CHAPTER - IV

THE U.S. MILITARY ASSISTANCE POLICY IN LATIN AMERICA - WITH ESPECIAL REFERENCE TO CIA INVOLVEMENT IN CHILEAN MILITARY COUP AND U.S. RELATIONS WITH NEW MILITARY REGIME.

The U.S. policy with their main objective of safeguarding U.S. political and economic interests in Chile spared no efforts to make the survival of the nationalist socialist Allende government nearly impossible. It was attempted both directly as well as subversively to destabilise Allende government between 1970-73. During this period, they managed to infiltrate their influence in the Chilean armed forces through massive military aid as much as through close contacts with military officers. This phenomenon opens a new chapter to explain the U.S. Military Assistance strategy.

Some high level U.S. military officials anticipated that such connections and influence in the Chilean army would be conducive to manage the U.S. Chilean affairs, and conveniently converted into a powerful political strategy, if needed. They were eager to reverse Allende's "socialist transformation" in Chile.

The Nixon administration's policy was stipulated to produce dishevelled Chile, internally dominated
by the military, pursuing a development policy within the market framework embraced by the U.S. administration.

MILITARISM IN U.S. POLICY TOWARDS LATIN AMERICA:

The United States military assistance to Latin America between 1950 and 1969, in the form of equipment, training, and services, totalled $1.357 billion.¹ In this decade, Latin America experienced covert and overt U.S. military intervention in Guatemala (1954), Cuba (1961), and Dominican Republic (1965). The main thrusts behind these interventions remained common, i.e. to protect the U.S. economic interests threatened by the policies of the nationalist political parties emerging in these countries. Besides, in early 1960s, the U.S. global strategic conceptions and considerations began to take new turn as a result of growing trends of nationalism. The end of 1950s had already diminished the probabilities of military intervention by a non-hemispheric power. While, attainment of immense power by the United States at the end of the second World War, established her to the unchallenged power of the hemisphere. In addition, gradual process of polarisation of the world due to cold war, invisibly exposed Latin America as the sphere of U.S.

influence, but, the U.S. policy-makers, sensed a new threat to U.S. political and economic status-quo in the region by an internal insurgency growing in Latin American nations through guerilla warfare. This new sensation dressed the U.S. regional security considerations in new clothes. The Cuban affairs during 1958-63 also played a crucial role in the making of new policy considerations in Washington towards Latin America. In 1965, during Johnson administration, General Robert Wood, the director of the Military Assistance Programme, insisted that the "primary purpose of the Military Assistance Programme for Latin America is to counter the threat to the entire area by providing equipment and training which will bolster the internal security capabilities of the recipient countries." President Kennedy also asserted that "the Free world's security can be endangered not only by a nuclear attack but also by being slowly nibbled away at the periphery, regardless of our strategic power, by forces of subversion, infiltration, intimidation, indirect or non-overt aggression, internal revolution, lunatic blackmail, guerilla warfare or a series of limited wars."

U.S. POLICY OF "LOW-PROFILE" IN LATIN AMERICA:

Unlike Kennedy and Johnson administrations which occasionally involved in covert and overt military engagements in Latin America, the Nixon administration seemed to realise the consequences of such military interventions, and believed that any direct U.S. military involvement in Latin America would have a negative impact on the U.S. political and economic interests in the region.

Significantly, with the decline of Castroist subversion and the increase of Latin American nationalism, U.S. policy-makers have felt it prudent to strive for a "low-profile" in the region. So that, the United States could concentrate her thrusts on burning spots like southeast Asia and the Middle East. The Nixon administration was also keen to review U.S. bilateral relations with the Soviet Union, China, Europe, and Japan. It believed that Latin America States have realised that their national dignity and development require greater co-operation among themselves and with extra-regional developing States. The administration anticipated that the whole region has been ambitious for widening their political

and economic ties with outside powers without any imposed rigidity in order to accelerate their industrialisation process. President Nixon, therefore, laid more stress on the establishment of better understanding and good relationship with the "equals" and emphasized the need of "social and economic reforms, and development goals, and a necessary level of internal security and stability."  

The Nixon administration decision to follow a vague "Good Partner Policy" derived mainly from its assessment that no serious security threat was likely to emanate from Latin America. This optimistic assumption rested upon the presumed intentions of Moscow and Peking to establish "respectable" and "acceptable" links with Latin American nationalist governments rather than to support revolutions. But, simultaneously, the U.S. policy-makers also sought to improve the counterinsurgency capabilities of pro-Washington governments in the western hemisphere. In March 1970 Secretary of Defence Melvin Laird explained U.S. policy of consolidating and improving the counterinsurgency

capabilities of U.S.-influenced regimes in the area:

"... direct U.S. military involvement can not be successful unless we provide our friends and allies, whether through grant aid or credit sales, with the material assistance necessary to insure the most effective possible contribution by the manpower they are willing and able to commit to their own and the common defense. The challenging objectives of our new policy can, therefore, be best achieved when each partner does its share and contributes what it best can to the common effort. In the majority of cases, this means indigenous manpower organized into properly equipped and well-trained armed forces with the help of material, training, technology and specialized skills punished by the United States through the Military Assistance Programme or as Foreign Military Sales." 7

G. Warren Nutter, Assistant Secretary of Defense for International Security Affairs, in December 1970 also spoke in the same direction in his concise speech, "our ability to reduce U.S. commitments abroad, and generally to lower our profile, will depend upon the Calibre of training

we are able to provide to foreign military personnel."^{8}

In addition, in early 1970, a special Congressional study mission to Latin America gave its assessment of the military assistance training programme in the region. The study remarked at a place that "military assistance programmes are primarily an instrument of American foreign policy". The U.S. policy-makers always emphasized during early half of the 70s, the significance of "maintaining Channels of influence and direction with the Latin American military as one of the major instruments of social control and preservation of the dominant political elites and economic ruling classes in the region."^{10} A high level Defence Department policy-maker outlined the rationale behind U.S. military assistance policy toward Latin America in these words:

"We are furnishing assistance in the form of military training to almost all of the countries of Latin America..."

