NAVAL POSTGRADUATE SCHOOL
Monterey, California

THESIS

THE INVISIBLE BLOCKADE AND THE COVERT WAR:
U.S. RELATIONS WITH CHILE, 1970-1973

by

Bradd Crouch Hayes

June 1979

Thesis Advisor: Stephen Jurika, Jr.

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SECURITY CLASSIFICATION OF THIS PAGE (When Data Entered)

REPORT DOCUMENTATION PAGE

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1. REPORT NUMBER	2. GOVT ACCESSION NO. / 3. RECIPIENT'S CATALOG NUMBER
4. TITLE (and Subtitle): The Invisible Blockade and the Covert War: U.S. Relations With Chile, 1970-1973	5. TYPE OF REPORT & PERIOD COVERED: Master's Thesis; June 1979
	6. PERFORMING ORG. REPORT NUMBER
7. AUTHOR(s): Bradd Crouch Hayes	8. CONTRACT OR GRANT NUMBER(s)
9. PERFORMING ORGANIZATION NAME AND ADDRESS: Naval Postgraduate School, Monterey, California 93940	10. PROGRAM ELEMENT, PROJECT, TASK AREA & WORK UNIT NUMBERS
11. CONTROLLING OFFICE NAME AND ADDRESS: Naval Postgraduate School, Monterey, California 93940	12. REPORT DATE: June 1979 / 13. NUMBER OF PAGES: 110
14. MONITORING AGENCY NAME & ADDRESS (if different from Controlling Office): Naval Postgraduate School, Monterey, California 93940	15. SECURITY CLASS. (of this report): Unclassified / 15a. DECLASSIFICATION/DOWNGRADING SCHEDULE

16. DISTRIBUTION STATEMENT (of this Report)

Approved for public release; distribution unlimited

17. DISTRIBUTION STATEMENT (of the abstract entered in Block 20, if different from Report)

18. SUPPLEMENTARY NOTES

19. KEY WORDS (Continue on reverse side if necessary and identify by block number)

Salvador Allende, Chile, U.S.-Chile Relations

20. ABSTRACT (Continue on reverse side if necessary and identify by block number)

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DD FORM 1 JAN 73 1473 (Page 1) EDITION OF 1 NOV 65 IS OBSOLETE S/N 0102-014-6601

SECURITY CLASSIFICATION OF THIS PAGE (When Data Entered)

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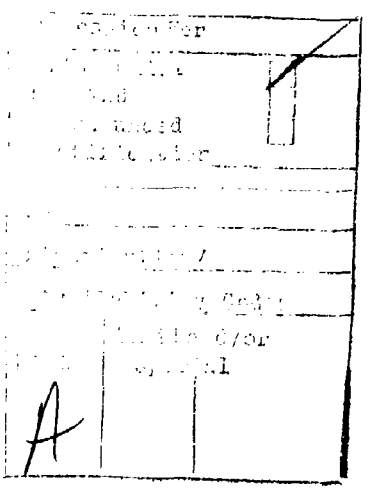
This thesis deals with U.S. relations with Chile during the tumultuous years of Allende's regime. It seeks to test the hypothesis that the U.S. government, in concert with U.S.-owned multinational corporations, pursued a course of action, publicly, economically and covertly, bent on discrediting, disrupting and dislodging Marxist forces in Chile.



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The Invisible Blockade and the Covert War: U.S. Relations With Chile, 1970-1973

by

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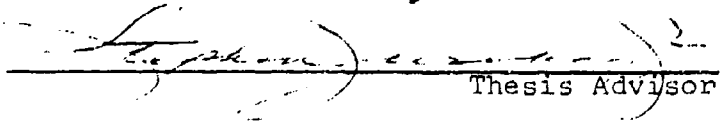
Submitted in partial fulfillment of the requirements for the degree of

MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS

from the

NAVAL POSTGRADUATE SCHOOL
June 1979

Author 

Approved by: 
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ACKNOWLEDGEMENT

I wish to thank Professor Stephen Jurika, Jr. for freely giving of his time and unparallelled talent as an editor. His genius, if not found in the text, can unmistakenly be read between the lines of this thesis.

The Author

I. INTRODUCTION

Few political events arouse as much comment as the rise and fall of Salvador Allende's socialist administration in Chile. A survey of the literature covering this period of the early 1970s shows an unusual amount of emotion used to describe these turbulent years. The election of Allende, backed by a Marxist coalition, was perceived by United States observers as the biggest crisis in United States-Latin American relations since the Dominican revolt of 1965. It was also viewed as a threat to the long-established Monroe Doctrine because of the close ties between the Chilean Communist Party and the Soviet Union. Allende promptly began to nationalize major United States' investments, redistribute agricultural lands, revolutionize Chilean social institutions, and reorient Chilean foreign policy.

The Soviets saw his election as a major diplomatic breakthrough in Latin American relations. Allende referred to the Soviet Union as Chile's "Big Brother" (hermano mayor) and expected the Soviets to become the main economic bulwark of the regime. The Chilean Communist Party had long been one of the most loyal pro-Soviet parties in Latin America. It unstintingly supported the many and varied positions of Soviet foreign policy - including the Soviet-bloc invasion of Czechoslavakia in 1968 - and echoed Moscow's themes of anti-imperialism and class warfare.

To developing nations, the Allende victory gave hope of a "separate road" to economic development, one free from the dominating influence of either the United States or the Soviet Union. It was hoped that the Chilean experience would lend needed support to the Euro-communists who were struggling to break free from Soviet domination. But "Communists and Socialists in France and Italy, who had earlier pointed to Chile as a model of peaceful transition to socialism, moved to disengage themselves from the Allende disaster."[1]

Others did not see the overthrow of Allende merely as a devastating setback to the advancement of socialism, but rather as a crushing blow to the hopes of the developing peoples of the world. Their disappointment has been emotionally presented by Gary MacEoin, who stated:[2]

> This Chilean experience has a much wider meaning for mankind. Its attempt to find a new road to economic and social well-being aroused the hopes and anticipations of vast numbers of people in all parts of the world who know that man has recently achieved such control of his environment that he can here and now provide decent living levels to the two-thirds of mankind who lack them. The brutal closing of that road must force all these expectant millions to re-evaluate their assumptions, (and) will undoubtedly drive many of them to more extreme and violence-prone stands.

Allende, as an individual, was looked upon either as a "saint" or "satan," leading the underdeveloped masses to the promised

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[1]James D. Theberge, The Soviet Presence in Latin America, p. 82, Crane, Russak & Co., 1974.

[2]Gary MacEoin, No Peaceful Way: Chile's Struggle For Dignity, p. 2, Sheed and Ward, 1974.

land or trying to yoke the downtrodden with another totalitarian Marxist government.

Part of the reason for the world's high interest in Chilean politics was the fact that it was one of the "ABC" countries of Latin America (Argentina, Brazil, and Chile), as much European as Latin American. It had a highly cultured and educated populace in comparison with other Latin American countries and it had shown a unique polictical stability for nearly 150 years. Between 1837 and 1970, no leading Chilean statesman or high-ranking military officer had been assassinated. As one author stated: "In terms of continuity of governments it has been said that Chile's political history between the 1830s and 1973 would make most European countries look like 'banana republics.'"[3]

The rise and fall of Salvador Allende Gossens' Marxist administration in Chile marked a significant watershed in United States' relations with Latin America. Much has been written about the United States' role in the overthrow and assassination of Allende. Both praise and criticism has been leveled at the public and private sectors of U.S. society in connection with the course they pursued in dealing with Allende's Chile. The hypothesis of this thesis is that the United States government, in concert with large U.S.

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[3]Stefan De Vylder, Allende's Chile, p. 23, Cambridge University Press, 1976.

corporations, systematically moved to ensure the failure of Allende's Marxist regime. The thesis will deal with public, economic, and covert relations between the two countries as well as the evidence and speculation linking United States governmental and corporate sectors to the coup d'état which took place on 11 September 1973. To set the stage on which these relations took place, the general political background of Chile, in general, and of Salvador Allende, in particular, will be discussed.

A. HISTORY OF MODERN POLITICAL PARTIES IN CHILE

The historical development of Chilean political parties is inseparable from the social and religious developments of Chile. Two great classes of individuals developed within Chile: the ruling oligarchy and the lower classes. Chile does have a large middle-class but it lacks social cohesiveness and generally follows the lead of the ruling oligarchy. Foundations of this developmental pattern are to be found in the colonial exploitation of Chilean resources. The economic exploitation of Chile will be developed in a later section.

The lower classes of Chilean society comprise nearly two-thirds of the population, but for most of modern political history they have been effectively kept from exercising power within the government. The ruling oligarchy held the governmental positions, owned or operated the industries, and

controlled the economy. Such an unequal distribution of power and income led inevitably to separate political philosophies. In order to maintain their power, the ruling oligarchy moved cautiously to the left but the lower classes moved radically left in search of a panacea for their ills.

The growing unrest of the lower classes can be easily followed by counting the increasing number of major strikes found in Chile during the latter years of the nineteenth and early twentieth centuries. Between 1849 and 1884 there were only nine major strikes in all of Chile. Between 1885 and 1910 the number jumped to 290. And during the next fifteen years (1911-1925) the number leaped to 747.[4] Literature decrying the plight of the working classes was largely ignored. The most active area of unrest was in the north where nitrate workers were continually fighting for improved conditions. One of their complaints was that oven pits, where pulverized nitrate ore was processed at 250°F., were uncovered and scores of workers had fallen into them and died in agony. On 21 December 1907, in an attempt to stop a strike in the north, military forces were sent to the area and shot to death some two thousand men, women and children who failed to disperse within a five-minute time limit.[5]

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[4]Arturo Valenzuela and J. Samuel Valenzuela , Chile: Politics and Society, p. 138, Transaction Books, 1976.

[5]Frederick B. Pike , Chile and the United States, 1880-1962, University of Notre Dame Press, 1963.

Such brutal actions made workers a fertile field for radical labor organizations. Under the leadership of Luis Emilio Recabarren, a typographical worker, the Labor Federation of Chile (Gran Federación Obrera de Chile), commonly referred to as the FOCH, became the most important labor organization in Chile. The FOCH was founded in 1909 as a conservative mutual aid society, but by 1917 was an avowed revolutionary organization. In 1921 at the third Communist International it declared its allegiance to communism.

In 1912 Recabarren organized a political party to complement the FOCH. At first called the Socialist Labor Party (Partido Socialista Obrera), it became the Communist Party (Partido Comunista) in 1922 and joined the Third International along with the FOCH. It was not until 1931, however, that the Communist Party was officially recognized and authorized to present candidates for national and local elections.

