chicago Boys on health policies, namely that the private sector does things very efficiently, while the public sector invariably leads to inefficiency? Explain your answer carefully.  
b) Drawing from the diary I wrote on December 10, 1998, explain how and why some Chileans admire the Canadian public health system.
10. In my diary of December 14, 1998, I attempted to explain the complex situation existing in Chile as a result of the Pinochet Affair. I explained the views of the Frei government, on the one hand, and of the supporters of Pinochet, on the other. Summarize and discuss.
11. During the civilian governments, are human rights being respected? Draw your answer from the information given at the end of chapter 18.
12. Explain the key elements in the Pinochet Affair. How did this affair turn out in the end?

## Review Questions

13. In chapter 19, I argue that the coup d'état of September 11, 1973 in Chile destroyed one popular order and replaced it with another, revamped old order. Explain my views, which basically summarize the key findings of the entire manual.
14. Alexandro Foxley argues that the Chilean economic miracle flows basically from the quality of Chile's political class. I disagree. Explain the views of Foxley and mine as clearly as possible.
15. At the end of chapter 19, I compare the economic miracle that occurred in Chile from 1987 to 1997 to the worldwide economic miracle that occurred in the twentieth century. In a word, I argue that wealth has increased tremendously in the world, but that all have not benefited equally. Find and explain the key facts supporting this argument.
16. What are the four world contracts proposed by the authors of *Limits to Competitiveness*? Do you believe that these contracts represent a viable solution for the world's present problems? Why? What solutions would you propose?