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we feel it is extremely important to maintain our relations with the people who are in positions of influence in those countries so we can help to influence the course of events in those countries."11

INFLUX OF U.S. MILITIA PRIOR TO 1970 PRESIDENTIAL ELECTIONS IN CHILE:

Prevailing direction of the U.S. policy towards Chile just prior to September 1970 elections started reflecting its essence when the U.S. navy requested Chilean visas for eighty seven officers and civilian employees. The Chilean government inquires from the Defence Department and the Department of State evoked various contradictions and surprising informations. Interestingly, many officers among them held academic degree in space, physics, aero-engineering, computer science, and marine biology. Many others were qualified destroyer and submarines commanders. The U.S. Defence Department explained that the visas were provided for a goodwill navy land tour. While the State Department informed Chile that forty nine of the visas were actually for U.S. personnel involved in the coming

joint annual anti-submarine warfare exercises. However, Chile kept restrain from these exercises viewing the presence of U.S. "warships in Chilean waters would be interpreted as a sign of the United States political pressure." Further, thirty-eight visas, according to the State Department communique, were requested to U.S. Antarctic personnel to visit the U.S. installation at Palmer Base, which is supplied through Punta Arenas, a Chilean port. It is significant to note that all these officers were specified as "unrestricted line officers," capable of being used for any type of duty.

U.S. MILITARY AID PRIOR TO 1973 COUP:

After Allende's inauguration or in other words, after an unsuccessful attempt to prevent Allende's confirmation, the United States maintained extensive contacts among the leaders of the Chilean armed forces. The U.S. policy-makers remained keen and ambitious to improve their relations with the Chilean army. That's why, the United States provided Chile a privileged treatment and posted three military attaches and half a dozen, assistants

13. Quoted in ibid., p. 126.
in Santiago. Significantly, in the beginning of 1970, there were almost 10,000 military advisers from the United States apart from the CIA advisers planted at key points in the administration. 15

In mid-1971, in a calculated ambiguity, the U.S. administration on the one side formulated aggressive foreign economic policy against expropriations of U.S. owned properties in Chile while on the other, the U.S. government in July 1971, decided to grant Chile $5 million in military credits for the purchase of paratroop equipments and a $4 million credit for C-130 military transport planes. It was the first military aid since the Allende government came to power. 16 In May 1972, the U.S. government, as part of its "pragmatic policy," 17 signed an agreement of a $10 million credit to Chilean airforce to buy transport planes and other equipments. 18 Although, in January 1972, the United States has decided to stop aid to the government expropriating U.S. assets without "prompt, adequate, and effective compensation" but even then the U.S. government assured Chile that $10 million credit would be granted. 19

16. Time, July 12, 1971, p.9
In May 1973, President Nixon decided to exercise waiver to allow five Latin American countries Argentina, Brazil, Colombia, Venezuela, and Chile, to purchase F-5E fighter aircraft. Since April 1970, the U.S. administration was considering that waiver authority could be exercised or not under section 4 of the Foreign Military Sales Act for the purpose of F-5E fighter aircraft deal with these five nations. Interestingly, the U.S. action came on the assumption that it was important to the national security of the United States. 20

However, to recall after the 1960s as an outcome of Cuban revolution, U.S. military assistance programmes changed clearly from hemispheric security orientation to one emphasizing internal security, counterinsurgency, and civic action. Penetration of Latin militaries by the U.S. was conducted through contacts, advice, direct training and ideology. The United States, thus, was suppressing Chilean economy by stopping the aid while, continued arms shipment to Chilean military. Significantly, U.S. aggressive and interventionist policies and strategies were by no means the entire explanation of Chilean affairs

20. See Department of State Bulletin, July 16, 1973
which led the military coup in 1973. Severe political confrontation tactics, assisted and financed by the CIA, were also playing a destructive role since Allende's take over inside Chile. It provided a fertile field for U.S. Clandestine activities in the Chilean affairs and simultaneously increased military participation in Chilean domestic affairs.

INTERNAL POLITICAL CONFRONTATION AND SUBSEQUENT MILITARY PARTICIPATION IN CHILE:

Factually, confrontation within democracy originates from the mobilisation and interaction of class based political and economic groups. Confrontation politics exists in a democracy when mass organisation, i.e. parties, trade unions etc., organise or threaten to organise strikes, picket lines, lock outs, forcibly occupy farms, and send Youth or womens groups out to protest and clash in the streets as the primary means of obtaining political results. As long as such tactics are essentially non-violent, and are not taken with the express purpose of violating the constitutional system, they are generally considered legitimate democratic tools of political influence. However, the more they grow in number, frequency, and strength, the more of a threat

they become to the survival not only of the present government, but of the system itself. They hurt production and orderly economic activity and tend to stimulate the escalation of political violence. The escalating use of these tactics also tends to complicate the preservation and the effectiveness of broad multi-party coalitions as political mechanisms for producing substantial socio-economic structural changes within a constitutional system. The effects, significantly, would be even more probable in a political setting fused with high ideological content, such as in Chile. In addition, the political affairs become mork complicated when the opposition controlled legislature attempts to stalemate government's legislations. Most significantly, it has been the bane of Chilean politics that ruling parties have invariably failed to command a majority in the Congress and the opposition parties, who lack generally two, thirds majority to prevent a presidential veto, hit, back turning down every meaningful government measures in the Congress. The same political Climate of confrontation in Chile emerged in December 1972.

Chilean economy was in increasingly desperate straits in the late 1972 and the tactics of political confrontation

22. Ibid.
began to reflect in a series of crippling strikes during the last year of Allende which ultimately brought the economy to its knees. The month long October 1972 strike against the Allende government led by trucker's in protest against the government's inability to provide them spare-parts and sympathetically supported by small merchants, businessmen and professionals highlighted for the first time the emerging patterns of confrontation politics in Chile. The strike was countered by a mass mobilisation of the labour unions and other government supporting base organisations. The Chilean government also closed, in the same month, "Radio Agriculture" owned by big landowners for 48 hours for false and alarmist reporting of an encounter between soldiers and peasants in Southern Chile. During these strikes violence flared up in many places. In the consequence of these strikes, Chilean political system witnessed a military entry into Allende cabinet. Allende included three military officers into his new cabinet. However, this provoked protest from within the Popular Unity and the Christian Left resigned from the Cabinet. In addition, in January 1973, the government announced to establish a monopoly control of the distribution of all agriculture products. This brought violent reactions from

business-class. They resisted with strikes and processions. Allende responded by putting Air Force General Bachelet in Charge of a new Secretariat of Distribution and Trade.