In response to the plight and increasing demands of the lower - and now organizing - classes, there developed a mild schism in the ruling oligarchy. The largest segment of the oligarchy wanted no change in the status quo and viewed the revolutionary ferment as the work of a few subversive troublemakers acting in a manner alien to national traditions. A smaller sector of "responsible reformers" were just as committed to the status quo but recognized a need "to ease the plight of the lower classes to such a degree that they would be willing to remain an inert element in the hierarchical,

stratified structure."[6] All of these programs were aimed at problems identified by the oligarchy and not the lower classes.

During the late nineteenth and early twentieth centuries, the ruling oligarchy was splintered into several competing parties: National, Liberal Democratic, Conservative, Liberal, Radical, and Democratic. However, all of these parties had a common thread, the maintenance of the status quo. The Conservative Party compiled the best record during this period of any of the parties in introducing social-reform legislation, but its fundamental concern was more with charity than justice. The democrats called for a gradual redistribution of wealth but seemed to want "everthing for everyone within the framework of the status quo."[7]

In 1933 another group of Marxists, who were unwilling to adjust to Moscow's line, formed the Socialist Party (Partido Socialista) with Oscar Schnake, a one-time anarchist, as secretary-general. Another member of the founding group was Salvador Allende. The Socialist Party indentified more closely with the working class than did the Communist Party, and placed greater emphasis on class struggle. During the 1960's the Socialist Party tended to sympathize with Castro and Mao. A Nazi Party, the Nationlist Socialist Party (Partido Nacional Socialista), was organized in 1932 but failed to gain wide

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[6] Ibid., pp. 114-115.

[7] Ibid., p. 116.

acceptance with either the oligarchy or the lower classes. In 1935 Moscow dispatched Euducio Ravines, a brilliant Peruvian organizer, to organize a united front in Chile. The attempt was unsuccessful in capturing a majority of the popular vote, but in 1938 the Popular Front, in coalition with the Radical Party, did succeed in backing the winning presidential candidate. The united front concept was pressed by the left for the next thirty-five years with only limited success.

Young Catholic intellectuals broke from the National Party in 1937 and formed the National Falange, forerunner of today's Christian Democratic Party (Partido Demócrata Cristiano). One of these young intellectuals was Eduardo Frei who was to play a major role in Chilean politics. In 1969 the left wing of the Christian Democratic Party defected to form the Movement of United Popular Action (Movimiento de Acción Popular Unitaria). Another more militant leftist group was formed in 1965 at the University of Concepción, known as the Movement of the Revolutionary Left (Movimiento de Izquierda Revolucionaria). The latter two movements reflected the dramatic shift to the left that Chilean politics took in the 1960's, setting the stage for the election of Salvador Allende in 1970.

Before examining the decade leading to Allende's three turbulent years in power, a brief review of the political parties and their political persuasions is in order. The

parties, starting from the political right, were these: Fatherland and Liberty (Patria y Libertad, PL). The PL was founded in September 1970 by a lawyer, Pablo Rodríguez Grez, who had been a member of Alessandri's campaign committee. A neo-fascist organization, the PL was at the forefront of conservative opposition to Allende. The PL was widely credited with the assassination of General René Schneider Chereau in October 1970 during an attempt to discredit Allende before he could assume office. The PL was supposed to have connections with the Central Intelligence Agency.

National Party (Partido Nacional, PN). First established in the mid-1850's along with the Conservative and Liberal Parties, by the late 1960's they had all fused under the National Party banner. From 1933 on, the Conservative and Liberal Parties formed an unofficial coalition to direct policy or wield a generally effective veto. The National Party was "the unequivocal voice of the oligarchy."[3]

Christian Democratic Party (Partido Demócrata Cristiano, PDC). Started in 1937 as an alternative to the conservatism of the National Party, it adopted a moderate left position during the 1950's. It sought social progress and fairer distribution of national income through existing economic structures. Later the party moved cautiously towards non-Marxist

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[8] Op. Cit., MacEoin, p. 21.

socialism by stressing the need for cooperative ownership of the means of production.

Radical Party (Partido Radical, PR). Formed in 1862 as a reaction against oligarchic rule, it represented the center of Chilean politics and proved to be remarkably elastic in its ability to form coalitions with parties both to the right and to the left. This ideological instability was particularly pronounced during the 1960's.

Movement of United Popular Action (Movimiento de Acción Popular Unitaria, MAPU). Formed in 1969, the Movement of United Popular Action was a reaction to rightward drift of the Christian Democrats when in power. Standing for the same policies as the Christian Democrats, MAPU pressed for more aggressive implementation of those policies.

Communist Party (Partido Comunista, PC). Founded in 1912, it formally became known as the Communist Party in 1922. It was a staunch supporter of the Soviet Union and was generally conservative and legalistic in its promotion of revolutionary programs.

Socialist Party (Partido Socialista, PS). Founded in 1933 as an alternative Marxist organization without ties to Moscow, it generally cooperated with the Communists and other leftist organizations. Allende maintained his association with the party from its founding until his death. The Socialist Party was more sympathetic to Communist China and Cuba than the Communist Party.

Movement of the Revolutionary Left (Movimiento de Izquierda Revolucionaria, MIR). The Movement of the Revolutionary Left was the most militant of all Chilean parties. Formed in 1965, it encouraged the lower classes to arm and take direct action in order to seize land and other resources. They became as difficult for Allende to contend with as the members of Patria y Libertad.

B. THE 1960's: POLARIZATION AND THE SWING TO THE LEFT

The leftist organizations entered the 1960's with great hope. In the 1958 presidential election, Salvador Allende, presidential candidate for the Popular Action Front (Frente de Acción Popular, FRAP), was only narrowly defeated by the right-supported candidate Jorge Alessandri, the son of former President Arturo Alessandri. The margin of victory for Alessandri was only 33,500 votes out of 1,235,552 cast. Also running for president as the Christian Democrat's candidate was Eduardo Frei. Alessandri, Frei and Allende dominated Chilean politics for the next fifteen years.

Alessandri was a self-styled independent and made no secret of his aversion to traditional party politics. An engineer by training, and a businessman by trade, he promised to bring efficiency, austerity and rationality to government. Frei, in contrast, was a professional politician. He was a brilliant orator, possessed of the ability to make complicated programs comprehensible to the average Chilean. His

strong commitment to Catholic social thought and austere appearance made him a particularly attractive candidate to Chilean women. Allende was making his second of four attempts at the Chilean presidency. A more in-depth look at Allende will be made later in this section.

Alessandri proved himself incapable of harnessing the runaway inflation that had plagued Chile for seventy years. He did manage to pass a land reform measure expropriating idle lands. He also tried to cope with the growing shanty-towns (callampas or mushrooms) which were springing up on every available piece of land around Santiago. These programs, however, cost Alessandri the support of the conservative parties even though he never lost his personal popularity.

Since the Chilean constitution forbade Alessandri from succeeding himself, the 1964 election soon became a two-man race between Frei and Allende. Though the platforms of the two candidates appeared nearly identical, the conservative parties flocked to support Frei because of their fear of Allende and his Marxist-backed coalition. Frei's victory in September 1964 did not come as a surprise; he was expected to win. What was surprising - and disappointing to the left - was the margin of Frei's victory. Frei received 56.1 percent of the vote to Allende's 38.9 percent. The remaining five percent of the vote went to the Radical Party candidate.

Frei promised a "Revolution in Liberty" and moved impressively in the first few years of his administration. Frei was soon to be abandoned by both the left and right. The right felt he was moving too fast and doing too much, while the left felt he was moving too slowly and not doing enough. To complicate matters, Allende had been elected president of an increasingly hostile Senate. As the 1970 election approached, all sides began looking for a candidate. It soon became a three-man confrontation: one candidate backed by the left, one backed by the Christian Democrats, and one backed by the right.

Sensing the split in the coalition that had swept Frei into office in 1964, the socialist parties reorganized into the Popular Unity (Unidad Popular, UP) for the upcoming election. Frei gave his personal support to the Christian Democratic candidate, Radomiro Tomic, while the right supported the former president, Jorge Alessandri. Alessandri immediately became the betting favorite. But this time Allende, backed by the Popular Unity, turned the tables on Alessandri and defeated him by 39,175 votes with Tomic finishing a distant third (see Table I).

Several factors contributed to Allende's surprising plurality in the 1970 election. The first of these has already been mentioned: the breakdown of the Christian Democrat/right-wing coalition. The second element that

TABLE I

DISTRIBUTION OF POPULAR VOTES IN CHILEAN PRESIDENTIAL ELECTIONS, 1958-1970

Candidate	Party	Percentages
1958		
Jorge Alessandri	Liberal, Conservative	31.6
Salvador Allende	FRAP	28.9
Eduardo Frei	PDC	20.7
Luis Bossay	Radical	15.6
Antonio Zamorano	Independent Left	3.3
		100.1
1964		
Eduardo Frei	PDC	56.1
Salvador Allende	FRAP	38.9
Julio Durán	Radical	5.0
		100.0
1970		
Salvador Allende	UP	36.6
Jorge Alessandri	National	35.2
Radomiro Tomic	PDC	28.1
		99.9

Source: Valenzuela, Arturo, and Valenzuela, J. Samuel, Chile: Politics and Society, p. 91, Transaction Books, 1976.

influenced the 1970 election was that the workers of Chile were organizing at an increasing rate. In 1964 there were actually fewer unions and union members than there had been in 1953. The 1964 figures were: 1,863 unions with 271,000 members. By 1970 those totals had more than doubled with 4,519 unions representing 551,000 workers.[9] This unionization not only helped to encourage a growing militancy among the workers, but it tended to shift Chilean politics to the left.

A third factor contributing to this leftward movement was the mobilization of the traditionally unorganized and passive slum dwellers in the shantytowns surrounding Chilean cities. It was easy to radicalize this impoverished group because they felt the Christian Democrats had not moved swiftly enough to relieve their plight. The last factor aiding the socialists was the growing support of the Catholic Church for the plight of the lower classes. Historically the Church had supported the oligarchy and had served to keep the lower classes in line by convincing them to accept their lot in life. The first signs of this shift in Church policy appeared during the Second Vatican Council from 1962 to 1965. Bishops from several Latin American countries committed the Church "to a new relationship with the suffering masses of humanity,

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[9] Op. Cit., De Vylder, p. 26.

a program which quickly identified them as on a collision course with the status quo."[10] This commitment was reaffirmed by Pope Paul in 1968 when he visited Bogotá, Colombia.

Allende's relative majority in the 1970 election did not guarantee him the presidency. According to the Chilean constitution, the National Congress had to decide among the two leading candidates if neither received a clear majority of the popular vote. In 1970 the Popular Unity held 80 seats, the Christian Democrats held 75 seats, and the right held the remaining 45 seats of the 200 seat Congress (50 seats in the Senate and 150 seats in the House of Deputies). There were several attempts to short circuit Allende's election including a plan called the "Alessandri Formula." This formula called for the election of Alessandri who would immediately resign, allowing Eduardo Frei to run representing the entire right in a new election. This plan was abandoned because it would have undoubtedly precipitated a civil war. Other plans, including economic sabotage and military overthrow, were also abandoned when the Popular Unity signed an agreement with the Christian Democrats which the latter felt would ensure the "survival of democracy." This agreement may well have prophesied the events of 11 September 1973. The agreement included that Allende would not make any changes in the hierarchy of the armed forces; further, approval by

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[10] Op. Cit., MacEoin, p. 15.

the Senate was required for any military appointments. This agreement gave the military an awesome autonomy and hardly aided the prospects for success of the "Chilean road to socialism." Allende was elected president on 24 October 1970 and formally took office on 3 November.

C. SALVADOR ALLENDE GOSSENS: MEDICINE AND MARXISM

It is not the intent, nor is it within the scope of this thesis, to present a lengthy biography of Salvador Allende; but rather, to briefly examine the man and his background. Salvador Allende Gossens was born into a fairly well-to-do family in Valparaiso, a fact for which he had to apologize throughout his political career. As Allende stated, "In orthodox terms, yes, my origins are bourgeois, but I would add that my family was not associated with the economically powerful of the bourgeoisie."[11]

As a young medical student he became active in militant organizations and studied Lenin, Marx and Trotsky. At the age of 25 he became a founding member of the Socialist Party. Five years later he became a cabinet minister in the Popular Front administration of 1938. He continued to be active in Marxist causes and became friends with Fidel Castro and Ché Guevara. He was a member of the Chilean Congress for twenty years and ran for president of Chile four times (1952, 1958,

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[11]Régis Debray, The Chilean Revolution, p. 65, Pantheon, 1971.

1964,1970). In 1964 he was elected President of the Senate after being defeated by Eduardo Frei for president of the republic.

Allende had close ties with all three unsuccessful socialist administrations that came to power in Chile. The 1932 Socialist Republic lasted only twelve days. It was led by Marmaduke Grove, a brother of Allende's brother-in-law. The Popular Front government of Pedro Aguirre Cerda, a Radical Party candidate supported by the Communists and Socialists, came into power in 1938. Though it was more progressive than former administrations, it was far from being a socialistic government. It did include, however, Marxists and other leftist individuals as ministers, including the young Salvador Allende as Minister of Health. The Popular Front disintegrated with the death of Cerda in 1941. The third socialist administration was Allende's own. Allende was 62 years of age when he assumed the presidency in 1970.

Allende was committed to bringing socialism to Chile through democratic processes. A copy of The Guerrilla War which was given to Allende by Guevara bears this dedication: "To Salvador Allende, who is trying to obtain the same result by other means. Affectionately, Ché."[12] "The same result" to which Guevara was referring was a proletariat dictatorship. Allende's Socialist Party's declaration of

[12] Ibid., p. 74.

principles proclaimed: "During the process of totally transforming the system, a dictatorship of organized workers is necessary."[13] When the military ended Allende's dream of democratic revolution, he chose to die using a submachine gun which was a gift from Fidel Castro.

Allende came to power under conditions of political turmoil, economic chaos and polarization of the populace. Adding to this chaotic environment was the fact that the United States had a deep mistrust of Allende and his Marxist views. This thesis is basically concerned with U.S.-Chilean relations based on this mistrust. Allende became much more than the President of Chile in 1970. He became a symbol to almost every political faction. He represented triumph, hope and independence to the left; and, he symbolized repression, folly and dictatorship to those who opposed him. The fact that he was democratically elected only tended to increase the fear and bitterness of those who opposed him and his ideas.

Invariably, labels of right and wrong are subjectively placed on all political actions, regardless of their location in the political spectrum. This thesis will attempt to avoid such labels and will direct all comment to the facts in support of or against the hypothesis. It will be left to others to moralize about the actions.

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[13] Ibid., p. 133.

II. U.S. NEWSPAPER COVERAGE OF ALLENDE'S CHILE

A. BACKGROUND

It is logical to assume that any orchestrated movement to discredit and overthrow the Allende regime would have begun with a massive and critical public relations campaign against Allende. Critics of United States' policy towards Chile have, in fact, charged that major U.S. newspapers presented one-sided press coverage of Allende's Chile. The newspapers which have been singled out are: The New York Times, The Washington Post, The Christian Science Monitor, The Wall Street Journal, the Miami Herald, and the Los Angeles Times. The New York Times was particularly criticized for its coverage since it "enjoys an awesome reputation for its coverage of foreign affairs, and is considered so authoritative in Latin America that articles printed in the Times often appear the following day in leading newspapers throughout the region. The Times is thought to represent not simply one paper's opinion but the 'American' position abroad."[14]

The criticisms of U.S. newspapers generally fell into five major categories: (1) They presented Allende as essentially an unpopular president. When he was mentioned he was labeled a Marxist in the first one or two paragraphs.

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[14] John C. Pollock , with Torry Dickinson and Joseph Somma, "Did Eichmann Have a Sense of Humor? The New York Times and Militarism in Chile," Latin American Studies Association Newsletter, Vol. IV, No. 4, p. 36, December 1973.

(2) Allende's difficulties were invariably presented as being of crisis proportions and his successes were rarely, if ever, mentioned. They also presented Allende as having made little progress during his tenure in office. (3) Resentment of multinational corporations was presented as being Marxist-inspired instead of nationalistically inspired. They also failed to investigate the influence of the multinational corporations - such as ITT, Anaconda, and Kennecott - on the politics of Chile. (4) They reported only the feelings and attitudes of the upper and middle classes. The lower classes were not given credit for having the ability or education necessary to make correct choices about the path government ought to have taken. (5) Threats to the government were presented as coming only from the left. When right-wing organizations were involved in anti-government activities they were never so labeled.[15]

Time and source constraints have limited the scope of this study to investigating only part of the criticisms that have been mentioned. It will also involve only two of the six previously mentioned U.S. newspapers: The New York Times

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[15] Ibid.; also the following references: John Pollock, "Reporting on Chile: What the Press Leaves Out," The Nation, 29 January 1973; Dale Johnson , ed., "The New Cold War in Latin America: The U.S. Press and Chile," in The Chilean Road to Socialism, Doubleday Anchor, 1973; Michele Pollock , The U.S. Press and Chile: Ideology and International Conflict, Warner Modules, Inc., 1974; and Louis Wolf Goodman , "Chile: It is All in the Eyes of the Beholder," The New York Times, 30 November 1972.

and The Washington Post. Specific methodology will be discussed later in this section. The primary thrust of this study is to determine whether these two U.S. newspapers presented a substantially different or more negative picture of Chile than a major international (foreign) newspaper: The Times (London). The Times (London) was selected because it is considered "an elite newspaper read worldwide."[16]

In order to place the findings in perspective, it is necessary to recognize that not all events are reported in newspapers. It has been shown that western newspapers tend to report more negative news than positive news about third world countries.[17] The several reasons for this bias will briefly be discussed.

For any event to find its way into print, it must possess one or more "news factors." The single most important news factor is meaningfulness to the readers of the newspaper. "Meaningfulness involves two dimensions: proximity and relevance."[18] Proximity means that an event must have taken place in a neighboring or nearby state. If proximity is lacking in an event, then relevance becomes the most important

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[16]Sophia Peterson, News Coverage of the Third World by the Western News Agencies and Elite Press, p. 1, paper presented for delivery at the annual meetings of the International Studies Association, Washington, D.C., February 1978.

[17]Ibid., p. 34.

[18]Ibid., p. 14

dimension of meaningfulness. An event may be perceived as relevant if it occurs in a nation that is politically, culturally, or economically similar. An event may also be considered relevant if the nation involved has some salient tie with the reporting country (i.e., membership together in an international organization, an alliance, etc.).

Other news factors include: brevity, unambiguity, consonance, and unexpectedness. All of these factors are generally found in negative events happening in the third world (particularly in Latin America). Negative events generally conform nicely to the daily publishing schedule of most newspapers because they happen in a short time span. They are unambiguous in the sense that it is easy to discern the consequences of the event. They are generally consonant with the developed world's perception of the unrest continually present in developing nations. And negative events are unexpected because they occur less frequently than cooperative or participative events. Thus, negative events are generally more newsworthy than other types of events.

Sophia Peterson notes, "If we find that news coverage of third world countries consists of a higher proportion of negative news than does news coverage of the first world, the explanation may lie in this need for news from dissimilar countries to compensate for lack of meaninfulness with negativity."[19] This complaint is widely heard, even in this

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[19] Ibid., pp. 15-16.

country, when discussing which stories are reported on television. Negative stories seem to dominate the news when the space available is limited by time or area. "One of the most common observations among those who study the news process is that negative or conflictual events are regarded as more newsworthy."[20]

In her study involving The Times (London), Peterson coded articles concerning third world countries involved in international news events for one month. Her coding was organized according to the rules and event category scheme developed by the World Event/Interaction Survey (WEIS).[21] Her WEIS data was further divided into three major types of events: conflictual (negative), cooperative (positive), and participatory (neutral) events. These events were analyzed not only for The Times (London) but also for the four leading news agencies: Associated Press, United Press International, Reuters, and Agence France-Presse. Her findings are located in Table II. Since the Peterson study and this study have more differences than similarities in the data being analyzed, only general trends of the Peterson study will be of concern or interest. It should be noted that negative and neutral events dominate the survey with a total of 74.1% of The Times events falling into those two categories.

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[20] Ibid., p. 18.

[21] Ibid., p. 19.

TABLE II

NEWS COVERAGE DISTRIBUTION BY NEWS SOURCE: ACTORS COOPERATIVE, PARTICIPATIVE AND CONFLICTUAL EVENTS[22]

NEWS SOURCE	COOPERATION	PARTICIPATION	CONFLICT
AP	35.5%	37.4%	27.1%
UPI	33.0%	37.2%	30.2%
AFP	34.8%	47.0%	18.1%
Reuters	36.2%	39.3%	24.5%
The Times	25.9%	38.9%	35.2%

[22] Ibid., p. 34.