In March 1973, congressional elections were held. Significantly, Allende government declared in its political programmes to provide a wider role of the military. The Allende government increased its performance and obtained 43.4 percent votes of the total electorate. After the Congressional elections, a two month massive strike by copper mines began in late April 1973. It again brought confrontation politics to the centre of the political arena and again spurred a military reaction this time an unsuccessful violent tank attack on the Presidential Palace on June 29, 1973, when an attempted coup was carried out by Col. Roberto Couper and his tank regiment, together with armed troops. However, the coup was crushed by loyal troops. But in the consequence of mutiny, the armed forces decided not to join cabinet. In addition, the final series of strikes and confrontations by the truckers once again started late July, 1973. Consequently, sabotage activities on power lines and railway lines mounted. The Christian Democrats declared their support to the truckers. The strike-born violence

cast the Chilean armed forces into the centre of Allende's political strategies. The military returned to the cabinet. Later, taxi-drivers, bus-drivers and owners, small shopkeepers, and professionals also joined the truckers strike. The army used to carry out searches for arms, and in outcome, the widespread torture of peasants and brutal nature of the Army personnel were reported throughout the country. Significantly, General Prats and General Ruiz were both forced to resign by pressure within the armed forces and were replaced by others allegedly less sympathetic to the popular Unity government. These final series of strikes, greatly increased socio-political tensions to the brink of civil war. It was ended only by the violent and costly military coup that brought to an tragic end of the Allende government and thus Chile's parliamentary democracy.

THE MILITARY COUP AND ITS AFTERMATH:

Chile had so far been spared the bloody revolutions which have characterised the history of neighbouring lands as Argentina. But, on September 11, 1973, a military coup overthrew the democratic socialist government of Chile, After bloody battles between the armed forces and die

29. See on coup, the Editorial "Death of an Experiment," of The Times of India, Sept. 13, 1973; Also see The Times (London), Sept. 13, 1973.
hard supporters of President Allende. Chile's long-recorded span of democratic rule was brutally snapped. General Augusto Pinochet Ugarte, powerfully built man, an author of several books on geography, hence regarded as an intellectual, was sworn in as President of the ruling military junta in a hasty ceremony at the Bernardo O'Higgins Military School, named in honour of Chile's founding father. A military junta communique declared, "The Chilean armed forces and carabineros are united to initiate the historic and responsible mission to fight for the liberation of the fatherland from the Marxist yoke."

The Christian Democratic Party supported the putsch. Under the leadership of former President Eduardo Frei, the Party asserted in a statement that the Allende government was tempted to installed a communist dictatorship by a valiant coup "Everything indicates that the armed forces did nothing more than to respond to this immediate risk," the Party statement remarked. Eduardo Frei made a comment before Mexican journalist on 8 September 1973 that "if a medicine is killing it must be changed. Aspirins won't do any good."

The coup was, significantly, welcomed within the U.S. Department of Defence. Department of Defence favoured junta's justification for the coup:

"The Allende government has been accused of playing footsie with the Cubans and the Cubans of having men in the country, and they have certainly displaced arms that they say come from Cuba, and they are reportedly still finding them, and the idea was that Allende and his backers were going to overthrow the military in Chile so they would have complete control." 35

Thus, the United States did not protest against the violent and unconstitutional overthrow of an elected government. The U.S., specially the CIA, considered military junta to be the laisser of two evils. 36 The U.S. government received advance knowledge of the coup by its strategically located agents, officials and by covert operational activities. But the U.S. policy-makers maintained a posture of non-involvement, 37 and tried to give the impression that they had no prior information of the coup. Notably the U.S. government accelerate its campaign denying any U.S. involvement in the coup.

when it became sure that the coup was going to be successful and any direct U.S. military intervention or involvement would not be necessary. Jack Kubisch, the Assistant Secretary of State for Inter-American Affairs, stated in testimony before the House Foreign Affairs subcommittee on Inter-American Affairs that "we did not have advance knowledge of the coup that took place on Sept. 11,... there was no contact whatsoever by the organizers and leaders of the coup directly with us, and we did not have definite knowledge of it in advance." 39

Leaving apart this controversy, it was an unchallenged fact that the United States created political and social conditions favourable for the coup through economic offensive against Allende government. The divergence between public statements and covert activities has been a characteristic of the U.S. policy toward the Allende government from the very beginning. 40 The U.S. involvement in the bloody military coup revived the old fears of the U.S. meddling in the affairs of Latin America. Argentina's President Juan Peron observed, "I can not prove it, but firmly believe it was North American intervention." 41 It is significant to note that on the very

41. Quoted in Newsweek, September 24, 1973, p. 16.
day of the coup, four U.S. navy vessels were headed for Chile to engage in joint hemispheric maneuvers. On the day the Coup took place, "Exercise-Unit" with U.S. navy ships and aircraft taking part, was being held off the Chilean coast. Many U.S. Navy officers were in Valparaíso and maintained links with the Chilean naval officials who participated in the coup. The Department of Defence officials accepted, though in vague terms, their close ties with Chilean military officials.

"Our support of the Chilean military has more or less continued uninterrupted before, during and after the Allende regime because we made a specific effort to maintain close relations with the Chilean military."

Factually, as the economic crisis deepened in Chile, the U.S. administration, through the CIA, actively supported and financially assisted massive strikes in the country. For instance, truckers during the strike were enjoying a lavish meal of steak, vegetables, wine and meat pieces, secretly


44. Quoted in James Petras & Morris Morley, op. cit., p. 131.
supplied by the CIA.\textsuperscript{45} Thus, the CIA played a very crucial role during the last days of the Allende regime.