B. THE RESEARCH DESIGN

This study was designed to answer the questions raised by several of the criticisms mentioned earlier. First, did U.S. newspapers tend to report more negative news about Chile than comparable foreign newspapers? Second, did U.S. newspapers tend to label Allende a Marxist more often than foreign newspapers; and, did they label him early in the article, thereby distorting it? Coincidentaly, these same questions will be compared by reporter and news agency. The U.S. newspapers will be represented by The New York Times and The Washington Post. The foreign newspapers will be represented by The Times (London). The news agencies that will be examined are: the Associated Press, United Press International, Reuters, and Agence France-Presse. Reporters who will be examinded include: Lewis H. Diuguid, Juan de Onis and Richard Wigg.

Due to a restriction on the availability of The Washington Post, 1972 was selected as the period of research. Time constraints required that only those articles published every other day - starting with January 1 - be coded. One other constraint was the unavailability of an index for The Sunday Times (London); consequently, no articles from The Sunday Times were coded for inclusion in this analysis. Table III shows the raw numbers of articles coded from each source.

Since the scope of this study was to determine the overall tenor of the coverage and presentation of Chile in U.S.

TABLE III

FREQUENCY OF SOURCE DATA

NEWS SOURCE	Absolute Frequency	Relative Frequency (PCT)	Cumulative Frequency (PCT)
New York Times	84	35.9	35.9
Washington Post	82	35.0	70.9
The Times (London)	68	29.1	100.0
Totals	234	100.0	

	Minus Sunday Absolute Frequency	Relative Frequency (PCT)	Cumulative Frequency (PCT)
New York Times	70	33.5	33.5
Washington Post	71	34.0	67.5
The Times (London)	68	32.5	100.0
Totals	209	100.0	

newspapers, all articles (covering both international and domestic events) and editorials were coded. Table IV lists the event categories into which these articles and editorials were coded. These codes are modified WEIS codes and were further divided into three major types of events: positive, negative and neutral. These categories are correlated with cooperative, conflictual and participatory events respectfully. An example of the coding sheet used in data collection is found in Figure 1. All coding was completed by a single researcher and therefore no intercoder reliability check was performed. Since the research was completed in a relatively few weeks, intracoder reliability was also not considered to be a problem.

C. DATA ANALYSIS

Coded data was transferred to punched cards and analyzed using the Statistical Package for the Social Sciences, commonly referred to as SPSS.[23] Multiple computer runs, using the assets of the W. R. Church computer center at the Naval Postgraduate School, were made comparing the different news sources for variations. Frequency tabulation, chi-square test of statistical significance and Cramer's V measure of association were the primary calculations involved. The

[23]Norman H. Nie and others, SPSS: Statistical Package for the Social Sciences, second edition, McGraw-Hill Book Co., 1975.

TABLE IV

EVENT CODES

1. YIELD (Cooperative Events)

011 Surrender; yield to order
012 Yield position; retreat; evacuate
013 Admit wrongdoing; retract statement

2. COMMENT (Participatory Events)

021 Explicit decline to comment
023 Comment on situation -neutral
025 Explain policy, future position
026 Comment on situation - positive
027 Comment on situation - negative

3. CONSULT (Participatory Events)

031 Meet with; send note
032 Visit; arrive
033 Receive visit; host

4. APPROVE (Cooperative Events)

041 Praise; hail; applaud; condolences; demonstrate in favor of
042 Endorse other's policy or position; give verbal support
043* Appoint; reinstate

5. PROMISE (Cooperative Events)

051 Promise own policy support
052 Promise material support
053 Promise other future support
054 Assure; reassure

6. GRANT (Cooperative Events)

061 Express regret; apologize
062 Give state invitation
063 Grant asylum
064 Grant privilege; diplomatic recognition; de facto relations
065 Suspend negative sanctions
066 Release and/or return persons or property

*= an event which is usually domestic

TABLE IV continued

7. REWARD (Cooperative Events)

071 Extend economic aid
072 Extend military assistance
073 Give other assistance

8. AGREE (Cooperative Events)

081 Make substantive agreement
082 Agree to future action or procedure

9. REQUEST (Cooperative Events)

091 Ask for information
092 Ask for policy assistance
093 Ask for material assistance
094 Request action; call for (general)
095 Entreat; plead; appeal to; help me

10. PROPOSE (Cooperative Events)

101 Offer proposal
102 Urge or suggest action or policy (specific)

11. REJECT (Conflictual Events)

111 Turn down proposal; reject proposal; veto; deny appeal
112 Refuse; oppose; refuse to allow
113* Dismiss; demote; resign with political motive; censure; impeach; suspend

12. ACCUSE (Conflictual Events)

121 Charge; criticize; blame; disapprove
122 Denounce; denigrate; abuse

13. PROTEST (Conflictual Events)

131 Make protest (not formal)
132 Make formal complaint or protest

14. DENY (Conflictual Events)

141 Deny an accusation
142 Deny any attributed policy, action, role or position

*= an event which is usually domestic

TABLE IV continued

15. DEMAND (Conflictual Events)

150 Issue order or command; insist; demand compliance

16. WARN (Conflictual Events)

160 Give warning

17. THREATEN (Conflictual Events)

171 Threat without specific negative sanctions
172 Threat with specific negative sanctions
173 Threat with force specified
174 Ultimatum; threat with negative sanctions and time limit

18. DEMONSTRATE (Conflictual Events)

181 Nonmilitary demonstration; walk out on
182 Armed force mobilization, exercise and/or display
183* Strike
184* Riot

19. REDUCE RELATIONSHIP (Conflictual Events)

191 Cancel or postpone planned event
192 Reduce routine international activity; recall officials, etc.
193 Stop aid
194 Halt negotiations
195 Break diplomatic relations

20. EXPEL (Conflictual Events)

201 Order personnel out of country
202 Expel organization or group

21. SEIZE (Conflictual Events)

211 Seize position or posessions; nationalize
212 Detain or arrest person(s)
213* Convict; sentence
214* Search
215* Fine
216* Deny rights; ban

*= an event which is usually domestic

TABLE IV continued

22. FORCE (Conflictual Events)

221 Noninjury destructive act
222 Nonmilitary injury-destruction
223 Military engagement
224* Escape or attempt
225* Rebel; mutiny
226* Execute; assassinate; murder or kill

23. GOVERNMENTAL CHANGE (Conflictual Events)

231* Dissolve governmental body; suspend
232* Coup d'etat

40. POLITICAL LEADER LEAVES SCENE (Neutral Events)

401* Retire; resign (not for political reasons)
402* Accident; severe illness
403* Natural death
404* Suicide

41. ELECTIONS (Participatory Events)

411* National; state-wide
412* Local
413* Plebiscite or referendum

42. GOVERNMENTAL CHANGE (Participatory Events)

421* Regular power transfer
422* Constitutional change or formation of governmental body

43. DISASTERS (Neutral Events)

431* Natural disaster; epidemic

98. EDITORIAL (Cooperative Events)

981 Editorial in support of country or leaders; in support of plans, policies or programs (foreign)
982* Editorials in support of domestic policies or programs

99. EDITORIAL (Conflictual Events)

991 Editorial critical of foreign policy or leaders
992* Editorial critical of domestic policy or program

*= an event which is usually domestic

FIGURE 1

Source: Type: (Domestic/International)

New York Times ___ News Report D I

Washington Post ____ Editorial D I

The Times (London) ____ Other D I

Source date _____ _____ Page _____

Reporter/News Agency _____

Is Allende mentioned? Yes No Labeled a Marxist? Yes No

If labeled, in which paragraph is label located? ____of____

Is reference made to leftist groups? Yes No

_____

Is reference made to rightest groups? Yes No

_____

	International	Domestic
Cooperative Event Code #	____,____,____	____,____,____
Participatory Event Code #	____,____,____	____,____,____
Conflictual Event Code #	____,____,____	____,____,____
Editorial Event Code #	____	____

Comments:

_____

_____

_____

_____

_____

_____

results of these computer runs are summarized in Tables V-X. Table V shows the results of a cross-tabulation of source (which newspaper) by code (positive, negative, or neutral). It should be noted from the table that all three newspapers reported a considerably larger amount of negative and neutral events than positive events. This pattern is consistent with the findings in Table II for The Times. Surprisingly, The New York Times reported the highest percentage of positive news about Chile during the period studied. The significance of that figure, however, is questionable since the chi-square comparison of the three newspapers is only significant at the 0.2392 level. The cross-tabulation of The New York Times (minus the Sunday editions) and The Times (London) by code found only a slightly improved significance level of 0.1645.

The most important point to note is that there were no significant differences between the foreign coverage of Chile and the United States' coverage of Chile. In other words, it appears unjustified to single out the U.S. press as presenting an unusually harsh or negative picture of Allende's Chile. The findings indicate that the U.S. press followed a pattern of news coverage consistent with other newspapers of the first world.

When the data is cross-tabulated for reporter/new agency by code, other patterns of coverage emerge. Because of the very limited number of articles by Agence France-Presse that were coded (only two), no meaningful data or conclusions can

TABLE V

CROSS-TABULATION OF SOURCE BY CODE

SOURCE	CODE POSITIVE	NEGATIVE	NEUTRAL
New York Times	22 6 (19)	46.4 (39)	31.0 (26)
Washington Post	12.2 (10)	43.9 (36)	43.9 (36)
The Times (London)	17.6 (12)	38.2 (26)	44.1 (30)
100.0 (234)	17.5 (41)	43.2 (101)	39.3 (92)

Chi-square = 5.50657 with 4 degrees of freedom

Significance = 0.2392

be drawn about it. The breakdown of this cross-tabulation is located in Table VI for the remaining news services: Reuters, Associated Press, and United Press International. The two U.S. news agencies, AP and UPI, were quite similar in their coverage patterns, both reporting negative news a majority of the time. Although Reuters appears to be more evenly distributed across the three codes, it is not significantly different from the other agencies. Comparison results in a chi square of 3.456 which is not significant at the 0.20 level. The Times (London) relied primarily on the services of Reuters with 22.1% of its coded articles from news agencies coming from that source, while using AP and UPI only 4.4% and 2.9% respectively. The two U.S. newspapers used all three news agencies about the same.

Examination of the principal reporters from each newspaper, Juan de Onis (New York Times), Lewis Diuguid (Washington Post), and Richard Wigg (The Times), reveals nearly identical reporting patterns. Unidentified sources (labeled "Other") had a reporting pattern between those of the reporters and the news agencies. When all sources were compared, the significance level of chi-square was 0.1813.

The Chilean government felt that the foreign press, particularly the U.S. press, was presenting an unfair picture of Chile to the world. In September 1971, Chile announced the closure of the UPI bureau in Santiago. The order was retracted about a week later on the condition that the bureau

TABLE VI

CROSS-TABULATION OF REPORTER/NEWS AGENCY BY CODE

Reporter/ News Agency	Code Positive	Negative	Neutral	
Associated Press	7.7 (2)	61.5 (16)	30.8 (8)	
Reuters	21.2 (7)	36.4 (12)	42.4 (14)	
United Press International	17.6 (3)	52.9 (9)	29.4 (5)	
Other*	22.5 (20)	43.8 (39)	33.7 (30)	
Lewis Diuguid	13.6 (3)	31.8 (7)	54.5 (12)	
Juan de Onis	9.1 (2)	31.8 (7)	59.1 (13)	
Richard Wigg	19.0 (4)	33.3 (7)	47.6 (10)	
Totals	17.5 (41)	43.2 (101)	39.3 (92)	100.0 (234)

*Agence France-Presse included.

Chi Square = 20.31597 with 16 degrees of freedom.
Significance = 0.1818.

chief, whom they considered to be antagonistic to the government, be withdrawn and replaced.[24] In October 1972, Chile announced that the government would review all press releases leaving the country. Foreign correspondents were forbidden to transmit news derogatory to Chile.[25] Allende's government did not initiate this adversary relationship with the press. Frei's regime held similar suspicions. On 2 September 1970, The New York Times' correspondent was refused entry into Chile because of a recent article. At the time the government declared that no person "who commits acts contrary to Chile" will be permitted entry.[26]

The criticism of U.S. newspapers for labeling Allende a Marxist appears to be the most unfounded of the accusations. Table VII presents the number of times that Allende was mentioned by each source. All three newspapers are nearly identical in their reporting percentages. Table VIII notes the number of times Allende was labeled a Marxist when he was mentioned in an article. In spite of the accusations against The New York Times, it demonstrated significantly less of a penchant to label Allende a Marxist than the other two papers. A comparison of The Times (London) and The New York Times resulted in a chi square of 3.5799 which was significant at

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[24] The Times (London), 17 September 1971, p. 6a; and Richard Wigg, The Times (London), p. 7c, 28 September 1971.

[25] The Washington Post, 19 October 1972, p. A30.

[26] The Times (London), 3 September 1970, p. 6c.

TABLE VII

FREQUENCY WITH WHICH ALLENDE WAS MENTIONED IN ARTICLES RELATING TO CHILE

SOURCE	Is Allende Mentioned? Yes	No	
New York Times	85.7 (72)	14.3 (12)	
Washington Post	82.9 (66)	17.1 (14)	
The Times (London)	80.9 (55)	19.1 (13)	
Totals	83.3 (195)	16.7 (39)	100.0 (234)

Chi Square = 0.64673 with 2 degrees of freedom.

Significance = 0.7237

TABLE VIII

FREQUENCY WITH WHICH ALLENDE WAS LABELED A MARXIST

Source	When mentioned, is Allende labeled a Marxist? Yes	No
New York Times	13.9 (10)	86.1 (62)
Washington Post	29.4 (20)	70.6 (48)
The Times (London)	27.3 (15)	72.7 (40)
Totals	23.1 (45)	76.9 (150)

the 0.10 level. No conclusions, however, can be drawn for the U.S. press since The Washington Post was nearly identical to The Times (London). The conclusion, which can be validated, is that no apparent conspiracy to disgrace or discredit Allende existed in the elite press during the period studied.

The reason for the significant difference between The New York Times and the other newspapers can be found in Table IX. The New York Times' principal reporter, Juan de Onis, failed to label Allende a Marxist in any of his 22 coded articles.

Table X does verify one of the criticisms presented at the start of this section, but the criticism applies to all elite papers and not just to the U.S. press. When Allende was mentioned and labeled a Marxist, he was so labeled in the first few paragraphs of the article. The average article length in which Allende was labeled a Marxist was 13; and, Allende was generally mentioned in the first two or three paragraphs of the article.

D. CONCLUSIONS

Many of the accusations presented at the start of this section have not been tested nor further mentioned. It may well prove to be that U.S. newspapers showed a strong negative bias towards Chile during the Allende years as opposed to their coverage before his regime; but, the evidence in this study does not indicate the U.S. press operated or reported in a manner significantly different than the rest of

TABLE IX

FREQUENCY WITH WHICH ALLENDE WAS LABELED A MARXIST

Source		Is Allende labeled a Marxist?* Yes	No
Agence France-Presse		0.0 (0)	100.0 (2)
Associated Press		0.0 (0)	100.0 (26)
United Press International		5.9 (1)	94.1 (16)
Reuters		33.3 (11)	66.7 (22)
Juan de Onis		0.0 (0)	100.0 (22)
Lewis Diuguid		22.7 (5)	77.3 (17)
Richard Wigg		33.3 (7)	66.7 (14)
Other		23.1 (21)	76.9 (70)
Totals	100.0 (234)	19.2 (45)	80.8 (189)

* Thirty-nine articles made no mention of Allende but are included in this table.

TABLE X

IN WHICH PARAGRAPH IS ALLENDE LABELED A MARXIST

Paragraph	Absolute Frequency	Relative Frequency (PCT)	Cumulative Frequency (PCT)
1	18	40.0	40.0
2	9	20.0	60.0
3	7	15.6	75.6
4	3	6.7	82.3
5	3	6.7	89.0
7	1	2.2	91.2
8	1	2.2	93.4
10	1	2.2	95.6
13	1	2.2	97.8
14	1	2.2	100.0
	45		

Mean = 2.4667

Mode = 1

Median = 2.5

Average number of paragraphs per article = 12.9778.

of the elite press. The bitter criticism leveled at The New York Times seems to be unfounded in fact. It would seem that those reading the newspaper tended to favor their left eye. A more general criticism of the entire elite press would have carried more weight. It does appear that first world newspapers tend to carry a negatively-skewed view of the developing world. The U.S. coverage of Chile during the Allende years certainly falls into this pattern. The point of this study, however, is that the U.S. press did not significantly differ in its coverage of Chile from the rest of the world. It would therefore seem that any concerted effort by the U.S. government and/or large corporations to bring the news media into their efforts to overthrow Allende was unsuccessful; or alternatively, that they were satisfied with the news coverage as it was.

III. ECONOMIC RELATIONS: THE INVISIBLE BLOCKADE

An often echoed accusation, that the United States and U.S.-owned multinational corporations tried "to strangle (Chile's) economy and paralyze trade in (its) principal export, copper, and to deprive (it) of access to sources of international financing," was first voiced by President Allende in an address to the United Nations in 1972.[27] Kennecott Copper Corporation and International Telephone and Telegraph (ITT) were singled out for their actions which, according to Allende, were designed "to bring about civil war in (Chile)."[28] The debate centered around Allende's program of nationalization. To American eyes, this program amounted to blatant uncompensated expropriation. To Chile, the heart of the problem was prolonged exploitation of Chilean resources.

A. BACKGROUND

Chilean resentment towards the United States, stemming from United States indifference to Chile's struggle for independence in 1818 and for its unilateral declaration of the Monroe Doctrine in 1822, resulted in little U.S. investment in Chile until the late nineteenth and early twentieth

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[27] House of Representatives, United States and Chile During the Allende Years, 1970-1973, Hearings before the Subcommittee on Inter-American Affairs of the Committee on Foreign Affairs, Appendix A, p. 386, Government Printing Office, 1974. (Hereafter referred to as Hearings.)

[28] Ibid., p. 386.

centuries. By 1880 the United States was involved in only five percent of all foreign transactions in Chile. This proportion increased to 13 percent just prior to the First World War.

Mining provided the most lucrative investment opportunities and U.S. entrepreneurs became involved in a major way in the early 1900s. The American-owned Braden Copper Company began exploiting the world's largest underground copper mine, El Teniente, in 1904. Braden was soon taken over by the Kennecott Copper Corporation. Kennecott was organized by the Guggenheims, who already owned Chile's nitrate industry through the Anglo Lautaro Nitrate Company. About the same time Anaconda, through its subsidiary the Chile Exploration Company, acquired one of the world's biggest open-pit copper mines, Chuquicamata. Controlled in the beginning by Rockefeller Standard Oil interests, control was later shifted to two Rockefeller-family banks, First National City and Chase Manhattan. A third investment group, which included J. P. Morgan, Henry Clay Frick, and Ogden Mills, invested in the Cerro Corporation an exploited the Cerro de Pasco mines.[29]

These were profitable ventures. It has been estimated that during their 60 years of operation, until they were nationalized by Allende's government, the nitrate, copper,

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[29]Op. Cit., MacEoin, pp. 36-37.

and iron industries had taken out of Chile an amount equalling Chile's Gross National Product for the past 400 years.[30] There is little wonder that these and other U.S. corporations looked with dread at the nationalization of their assets in Chile.[31] Allende felt that multinational corporations were threatening the sovereignty of Chile. In the United Nations speech, Allende declared, "The power of these corporations is so great as to transcend all frontiers. ...Their influence and sphere of action are rudely transforming traditional practices in international trade, transfer of technology, transmission of resources among nations, and labor relations. We are witnessing a pitched battle between the great transnational corporations and sovereign states. ...In a word, the entire political structure of the world is being undermined."[32]

However exaggerated these statements might appear, they fairly reflect the situation for the past half century in

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[30] Ibid., p. 38.

[31] Under Eduardo Frei, the copper industry began a slow movement towards nationalization with the "Chileanization" of the companies. Under this plan, a majority (51%) of the corporations were purchased by the government. Chileanization vice nationalization reflected the ideological differences between Frei and Allende. Frei believed in the continued influx of foreign capital and in the maintenance of production; whereas, Allende wanted to free Chile of foreign economic dominance.

[32] Op. Cit., MacEoin, pp. 44-45.