\textbf{THE U.S. AND THE CIA INVOLVEMENT IN MILITARY COUP:}

The CIA has remained a significant institution in pursuit of the U.S. policy goals. Its activities have been an integral part of U.S. policy thrusts and efforts to undermine antagonistic governments in the world. The American government several times utilized intelligence machinery like the CIA when it thought it necessary to meet the communist challenge in various parts of the world, particularly in Latin America.

The military coup in Chile was according to some,\textsuperscript{46} "conceived in the backrooms of the U.S.-CIA with the direct participation of the ITT and Kennecott concerns."\textsuperscript{46} However, the role of the CIA throughout the Allende years remained deeply controversial. There were several reports that the CIA was playing active and subversive role in the social and political struggles in Chile. President Nixon and other high ranking U.S. officials including Kissinger, always

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\textsuperscript{46} Excerpts from an appeal issued by the Communist Party of Chile on October 11, 1973, one month after the coup. \textit{Political Affairs}, December 1973.
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categorically denied their alleged involvement in the Coup. Kissinger, as Secretary of State, stated during Congressional hearings on September 17, 1973, a few days after the coup that "The CIA had nothing to do with the coup to the best of my knowledge and belief........."47

William E. Colby, the CIA Director, in his secret testimony before the House Foreign Affairs Committee, offered amazing and striking contrast to the declared U.S. position regarding the coup, disclosing CIA involvement in the Chilean affairs which led the military coup. 48

COLBY TESTIMONY:

Mr. William Colby told the House that throughout Allende term, the CIA attempted to destabilize Allende government. The U.S. administration through overt and covert means failed to prevent the election and confirmation of


48. Indian Newspapers well covered the details of the U.S. and the CIA involvement in the Coup. See, The Indian Express: September 17, 1974, p. 6; September 18, 1974, p.4; September 23, 1974, p.4; The Sunday Standard: September 15, 1974, p. 4; September 22, 1974, p.6; September 29, 1974, p. 4; The Times of India: September, 17, 1974, p.4; The Hindustan Times: September 18, 1974, p.5; September 19, 1974, p.5; September 24, 1974, p.5; The National Herald: September 19, 1974, p.6; September 24, 1974, p.5.
Allende as President, therefore, the mere option for them left was to maximise economic and political pressure on the Chilean government to weaken its roots, and thus to create favourable atmosphere for the military coup. This objective was clearly reflected in the National Security Decision Memorandum (NSDM) 93, issued in early November 1970. The U.S. administration was firm and cautious to keep its investment interests in Latin America uninjured. It perceived that Chilean socialists experiment might put adverse affect on its global political economic interests. The United States basic considerations which led her to resort to secret activities against the Allende government have been summed up in the famous Staff Report of the Senate Committee as follows:

"The desire to frustrate Allende's experiment in the Western Hemisphere and thus limit its attractiveness as a model; the fear that a Chile under Allende might harbour subversives from other Latin American countries; and the determination to sustain the principle of compensation for U.S. firms nationalised by the Allende Government."

49. Covert Action in Chile: 1963-73, op. cit., p. 27.
50. Ibid.,
CIA DIMENSIONAL FINANCIAL ASSISTANCE:

Significantly, the Nixon administration authorized the CIA to wage a $8 million campaign in 1970-73 to aid opponents of Chilean President Allende\textsuperscript{51} with over $3 million during the fiscal year 1972 alone.\textsuperscript{52} Over $6 million were spent during the Allende presidency, and $84,000 expended shortly thereafter for commitments made before the coup.\textsuperscript{53}

The CIA budget for subversive activities in Chile was approximately $6.5 million. The amount of $1.5 million was financed to anti-Allende candidates of the opposition political parties mainly the Christian Democratic Party (PDC) and the National Party (PN) in the Chilean Congressional elections held in 1973. Notably, the CIA in 1971 also provided financial assistance to the PDC and the PN to purchase their own radio stations and newspapers. The CIA also utilized the money to organize anti-government campaigns throughout these years, urging citizens to demonstrate their opposition against the Allende government. In addition, the money was also approved

\textsuperscript{51} See Time, September 30, 1974. The CIA spent $11 million between 1964-1973 to back political operations against the Chilean left-wing forces - information issued by Information Department of the USSR Embassy in India, New Delhi, 1975.

\textsuperscript{52} Covert Action in Chile, 1963-1973....op. cit., p.1.

\textsuperscript{53} Ibid, p. 27.
to finance mass media including El Mercurio, Chile's largest newspaper and a most important channel for anti-Allende propaganda. El Mercurio received about $1.5 million from CIA for this objective. The funds were also channelled into Chile through private sector groups and organizations to use them as instruments in creating conditions suitable to the military coup. According to the staff Report of the Senate Select Committee, the Forty Committee specially sanctioned the funds of $24,000 in September 1972, $100,000 in October 1972, and $one million in August 1973 for strengthening the hands of the anti-Allende private businessmen's organisations. The CIA provided 'Patria-y-Libertad' (Fatherland and Liberty), the most prominent right-wing paramilitary group, with a sum of $38,500 in an effort to create tension and a possible pretext for intervention by the Chilean Military. Patria-y-Libertad continued and maintained highly provocative activities during Allende years urging insurrection in the armed forces. It also assisted 1972 national trucker's strike, one of the worst blows to the Chilean economy. 'Patria-y-Libertad' leader Roberto Thieme, announced that his group would unleash a total armed offensive to overthrow the Allende government.\[54\]

\[54\]. Ibid, p. 31.
The funds were also channelled into Chile through organisations outside Chile. For instance, Brazil have been involved in the activities which culminated in the coup. Brazilians admitted their assistance to employer boycotts, women's demonstrations and the training of Chilean right-wing extremists. Significantly, one month before the coup the CIA increased its budgetary allocation by $1 million in August 1973 "for further political destabilisation activities."