Chile. The list of U.S. corporations, along with Kennecott, Anaconda, and Cerro, that had major holdings in Chile read like a "who's who" of American business. They included: Bethlehem Steel in iron; Marcona Corporation and Diamond Crystal Company in salt; Grace, General Mills, Ralston-Purina, Coca-Cola, and Pepsico in manufactured foodstuffs; Dow, Monsanto and Grace in petrochemicals; Xerox, Sperry Rand, Remington, and National Cash Register in office equipment; Grace, and Sherwin Williams in paint; Koppers and Johns Mansville in cement; Dupont and Atlas Powder Company in explosives; RCA, ITT, and General Telephone and Electronics in radio and television; Studebaker, Chrysler, Ford, and General Motors in automobiles; Firestone and General Tire in rubber tires; General Electric and Grace in electric lamps; Armco Steel, Textron, Kaiser, Koppers, Singer Sewing Machine, Hoover, North American Rockwell, and Grace in iron and steel products; General Cables, Phelps Dodge, and Northern Indiana Brass in copper fabricating; Standard Oil, Mobil, International Basic Economy Corporation, Phillips Petroleum, Gulf, and Texaco in oil distribution; Sterling Drugs, Parke Davis, Schering, Abbott Laboratories, Bristol Myers, Pfizer, Squibb, Wyeth, Upjohn, and American Cyanamid in pharmaceuticals; ITT, Grace, and Braniff in utilities and transportation; J. Walter Thompson, Grant Advertising, McCann-Erickson, and Kenyon and Eckhardt in advertising; Bank of America, First National City Bank, International Basic Economy Corporation, John Hancock

Mutual Life, Home Insurance Company, and Great American Insurance Company in banking and finance; Dun and Bradstreet, Price Waterhouse, Arthur Young, and International Basic Economy Corporation in management and accounting services; eight major U.S. movie producers (accounting for 65 percent of all playing time in Chilean theaters); and others such as Gillette, Proctor and Gamble, Chemway, Crown Cork, Air Reduction Company, Kodak, General Dynamics, Ingersoll Rand, Worthington, Continental Can, Manpower, ITT's Sheraton Hotels, and Holiday Inns.[33]

B. NATIONALIZATION OF THE U.S. COPPER INTERESTS

There was little doubt that a battle was brewing over the nationalization of the U.S. copper interests in Chile. It was a foregone conclusion that Allende would nationalize the copper industry shortly after assuming power; but, still in question was the compensation U.S. companies would receive for their holdings. Allende hinted at the battlelines when he declared, "We will pay if it is just, we will not pay what is not just."[34] To no one's surprise, Allende soon stated that Kennecott and Anaconda had extracted "excess profit" from Chile to the tune of $774-million which would be

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[33]Ibid., pp. 43-44.

[34]Op. Cit., Hearings, p. 378.

deducted from any compensation to be paid them. The Cerro Corporation was excluded because its recently opened Rio Blanco mine had yet to show a profit..

On 11 October 1971, the Chilean Comptroller General declared that Anaconda and Kennecott actually owed the Chilean government $338-million. Cerro was granted a modest compensation for its holdings. U.S. reaction was swift. Secretary of State William Rogers, declared that the United States "was deeply disappointed and disturbed" about Chile's decision on compensation. He further warned that Chile's action might jeopardize economic aid and the flow of private investment funds into Chile. In rebuttal, Chile's Foreign Minister Almeyda stated that Chile would not give in to "veiled pressure" and warned that "debts contracted by the expropriated firms," worth nearly $700-million, might be partially cancelled in order to satisfy the $338-million deficit that Chile claimed the companies owed. The next day, 14 October 1971, the president of Chile's State Defense Council followed through on that warning by announcing that Chile would not pay a $250-million promisory note held by Anaconda.[35]

On 19 January 1972, President Nixon averred that the United States expected compensation to be "prompt, adequate and effective," and warned "...when a country expropriates a significant United States interest without making reasonable

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[35] Ibid., p. 379.

provision for such compensation to United States citizens, we will presume that the United States will not extend new bilateral economic benefits to the expropriating country unless and until it is determined that the country is taking reasonable steps to provide adequate compensation or that there are major factors affecting United States interests which require continuance of all or part of these benefits."[36] He further warned that the United States would "withhold its support from loans under consideration in multilateral development banks."[37]

The fact is that this credit squeeze, which Allende referred to as an "invisible blockade," had begun the previous August when the Import-Export Bank denied a Chilean request for $21-million. Foreign aid to Chile took a drastic nosedive from $80-million in 1969 to less than $9-million in 1971. Table XI shows the dramatic decline in funds made available to Allende's Chile. Adding to these financial difficulties, the price of copper on the world market significantly decreased during this period. All of these factors combined to drain Chile's foreign currency reserves.

Allende announced he would try and reschedule payments coming due on Chile's national debt, which stood at nearly $3-billion. Excluded from this plan was the $736-million

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[36] Ibid., p. 379.

[37] Ibid., p. 380.

TABLE XI

U.S. AND INTERNATIONAL ASSISTANCE TO CHILE[38]
(U.S. Dollars, Millions; Fiscal Years)

	1968	1969	1970	1971	1972	1973
U.S. ASSISTANCE						
Total Economic	96.3	80.3	26.3	8.6	9.0	3.8
Loans	83.5	71.0	15.0	-	1.6	-
Grants	12.8	9.3	11.3	8.6	7.4	3.8
Total Military	7.8	11.7	0.8	5.7	12.3	15.0
INTERNATIONAL ORGANIZATIONS						
World Bank (IBRD)	-	11.6	13.3	-	-	-
International Finance Corp.	-	-	10.9	-	-	-
Inter-American Development Bank	16.5	31.9	45.6	12.0	2.4	5.2
United Nations	2.9	5.5	0.6	3.4	6.1	4.2
Total International	19.4	49.0	76.4	15.4	8.5	9.4

[38] Cole Blasier, The Hovering Giant, p. 264, University of Pittsburgh Press, 1976.

owed to the copper companies. This was a softer line than some members of the Socialist Party hoped for. They had called for a complete repudiation of the national debt. A compromise agreement between Chile and the "Club of Paris" creditor nations was reached in April of the following year. The agreement was concluded only after Chile agreed, in principle, to the just compensation for all nationalizations in conformity with Chilean law and international law. This agreement did not result in compensation to the copper industry and was therefore never implemented by the United States, even though it was implemented by many European countries.

While the U.S. government was applying official pressure, the copper industry tried to pressure Chile through litigation in both America and Europe. In late 1971, Kennecott obtained a court order in New York blocking the bank accounts of fourteen Chilean agencies. Kennecott then filed suit in French court and succeeded in having an embargo placed on a shipment of copper about to be delivered to that country from Chile. This was followed by suits in Holland, Germany, Sweden, and Italy. Not all of the suits were successful, but these tactics made buyers wary and many sought their copper elsewhere. Eventually, "all shipments of copper were delivered to their purchasers, but the Chilean Copper Corporation (CODELCO) was involved in costly legal battles

in many European countries."[39] All of these tactics added to the growing economic crisis in Chile.

C. NATIONALIZATION OF OTHER U.S. INTERESTS IN CHILE

The nationalization of other U.S. interests in Chile was generally completed after direct negotiations with the U.S. firms involved and was much less dramatic than was the case with copper. The major exception to this pattern was ITT. The stormy relationship between Chile and ITT will be dealt with in a later section of this thesis since it involved a great deal of intrigue.

In the cases of 20 U.S. companies, Allende "intervened" in their operations in order to obtain control. He claimed these "legal resorts" (recursos legales) were authorized by laws passed in 1932. Intervention (temporary takeover of management) was authorized in industries which were not functioning because of labor disputes. These laws also allowed the government to "requisition," temporarily, industries and businesses involved in producing or distributing articles of "basic necessity" if they ceased production or "unjustifiedly" produced deficiencies of those articles. Another tactic of Allende's government was the manipulation of wages and prices. By keeping prices down and raising wages, the government

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[39] Paul E. Sigmund, The Overthrow of Allende and the Politics of Chile, pp. 191-192, University of Pittsburgh Press, 1977.

could bring industries "to bankruptcy or to such deep indebtedness to the state banking organs that takeover was simple. ...From the outset, these legal provisions - originally intended in most cases to authorize only temporary government takeovers of private firms - were employed by the Allende administration to establish permanent state control of many sectors of the economy."[40]

The Chilean government negotiated with a dozen firms to buy-out total control or majority ownership. Most of these negotiations were conducted by the State Development Corporation (CORFO). A list of firms nationalized, intervened or bought-out is found in Table XII.

Reactions by most of the U.S. firms dealing with Chile at this time were more subtle than Kennecott's or ITT's. Many insisted on cash in advance, higher payments, special forms of payment, or insisted on purchases of unwanted items along with those sought. "There were many instances when Chilean companies were frequently denied spare parts, machinery, etc. from former U.S. suppliers (and from many a company in Western Europe as well). In part as a result of this discreet, unofficial blockade, the U.S. share of total Chilean imports fell from 37.2 percent in 1970 to about 10 percent in 1972."[41] In areas requiring specialized equipment

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[40] Ibid., p. 133.

[41] Op. Cit., De Vylder, p. 129.

TABLE XII

U.S. COMPANIES EXPROPRIATED/BOUGHT-OUT BY ALLENDE'S REGIME[42]

NATIONALIZATIONS

Anaconda (Chuquicamata-49%, El Salvador-49%, Exotica-75%)
Kennecott (El Teniente-49%)
Cerro (Andina-70%)

INTERVENTIONS

Cinema International (percent share unknown)
Columbia Pictures (Columbia Pictures of Chile-100%)
Corning (Cristalerias de Chile-37%)
Crown Cork (Crown Cork de Chile-100%)
Dow (Dow Quimica Chilena-100%, Petroquimica Dow-70%)
Ford (Ford Motor de Chile-100%)
General Cable (MADECO-approximately 50%)
General Electric (Electromat-majority)
General Tire (INSA-37%)
IBEC (Concretos Ready-Mix-100%)
International Chemical Fibers (Quimica Industrial-60%)
ITT (Chiltelco-70%, Standard Electric-100%, Guias de Telefonos de Chile-100%)
IRECO (IRECO Chile-75%)
Textron (American Screw (Chile)-52%)
Johns Mansville (Pizarreno-10%)
Phelps Dodge (Cobre Cerrillos-majority)
MGM (MGM de Chile- percent share unknown)
Twentieth Century Fox (Twentieth Century Fox de Chile-100%)
United Artists (United Artists South American Corporation-percent share unknown)
Warner Brothers (Warner Brothers, Inc.-percent share unknown)