The CIA infiltrated Chilean agents into the upper echelons of the Socialist Party. Provocateurs were paid to make deliberate mistakes in their jobs, this adding to Allende's gross mismanagement of the economy. The CIA agents organised street demonstrations against government policies as the economic crisis deepened in Chile, the CIA also supported striking shopkeepers, and taxi-drivers. Laundered CIA money was even channelled from Europe, for financing the chilean

55. Some of the strongest opposition of Allende came from Chilean women, perhaps the most liberated in Latin America. As occasional meatless days in Chile became regular meatless weeks, the women organised a famous "March of the Empty Pots," in 1971 to dramatise the rising costs and increasing shortages of food. Also see, Time, September 24, 1973, p. 12.

CIA POLITICAL LINKS INSIDE CHILE:

The CIA, obviously, instigated and assisted anti-Allende and anti-social elements in Chile to overthrow the Allende government. Thus, it can not be ruled out that the U.S. involvement in Chilean affairs during Allende administration was "pervasive, continuous, and inserted itself is many of the most vital areas of the Chilean political process." However, the CIA was not directly and openly involved in the military coup. But one can not and should not ignore the close United states relations with the Chilean military officials specifically during Allende's years. Significantly, between 1970-73, Washington provided the Chilean Generals with $45 million of direct aid. The American military presence consisting military attaches in the Embassy, and members of the Military Group who provided training to Chilean armed services in Chile.


remained substantial during these years.

The CIA also remained continuously indulged in collecting intelligence reports of all kinds of efforts to stimulate sedition or a military coup in Chile. According to the Staff Report of the Senate Select Committee, the CIA station in Santiago remained busy to collect operational intelligence necessary in the event of a coup as lists of Allende's prominent supporters for their arrest, key civilian installations that needed protection, key government installations which needed to be controlled, and government contingency plans which would be used in case of insurrection in the military. The intelligence network of the CIA continued to report throughout 1972 and 1973 on coup plotting activities. During 1972, the CIA station continued to monitor a particular group which might organize a successful coup. Significantly, the CIA devoted comparatively considerable time and effort penetrating this group. The CIA continuously received, according to the Staff Report, intelligence reports about the planning of the coup by this particular group which, it was said, carried out the successful coup on 11 September, 1973. Views of the Staff Report of Senate Select Committee in respect of the CIA involvement in the coup are clearly reflected in its following opinion:
"The CIA's information gathering efforts with regard to the Chilean military included activity which went beyond the mere collection of information. More generally, those efforts must be viewed in the context of United States opposition, overt and covert, to the Allende government. They put the United States government in contact with those Chileans who sought a military alternative to the Allende presidency."^60

Thus the nature of U.S. decision-making remained counterrevolutionary. The Democratically elected socialist government in Chile was tended to establish some structural changes in Chilean economy. But the collective interests of U.S. capitalism inherently favoured by the U.S. policy-makers could not tolerate Allende's steps towards socialism. The U.S. policy makers perceived Allende as their 'enemy' and as a first major challenge after Fidel Castro, to U.S. hegemony in the region. The White House did feel fear that Chile would serve as a base for South America's revolutionary left, as well as, a convenient outpost of the Soviet Union.^61

A correspondent asked the newly made President of the United States Mr. Gerald Ford, at his Press Conference, in September 1974, that "under what International Law do we have a right

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60. Covert Action in Chile - 1963-73, **op. cit.** p. 39.
to attempt to destabilize the constitutionally elected
government of another country?" Mr. President replied,
I am not going to pass judgement on whether it is permitted
or authorized under international law. It is a recognised
fact that historically, as well as, presently, such actions
are taken in the best interest of the countries involved."62

In addition, as we already know that William E. Colby,
disclosed details of the covert action to a closed hearing
of the House, Foreign Affairs Committee on April 22, 1974.
A summary of his testimony was leaked to the Press by a
congressman. Mr. Ford had no choice but to make an admission,
first of its kind ever, saying "our Government, like other
governments, does take certain actions in the intelligence
field to help implement foreign policy and protect national
security. 63

In fact, U.S. policy toward the Allende government
was a policy of unrelenting hostility designed to make it
impossible for the Allende coalition to succeed itself. 64
Naturally, the U.S. policy-makers were more harmonious with
new military regime or in other words, with a non-Marxist
government in Chile. A high-ranking state Department official

62. Ibid.
63. Ibid.,
64. See James Petras & Morris Morley,......op. cit, p. 137.
concluded the U.S. consonant position towards new military government:

"Our general view was, quite naturally, that this government, any now Marxist government in Chile, in terms of immediate, concrete U.S. interests was advantageous. Factually, the United States considered Chile under the socialist dreams of Allende, an initial meanace to its regional interests. The U.S. policy makers enticed insidiously, as mere "viable" alternative, the military coup to strengthen the U.S. position in Latin America. That's why, the Department of State official happily reacted to the coup:

"The coup has been helpful from the point of view of a couple of countries which no longer have the Chilean Allende type Marxist regime as a worse alternative. It has improved the U.S. position in every respect. Senator McGee, Chairman of the Senate Foreign Relations Subcommittee on Latin America, was so impatient to the military coup that he commented, "it took so long to remove Allende which is now the reason why it is all so bloody."  

65. Quoted in ibid.
67. Ibid.
BLOODSHED IN THE COUP:

During the bloody coup thousands of people were killed.\(^6^8\) Forty-five Professors of Chile's Northern University were also brutally killed. According to a delegation of the Women's International Democratic Federation, which visited Chile in January 1974, 80,000 people were murdered and 18,000 arrested. Over 30,000, in addition, children lost their parents.\(^6^9\)

It followed widespread torture and other repressive methods of the U.S. supported military junta.\(^7^0\) Junta established a huge concentration camp, "Chacalbuco," in the Atacama Desert about a thousand kilometres to the North of Santiago.\(^7^1\) Peasants, workers, slum-dwellers, particular social groups which geographically and socially indentified with the Allende regime were treated by the military junta with undue harshness.

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The unconstitutional fall of constitutionally elected government of Salvador Allende in Chile gave great pleasure to the United States, a recognized guardian of democracy in the bipolar world. Certainly, the U.S. administration was covertly involved in the military putsch. They, however, denied initially, any direct involvement but tried to justify the coup asserting that it was necessary for protection of freedom and democracy which was in danger under the Allende administration. The new military government, dear to Washington, promised to build 'new' Chile. Ironically, General Pinochet government banned the Marxist and socialist political Parties, put the Congress in indefinite recess, and imposed press censorship. Junta, in fact, banned all political activities in the country. "Chile will be Chile once again," the messages were continuously broadcast by radio-stations across the nation. Several Allende supporters were brutally massacred, tortured and arrested. Several thousand people took refuge in Argentina. The Military junta reversed Allende's economic policies and strengthened its relations with the countries of American bloc. The military regime also closed down its diplomatic and economic ties with Castro's Cuba.


New military government elaborated new economic policy which obviously indicated that Chilean economy once again would be dependent on foreign investment, mostly suited to the U.S. A U.S. official concluded the initial impression of the military government.

"Economically, they immediately proceeded to rescind, reverse the direction towards nationalisation of private enterprise, an immediate indication on their part that they were going to compensate for what was nationalised. They opened up the economy internally and externally to private capital. 74

JUXTA'S POLICY TOWARDS FOREIGN ASSETS:

The military government unlike Allende's nationalist policies, designed its new economic policies which were openly favourable to the U.S. business expectations and opened every opportunity for foreign capital investment in Chile. Political and economic measures of the military regime once again set up Chile's international Creditworthiness. The Allende government nationalised 550 mines, hotels, banks,

74. Quoted in James Petras & Morris Morley,....op. cit.p.139.
and other business enterprises which were returned to private ownership by the military regime.

The Pinochet regime not only announced that a big number of foreign properties would be returned to their original owners and agreed in principle to paying compensation to the expropriated U.S. Copper Companies.75 The military government had already made an initial payment of $1.6 million to OPIC to cover compensation payments made by OPIC to other U.S. investors and whose assets were expropriated by Allende government. The regime also provided $321 million compensation payment to Anaconda and Kennecott.76 Chile's new government also declared to accept private, foreign and Chilean investment in the country's big five copper mines - Chuquicamata, El Teniente, El Salvador, Exotica, and Andina, which were nationalised under Allende's rule.77

THE U.S. GENEROUS RESPONSE TO THE NEW POLICY OF PINOCHET REGIME:

The U.S. response to the new policies of the anti-communist military government was cordial and supportive.

The United States decided on September 25, 1973, to reestablish diplomatic relations with the new military regime and conversation started among the U.S. officials to find out "means by which the United States can come speedily to the aid of the junta." Subsequently, the U.S. government formally offered Chile $24 million credit for the purchase of wheat and a further $28 million credit for the purchase of corn. The wheat credit, significantly, was "eight times the total commodity credit offered to Chile in the past three years." It should be remember and that the U.S. government had refused Chilean request for emergency wheat credits prior to the coup exchanged by a Chilean agricultural trade delegation. The U.S. renewal decision once again revealed that grant of such credits was basically dependent on the political posture of the White House.

The U.S. government, therefore, came with large scale assistance in the form of easy loans, wheat supplies, 

80. Quoted in ibid, p. A11.
### Table 4

Breakdown of Foreign Aid to Chile Under Frei, Allende, and the Military Junta

#### CHILE

Comparison of Foreign Aid from Selected U.S. Government Agencies and International Organisations

*(in millions of U.S. Dollars)*

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>U.S. AID (Direct)</td>
<td>397.5</td>
<td>3.3</td>
<td>41.3</td>
</tr>
<tr>
<td>P.L. 480</td>
<td>108.6</td>
<td>14.7</td>
<td>122.6</td>
</tr>
<tr>
<td>U.S. Export-Import Bank</td>
<td>278.0</td>
<td>4.7</td>
<td>79.1 (to April 30, 1976)</td>
</tr>
<tr>
<td>World Bank</td>
<td>131.5</td>
<td>0.0</td>
<td>66.5 (to April 23, 1976)</td>
</tr>
<tr>
<td>Inter-American Development Bank</td>
<td>208.7</td>
<td>17.3</td>
<td>168.1 (1974 &amp; 1975 only)</td>
</tr>
<tr>
<td>Military Assistance</td>
<td>52.5</td>
<td>33.0</td>
<td>18.5 (15.9 in 1974)</td>
</tr>
</tbody>
</table>

and other consumer goods. Direct U.S. economic aid, grants and loans totalled $350.5 million during the first three years of the junta, compared with $27.7 million during 1971-73. The U.S. also provided $63.7 million as economic assistance for Chile in 1975 under the U.S. sponsored Food for Peace Programme (P.L. 480) loans, in fiscal year 1975, Chile received $57.8 million while the rest of Latin America received only $9 million. To recall Allende regime received no assistance under P.L. 480. The U.S. assistance, factually, signified a crucial support for Chile's balance of payments.

DEBT RENEGOTIATIONS:

The U.S. government acquiesced in December 1973, to renegotiate with the Pinochet regime on Chile's foreign debt to the U.S. agencies following the junta's assurance to provide compensation for the expropriated U.S. copper mines. Prior to a compensation settlement with the U.S. copper companies, the government of new Chile agreed to

84. Monograph Series in World Affairs,..... op. cit, p.121.
pay $60 million over a four year period under the terms of
the renegotiation and a further $64 million over a six
year period beginning in January 1975. Previously the U.S.
policy-makers as part of their international economic
policy, have made this a pre-condition for any renego-
tiation with Chile on her foreign debt. But, the U.S.
behaved in a different manner on terms and conditions of
rescheduling with the new regime following its willingness
to eliminate the Allende's 'offensive' steps. As a consequence
the Export-Import Bank also decided to reconsider its lending
policy towards Chile.