BUY-OUTS

Anglo Lautaro (SOQUIMICH-49%)
Armco (Armco Chile-51% of Armco's 70% interest)
Bank of America (Bank of America-100%)
Bethlehem Steel (Bethlehem Chile Iron Mines Co.-100%)
Coca-Cola (Embotelladora Andina-51%)
Dupont (Industrias Quimicas Dupont-100%)
First National City Bank (First National City Bank-100%)
General Motors (GM Chile-100% leased)
NIBCO (Industrias NIBSA SGM Sudamericana-50%)
Parsons and Whittemore (Celulosas Arauco-20%)
RCA (RCA S.A. Electronica-share reduced from 66% to 49%)
Ralston-Purina (Purina de Chile-80%)

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[42] Op. Cit., Hearings, pp. 116-117.

and parts, the effect of this policy was drastically felt, especially in the mining industries. "The Chile Copper Company had agreed to buy heavy multi-million dollar trucks from an Australian company, but the Australians reneged when Kennecott said would never buy from the company again."[43]

D. U.S. MILITARY AID TO CHILE DURING THE ALLENDE YEARS

An anomaly in this patter of denied financial assistance was found in the area of military aid. Table XI showed the steady growth of military assistance throughout Allende's years in office. From the beginning of Allende's administration, there was a widespread belief in both Chile and the U.S. that if Allende were to be overthrown or forced from office it would be by action from or with the blessings of the armed forces of Chile. The U.S. had been able to maintain cordial relations with the Chilean military and wanted this relationship to continue. They were encouraged when the Chilean military refused a Soviet offer to supply $300-million in military equipment to Chile in 1971.[44] Apparently, the military was anxious not to weaken ties with the United States and Western Europe by turning to the Soviet Union for arms. Despite the coolness of official U.S.-Chilean relations, the United States continued to maintain friendly relations with the Chilean

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[43] Op. Cit., MacEoin, p. 135.

[44] Op. Cit., Theberge, p. 80.

military throughout the Allende period."[45] If the eventual overthrow of Allende was the ultimate aim of U.S. policy-makers, the continuation and steady growth of military aid to Chile appears to have been a sound and successful decision.

E. CONCLUSION

There appears little room for doubt that the United States followed an official policy of economic pressure towards Chile. It unofficially encouraged other governments, international organizations and private businesses to join in this "invisible blockade." Certainly, such actions seemed in the best interests of the U.S. firms whose assets in Chile were being expropriated. Statements by President Nixon, Secretary of State Rogers, and others ought to be accepted at face value as being official U.S. policy. In an interview with David Frost, Richard Nixon confirmed he personally approved the economic squeeze against Chile. He said, "I indicated that wherever we had a vote, where Chile was involved, that unless there were strong considerations on the other side that we would vote against them."[46] Nixon made that decision before Allende ever took office. Further enlightenment on this subject is found in the next section.

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[45] Ibid., p. 80.

[46] The New York Times, "Excerpts From Nixon Interview on Agnew, Chile and His Decision to Resign," 26 May 1977.

A quick review of U.S. governmental and corporate actions during the Allende years will show the breadth of the policies that were followed. First, the United States quickly moved to halt economic aid to Chile. The two major exceptions were military aid and Food for Peace, which actually increased. Second, the United States used its influence to reduce economic assistance to Chile from international agencies. Third, the United States was slow to respond to debt payment rescheduling negotiated through the Club of Paris. Fourth, private lending institutions were encouraged to join this financial blockade. Fifth, Kennecott moved to halt payments to the Chile Copper Company through litigation in U.S. and European courts. Sixth, U.S. suppliers demanded cash in advance or other special forms of payment for goods sold to Chile. Seventh, pressure was placed on other international suppliers to demand similar payments, or preferably, not to sell to Chile at all. Finally, much needed spare parts were not made available or were delayed in getting to Chile.

There is no argument that Chile's economy was in a shambles at the time of the coup in 1973. The question that remains unanswered is how much effect the policies of the United States and big business had in creating that chaos. There are those who insist that the blame rests entirely with the United States, or at least that "United States measures contributed in an important way to decline in the Chilean

economy."[47] On the other side of the coin, there are those who insist that "united front tactics in Chile" by themselves brought about "the worst economic crisis in Chilean history."[48] The truth probably lies somewhere in between those two positions. "Just as substantial U.S. economic assistance and political support could not make the Frei 'revolution in liberty' succeed, so the now documented U.S. government economic pressures ... could not, of themselves, assure that Allende's 'transition to socialism' would fail."[49]

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[47] Op. Cit., Blasier, p. 263.

[48] Op. Cit., Theberge, p. 82.

[49] Op. Cit., Sigmund, pp. 283-284.

IV. COVERT GOVERNMENTAL AND CORPORATE PRESSURES

Although the covert operations of the United States government (primarily the CIA) and multi-national corporations (principally ITT) did not have as great an effect on the overthrow of Allende's administration as the economic policies they pursued, it was these clandestine actions which, when uncovered, received most press attention. The uncovering of these activities and the attendant pejorative news coverage brought great embarrassment to the government and discredit to the intelligence agencies. Only now have the "secret services" of the U.S. begun a slow return to favor in the eyes of the public; however, they are likely never to regain the broad power base they enjoyed prior to these events.

This section will examine the extent of covert operations conducted in Chile by corporate and governmental sectors of the United States. It will focus on the roles played by these groups in trying to keep Allende from power, to discredit him once he was in power, and the connections they may have had to his overthrow in 1973. There were two primary organizations whose involvement in Chile is now well-known and fairly well documented; the Central Intelligence Agency and International Telephone and Telegraph. The CIA was involved purportedly for national security reasons and ITT was motivated solely by economic considerations.

A. ATTEMPTS TO KEEP ALLENDE FROM OFFICE

Faced with the prospect of losing its lucrative enterprises in Chile, ITT began a massive campaign to keep Allende from coming to power. Failing that, it hoped to ensure that he remained in office less than a year. ITT claimed assets in Chile worth $153-million, involving six major affiliates and nearly 8,000 employees. Its covert efforts to defeat Allende were revealed by columnist Jack Anderson in 1972. The documents he obtained and released to the press comprised 26 confidential ITT memoranda describing the firm's efforts to block the inauguration of Allende in late 1970. As Anderson declared, "These documents portray ITT as a virtual corporate nation in itself with vast international holdings, access to Washington's highest officials, its own intelligence apparatus and even its own classification system."[50]

The United States government was not idle during this period. In 1969, the National Security Council (NSC) drafted Memo #19 which developed a strategy for overthrowing Allende should he come to power by using violence. Since the text of Memo #19 has never been made public, it is difficult to ascertain if the policies eventually followed by the U.S. were first formulated in this document. It is interesting to note that the NSC apparently had concluded that the

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[50]Jack Anderson, "The Washington Merry-Go-Round," The Washington Post, 21 March 1972.

electoral system would continue to fail Allende. The existence of Memo #19 was revealed in a Senate staff report in 1974 which concluded that it was the "umbrella" under which covert operations against Chile were authorized. Such a policy document would have been drafted under the direction of Henry Kissinger, who was then the National Security Advisor to President Richard Nixon.[51] Kissinger has been suspected of being the author and motivator of U.S. policy towards Chile during the Allende years. In 1970 he is alleged to have said, "I don't see why we need to stand by and watch a country go Communist due to the irresponsibility of its own people."[52]

Kissinger also chaired the "40 Committee," the National Security Council's oversight organ which authorized all plans and expenditures for covert activities by agencies of the U.S. government. Although the existence of this committee had long been reported in the press, it was not until 1974 that President Ford admitted its existence officially. The 40 Committee met on 27 June 1970 to discuss plans for Chile. Besides Kissinger, members of this committee included the Chairman of the Joint Chiefs of Staff, the deputy Secretary

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[51] Laurence Stern, "Perjury Inquiry Urged on Chile Data," The Washington Post, 17 September 1974; also, Op. Cit., MacEoin, p. 62.

[52] Seymour M. Hersh, "Censored Matter in Book About CIA Said to Have Related Chile Activities," The New York Times, 11 September 1974.

of Defense, the deputy Secretary of State, the Director of Central Intelligence, and (until 1972) the Attorney General. After the June meeting, CIA director Richard Helms promised John McCone, a former head of the CIA and a member of ITT's board of directors, "an expenditure of $400,000 in CIA funds to assist anti-Allende news media."[53] However, the CIA turned down an ITT request "that it channel a 'substantial' sum in ITT funds to the Alessandri campaign, but it (gave) the company advice on how to pass $350,000 of its own money and an equal amount from other companies (including Anaconda) to the candidate and the parties backing him."[54]

After Allende's victory (4 September 1970), the 40 Committee met again on 8 September to discuss what actions should be taken in response to the election. The likelihood that Allende's election would be ratified by the Chilean Congress and the unlikely intervention of the military were discussed. J. D. Neal, ITT's director of international relations, telephoned Viron Vaky, an assistant to Henry Kissinger, renewing the contact between the corporation and the government on 13 September. In a memorandum dated the following day, Neal reported his conversation with Vaky to

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[53] Op. Cit., MacEoin, p. 68.

[54] Op. Cit., Sigmund, p. 112; also, Seymour M. Hersh, "U.S. Documents Show a Secret Offer by Anaconda To Give Money to a 1970 Foe of Allende in Chile," The New York Times, 24 December 1976.

William R. Merriam, vice-president in charge of ITT's Washington office. Neal reportedly told Vaky that ITT's president and chairman of the board, Harold S. Geneen, was interested in coming to Washington to discuss the company's concern about events in Chile and that the company was willing to "assist financially in sums up to seven figures" any program aimed at thwarting Allende. Vaky promised to pass Neal's message along to Kissinger and "offered to keep (ITT) informed."[55]

On that same day (14 September) the 40 Committee again met in secret session. William Colby later told a House Armed Services Subcommittee that at this meeting $350,000 was authorized "to bribe members of the Chilean Parliament."[56] However the money was never spent. The committee also decided to instruct the ambassador to Chile, Edward M. Korry, to try and pursuade President Frei to make arrangements to prevent Allende's assuming the presidency. Korry reported back that he told Frei that if Allende were elected "not a nut or a bolt" would be allowed to reach Chile and that the United States would do everything in its power to "condemn

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[55]Stanley Karnow, "ITT's Chile Caper," The Washington Post, 27 March 1972. (Unless otherwise noted, all citations from ITT memoranda or notes are from this source.)

[56]Philip Shabecoff, "President Publicly Backs Clandestine CIA Activity," The New York Times, 17 September 1974.

Chile and the Chileans to utmost deprivation and poverty."[57] Two days later in Chicago, Kissinger declared that "an Allende takeover in Chile would present massive problems for us, and indeed to the whole Western Hemisphere."