INTERNATIONAL CREDIT TO CHILE:

The U.S. private banks loans to Chile became availa-
ble immediately after the military take over. In consideration
of the fact that lines of short-term commercial credit before
Allende specifically during Alessandri, Frei years remained
around $300 million, while these lines of credit declined
after one year of Allende's inauguration to $25-30 million.
It became sure after junta took power that these lines
of credit would eventually rise to the previous levels. 86


86. Terri Shaw, "Blockade of Chile Diminishing," Washington
Post, October 28, 1973, pp. A1, A17. Also see Table -3
and Table -4.
During the first month of military rule, approximately $200 million new lines of short-term commercial credit were extended to Chile mainly by the U.S. banks. These credits were granted enabling the government to meet its immediate obligations and to purchase products essential to the day-to-day functioning of the Chilean economy.87

International credit, in fact, was then flowing into Chile. Junta received more than $500 million in credits in the first six months.88

The international banking community turned to be moderate regarding financial assistance to Chile for long-term development projects. Several missions from the World Bank, the International Monetary Fund, the Inter-American Development Bank, and the Inter-American Committee for the Alliance for Progress (CIAP) congregated in Santiago after the coup and appeared "well disposed"89 towards new regime, willing to provide new financial largesse. The World Bank granted a $13.0 million technical assistance credit to Chile and committed to provide $5.25 million to the Chilean Development Corporation (CDRFO) for studies, before

### Table - 3

**CHILE**

Foreign Aid from U.S. Government Agencies and International Organisations for the Military Regime  
(September 1973 - March 1974)

<table>
<thead>
<tr>
<th></th>
<th>Totals in millions of U.S. Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOVERNMENT TO GOVERNMENT LOANS</strong></td>
<td></td>
</tr>
<tr>
<td>From United States</td>
<td>146.0</td>
</tr>
<tr>
<td>Corn Purchases</td>
<td>49.0</td>
</tr>
<tr>
<td>Wheat Purchases</td>
<td>28.0</td>
</tr>
<tr>
<td>From Brazil</td>
<td></td>
</tr>
<tr>
<td>Free Disposability</td>
<td>62.0</td>
</tr>
<tr>
<td>Sugar Purchases</td>
<td>50.0</td>
</tr>
<tr>
<td>From Argentina</td>
<td></td>
</tr>
<tr>
<td>Reproductive Cattle</td>
<td>35.0</td>
</tr>
<tr>
<td>Agricultural Machinery</td>
<td>20.0</td>
</tr>
<tr>
<td></td>
<td>15.0</td>
</tr>
<tr>
<td><strong>INTERNATIONAL INSTITUTIONS</strong></td>
<td></td>
</tr>
<tr>
<td>International Monetary Fund (Contingent Gedit-Standly)</td>
<td>95.0</td>
</tr>
<tr>
<td>World Bank</td>
<td></td>
</tr>
<tr>
<td>Preinvestment Studies</td>
<td>18.25</td>
</tr>
<tr>
<td>Technical Assistance to the Public Sector</td>
<td>5.25</td>
</tr>
<tr>
<td>Inter-American Development Bank</td>
<td></td>
</tr>
<tr>
<td>Loan Announced by IDB's President in USA</td>
<td>201.0</td>
</tr>
<tr>
<td>For Agriculture</td>
<td>30.0</td>
</tr>
<tr>
<td>For Electrification</td>
<td>25.0</td>
</tr>
<tr>
<td></td>
<td>70.0</td>
</tr>
</tbody>
</table>

Contd...
Contd...Table 3

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Irrigation works</td>
<td>45.7</td>
</tr>
<tr>
<td>For Reforestation</td>
<td>15.0</td>
</tr>
<tr>
<td>For CORFO Projects</td>
<td>10.0</td>
</tr>
<tr>
<td>For Social Development</td>
<td>6.0</td>
</tr>
<tr>
<td>Andean Development Corporation</td>
<td>8.55</td>
</tr>
<tr>
<td>For Aircraft leasing</td>
<td>8.55</td>
</tr>
<tr>
<td><strong>TOTAL OF FOREIGN LOANS</strong></td>
<td><strong>468.8</strong></td>
</tr>
</tbody>
</table>

investment, in mining, manufacturing, metallurgy, trans-
portation etc. During junta's first six months in office,
the World Bank provided $ 18.5 million in credits. The
Inter-American Development Bank agreed to provide a
$ 8.5 million loan to CDRFO for a rural electrification
programme. Significantly the IDB approved $ 201 million
loans up to March 1974, $ 171 million on extremely generous
terms, a thirty year repayment period with seven year's
grace, at two percent interest per annum. In May 1974, the
IDB also approved two loans totalling $ 97.3 million for
electric power and agriculture development. The IMF also
approved a $ 95 million stand by agreement in February 1974.
The Paris Club countries in May 1974 also agreed to renegotiate
Chile's over $ 900 million foreign debt. However, the human
rights issue was raised by few Paris Club creditors e.g.
England, during bilateral negotiations on the foreign debt,
foreign investors were anxious and eager to support the
economic rehabilitation of a dependent capitalist Chile. 90

Thus, new non-Marxist Chile received generous
financial bestowal during the first six months, from the
international agencies. The chilean military government
received loans and credits of approximately $ 470 million

90. See, James Petras & Morris Morley, ....op. cit., p.145.
from the United States, Brazil and Argentina, and the international institutions; short-term credits of $100 million from a U.S. banking consortium; and scheduled credits of $100 million each from the Banco de Colombia and a Swiss foreign trade financial commission. The military regime also received benefits from an extraordinary rise in the international price of copper which reached $1.0327 a pound in November 1973. In April 1974, 'Enami', Chile's mining Corporation, received credits totaling $140 million from Brazil, France, Finland, Belgium, and East Germany.

THE U.S. MILITARY AID:

In addition, Chile received during one year after the coup $11 million military credit from the U.S. government. Nixon administration submitted to congress a $21.3 million military aid package for Chile. Thus, military assistance and arms sales continued to increase after the coup. Chilean orders for U.S. military equipment skyrocketed in 1974, amounted to $15.0 million. Chilean orders for U.S. military equipment totalled $27 million for the

91. See Ibid.
92. See, James Petras & Morris Morley, ....op. cit., p.143.
period 1950–1969 and $127.7 million for the period 1950–1974.9

In spite of huge influx of the U.S. and the international capital into Chile, the economic performance of the Pinochet regime remained very unproductive.

ECONOMIC PERFORMANCE OF THE MILITARY GOVERNMENT:

Chile began to receive massive financial assistance from the United States after the coup but the first two years of the military regime revealed that Chile could not reverse the industrial production which steadily declined. Although, the industrial production index rose from 110.9 in August 1973 and 9.17 in September 1973 to 138.0 in October 1973 but if we compare December 1973 with December 1972 we find that there was a decline in the index from 132.6 to 125.2.95 Industrial production declined by 23 percent in 1974–75.96 The economic policies of the Pinochet government, therefore, proved to be partially successful. Inflation rose by leaps and bounds. Between January and December 1975 it rose by 340 percent.97 The country's economy suffered a severe recession in 1975. The Country's GNP dropped by

94. Ibid.
95. See, Nader Entessar, Political Development in Chile From Democratic Socialism to Dictatorship, Calcutta, 1980, p.177.
96. K. Seshadri, Chile: Travail and Tragedy, Delhi, 1979, p.234.
97. Ibid.
about 15 percent, manufacturing production by over 23 percent and gross fixed investment by 31 percent. It created massive unemployment in the country. Unemployment reached an alarming 20 percent of the work force, as contrasted with the 3 to 4 percent unemployment rate during the Allende years.

In addition, the net medium and long term external debt on Chile amounted to nearly $4.470 million at the end of 1975. This figure was 40 percent higher then the figure at the end of 1973. In 1975, amortization and interest payments on the long-term debt were 59 percent higher than in 1974, and 166 percent higher than in 1973. Between 1964 and 1975 the value of total exports of Chile declined by over 600 million.

The ten years after the coup couldn't change economic performance. The per capita gross domestic product up to 1983 dropped by 14.3 percent in Chile. The unemployment rate was 30 percent in 1983. The national income also dropped by 19.4 percent in 1982 as compared to the 1981.

100. Ibid.
102. Ibid.
In this period from 1977 to 1982, the balance of payments deficit on current transactions reached $12,099 million. In the period between late 1980 and May 19, 1982 the total amount of reserves had dropped by more than $2.6 billion from $4,073.7 to $1,442.7 million.\textsuperscript{103}

In 1982, real wages in Chile were 11.9 percent lower than the recorded average level in 1971-72 during the Popular Unity government. If we take the level of wages in 1970 as 100 percent, it grew in 1971-72 on the average to 109.4 percent while in the period between 1974 and 1984 it hardly reached on the average 74.8 percent.\textsuperscript{104}

In conclusion, it became apparent till the late 1975 that the junta had no intention of relinquishing its political power and returning the country to democratically elected independent civilian rulers. Notably, after the successful 1973 coup, through imprisonment, execution, and exile, the junta substantially managed to weaken and neutralise left wing opposition.

The remonopolisation of the Chilean economy under the military regime by the few foreign multinational

\textsuperscript{103} Hugo Fazio, \textit{Fascism in Chile: Ten Years After}, \textit{International Affairs}, October 1983, pp. 36-38.

\textsuperscript{104} Ibid.
Corporations reintroduced the dependency syndrome in the Chilean society. Significantly, the CIA also participated in the preparation of the initial over-all economic plan and re-established links with governmental intelligence agencies which were interrupted during Allende years.

The Nixon-Ford administrations, therefore rendered stronger support to the junta than any other country in the West. Nixon's support for the Pinochet regime was prompted partly by his deep antipathy towards Allende's nationalisation thrust and partly because of his security perceptions in the western hemisphere. He remarked after the coup that "in terms of our own self interest, the right-wing dictatorship...... is of no security concern to us."

In addition, the military regime in Chile was considered by the U.S. policy-makers, suitable to the U.S. strategy of containment of leftist reformist and communist regimes in Latin America. Certainly, the United States enormous financial and convincing political assistance insured the survival of the military regime in Chile. She obtained complete success in instituting a programme of substantial aid to Chile. The U.S. military aid, in fact, resuscitated the "faltering" economic policies of the

Allende government and brought alarming improvements in bilateral relations with Chile after the coup.

Notably, the military regime has also allowed the Reagan administration to built a landing pad for U.S. space shuttles on Chile's Easter Island in the Pacific. It is believed that it will be turned into a U.S. strategic military base.

In sum, the discussion in the previous chapters has exposed that after the establishment of Allende's nationalist socialist regime, the threatened nationalisation of American assets in Chile, the need to suffocate Allende regime economically and to solve the security problem militarily as recognised within the U.S. administration, and the continuing use of subversive and strong-arm methods by the CIA, all had given indication, from the very beginning, of trouble ahead. Factually, the U.S. government and the CIA had the firm belief that something more than economic sanctions against socialist regime in Chile was necessary, in order to achieve the U.S. policy objectives. For three years during the Allende regime, the CIA had sought to pursue the U.S. policy objectives. With increasing distraction The CIA played an active and subversive role in the social and political struggles in Chile and thus successfully
attempted to destabilize the Allende government. The CIA agents channelled financial aid to anti-Allende candidates and opposition parties in 1970. Presidential elections in Chile. It planted its agents even in the Popular Unity Coalition, utilised Radio and newspapers for anti-Allende propaganda, financed the mass-media through private sector groups, covertly distributed arms among the right-wing paramilitary groups, financially assisted and instigated anti-Allende demonstrations and massive strikes. The U.S. military attaches in the Embassy also played crucial supportive role with the CIA in these clandestine activities. At this vantage stage in 1973, the military interference in Chilean affairs began to appear and ultimately through a devious process of force, intimidation and assimilation, Chilean armed forces took over Chilean political system in their hands.

The same process of destabilising nationalist governments, socialist or otherwise, may be noticed in Argentina, Nicaragua and other Latin American countries during 70s and 80s. The U.S. policy-makers affection for the military regimes in order to create a dependency syndrome by a process of development through foreign aid and
multilateral collaboration with the help of vested interests in the form of pro-U.S. elite may be aptly exemplified by discussing Argentine and El Salvadoran economic and political conditions during the first and second half of 70s respectively. This consistent pattern of the U.S. policy in Latin America does not seem to be changing with the succeeding administrations in Washington.