Meanwhile ITT began receiving field reports from an operative in Latin America, Robert Berrellez, a long-time Associated Press reporter in Latin American then serving ITT in Buenos Aires. He relayed his reports through Harold Hendrix, a former Scripps-Howard reporter in Latin America, then stationed by ITT in New York. A memorandum on 17 September to E. J. Gerrity, a senior vice-president for ITT, claimed that Ambassador Korry had received on 15 September (one day after the 40 Committee had met) a message from the State Department "giving him the green light to move in the name of President Nixon." He was supposedly instructed "to do all possible - short of a Dominican Republic-type action - to keep Allende from taking power." Failing to win Frei over with his economic threats, one U.S. critic pointed out that Korry and the State Department "opted for a low profile, presumably satisfied that the objective would be more easily secured by letting (Allende) turn for a time slowly in the wind."[58]

The officially-stated policy of the U.S. towards Chile was tolerance and non-interference, a far-cry from what

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[57] Laurence Stern, "Contradictions on Chile," The Washing-Post, 28 November 1975.

[58] Op. Cit., MacEoin, p. 63.

turned out to be official U.S. policy. Far more serious assertions by Berrellez and Hendrix were that the military had been offered "full material and financial assistance by the U.S. military establishment." This was being reported at the same time that Ambassador Korry was reporting that "opportunities for significant U.S. government action with the Chilean military are non-existent," and the CIA agreed that "military action is impossible; the military is incapable and unwilling to seize power. We have no capability to motivate or instigate a coup."[59] Berrellez and Hendrix also proposed a campaign of propaganda and advertising against Allende in leading Chilean and Latin American newspapers.

On 21 September, Neal sent a memorandum to Merriam praising the Berrellez and Hendrix memo and stating that he had contacted a State Department official, John Fisher, and advised him that ITT was "ready to see anyone or do anything possible." The next day Gerrity cabled Geneen, who was in Europe, and recommended that the company pursue the "strategy" put forth by Berrellez and Hendrix as the "best course to be followed." Gerrity also reported that Merriam had made contact with "the man you introduced him (to) some months ago." The "man" later proved to be William V. Broe, the director of the CIA's Latin American division of Clandestine Services. In a longer cable on 29 September, Gerrity reported that the

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[59] Op. Cit., Sigmund, p. 113.

"man" had put forth a plan aimed at causing social unrest, economic chaos and giving the military the pretext needed to stage a coup. Gerrity said he did "not necessarily agree" with the plan. Involved in the plan were many of the economic sanctions discussed in the previous section of this thesis. An internal ITT memo from Gerrity to other executives dated the next day, disclosed that Geneen also felt that Broe's suggestions were "not workable." Gerrity further reported that the CIA had been advised by a representative of Alessandri in Chile that for the moment the best course of action to follow was to "keep cool, don't rock the boat, we are making progress." Gerrity noted that this was "in direct contrast to what Broe recommended."

From his position in Latin America, Berrellez felt that nothing was being done. He telephoned Hendrix in New York on 29 September and reported, "A more realistic hope among those who want to block Allende is that a swiftly deteriorating economy ... will touch off a wave of violence, resulting in a military coup." He had apparently realized that a propaganda campaign was not sufficient to block Allende. Berrellez' insistence that there was hope of a military intervention was not reflected elsewhere. Berrellez, "known among foreign correspondents in Latin America for having held highly conservative opinions about Latin American politics," may have optimistically reported what he wanted to

believe rather than what really was.[60] Berrellez cautiously added to his report that "every care should be exercised to insure that we are not - repeat are not - identified with any anti-Allende move." Neal reflected Berrellez' disappointment with U.S. actions when he wrote the next day in a memo to Merriam, "Why should the United States try to be so pious and sanctimonious in September and October when over the past few years it has been pouring the taxpayer's money into Chile, admittedly to defeat Marxism? Why can't the fight be continued now that the battle is in the homestretch and the enemy is more clearly identifiable?"[61]

Merriam expressed a similar tone of disappointment a week later (7 October) in a note to Gerrity when he pointed out that "everyone foresees an Allende victory in Congress unless some last minute miracle takes place." He also took the opportunity to knock the State Department by pointing out that Assistant Secretary of State Charles Meyer was leaving for a week in the Caribbean "while Santiage burns!" Two days later Merriam wrote McCone giving a synopsis of the Chilean situation and asserting that he had learned from the CIA that "approaches continue to be made to select members of the (Chilean) armed forces in an attempt to have

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[60] Lewis H. Diuguid, "ITT's View of Chile: How Accurate the Picture," The Washington Post, 23 March 1972.

[61] Philip O'Brien, editor, Allende's Chile, p. 227, Praeger Publishers, 1976.

them lead some sort of uprising." This was a startling revelation when one considers that less than a week later ITT's own sources reported that General Roberto Viaux had been told by Washington to "hold back" on a coup he was reportedly primed to launch. As shall be pointed out, the very existence of CIA overtures to the military was a closely held secret.

J. D. Neal visited with Ambassador Korry while the latter was in Washington for consultations. He reported on 15 October that Korry was having difficulty convincing the administration to halt "every possible assistance," and that he advised Geneen to forward "any ideas about U.S. policy toward Allende's government" to the White House "immediately." The next day Hendrix informed his superiors that General Viaux was advised from Washington not to launch a coup because they felt "he was not adequately prepared" and his attempt could end up as "a Bay of Pigs in Chile." Washington had probably gotten cold feet after receiving persistent messages from Ambassador Korry that any military coup would be disastrous. Korry had informed the State Department on 25 September that he was "convinced we cannot provoke a military coup" and that he had "instructed our military and (the CIA) not to engage in encouragement of any kind." On the 9th of October he used even stronger language insisting that any military intervention would bring "an unrelieved disaster for the U.S. and for the

President." Korry sent his messages because he believed the CIA was "up to something behind my back," and he was right.[62]

At a meeting at the White House on 15 September, Richard Nixon declared that "an Allende regime in Chile would not be acceptable to the United States."[63] A plan was formulated at this meeting known as "Track II" whose sole objective was the promotion of a military coup. In attendance at the meeting with President Nixon were: Henry Kissinger, John Mitchell, and Richard Helms. Helms was offered $10-million to carry out the program and he later reported, "If I ever carried a marshal's baton in my knapsack out of the Oval Office, it was that day." Six days later the Santiago CIA chief received word that "a military solution" was the "objective." The message also stated that the CIA was "explicitly told that the 40 Committee, State, Ambassador, and Embassy were not to be told of this Track II or involved in any manner."[64] CIA overtures to the military, as expected, were not successful. One important development during this period was the formation of the ultra-rightest Fatherland and Liberty party (Patria y Libertad) by Pablo Rodríguez Grez. Some $38,500 were

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[62] Op. Cit., Sigmund, p. 115.

[63] Laurence Stern, "Nixon Issued CIA Order to Block Allende," The Washington Post, 21 November 1975.

[64] Op. Cit., Sigmund, p. 115

funneled to the Fatherland and Liberty organization as part of the Track II effort.[65] Hendrix's October 16th memorandum noted that "as part of the persuasion to delay (his coup), Viaux was given oral assurances he would receive material assistance and support from the U.S. and others for a later maneuver." He also noted that Chile "was now swarming with CIA agents."

A 20 October letter from Gerrity to Geneen suggested that in the event of Allende's election the government should invoke the Hickenlooper Amendment, which calls for cutting off all aid to countries that nationalize U.S. firms without compensation. He also wrote that same day to McCone suggesting Viaux might yet stage a coup before the Congressional election. Two days later the commander-in-chief of Chile's army, René Schneider, was assassinated during a kidnap attempt. Viaux was arrested and convicted, ending any chance of his staging a coup. Records indicate that Viaux's arrest ended any serious attempt by the U.S. to encourage or promote a military overthrow. That same day Merriam wrote Gerrity advising him that economic pressure now seemed the best course to follow and that he would be contacting the majority and minority leaders of the Senate, Mike Mansfield and Hugh Scott, to urge their support. Finally, recognizing the inevitability of an Allende victory,

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[65] Ibid., p. 118

Merriam noted that "every possible pressure which might keep Dr. Allende in bounds" must be applied. He then proposed an economic program to be followed in Chile. He forwarded a copy of this program to Henry Kissinger the next day. Kissinger responded a week later, saying, "It is very helpful to have your thoughts and recommendations, and we shall certainly take them into account." Some thought this a cool response, but Merriam forwarded the note to Gerrity adding, "Believe this to be more than perfunctory. Things are brewing on the Chile matter and will be back to you later on that subject."[66] Kissinger had already adopted a strategy towards Chile nearly identical to that suggested by Merriam.

The following day (24 October) Allende's election was confirmed by the Chilean Congress. All of the intrigues and plots had failed to keep him from office. One government source noted, "There was a range of alternatives being considered. The options ranged from a marine-type invasion to massive infusions of money. When Allende became President, everybody breathed a sigh of relief because we hadn't done anything."[67]

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[66] The New York Times, "ITT Is Accused of Having Tried to Influence U.S. Policies in Latin America," 23 March 1972.

[67] Seymour M. Hersh, "Kissinger Called Chile Strategist," The New York Times, 15 September 1974.

B. DESTABILIZATION OF THE ALLENDE REGIME

It became immediately apparent that normal relations with Chile would not continue. President Nixon refrained from sending the routine congratulatory message to the President-elect. The large corporations also realized that they would have to alter their modes of operation in Chile. An organization was established by Anaconda to formulate a common policy for dealing with Allende. Joining Anaconda in this group were: ITT, with Merriam as its representative, Kennecott, Grace, Pfizer, Ralston-Purina, and Bank of America.[68] Credit withholding from Chile started immediately; but, the State Department and the multinationals adopted a wait-and-see attitude for the most part. Only the Central Intelligence Agency continued its operations without interruption.

Details of CIA activity in Chile from 1970 to 1973 were first provided to the House Armed Services Subcommittee on Intelligence by CIA director William E. Colby in April 1974. The head of this subcommittee, Michigan Democrat Lucien N. Nedzi, made the transcript of Colby's testimony available to the liberal Democratic representative from Massachusetts, Michael J. Harrington. A long-time critic of the Central Intelligence Agency, Harrington wrote letters protesting the

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[68] Op. Cit., MacEoin, p. 67.

CIA's activities to other members of Congress, including the chairman of the House Foreign Affairs Committee, Thomas E. Morgan. A copy of this letter to Morgan was leaked by Harrington to the Press in September 1974.[69] The letter detailed some of the specific authorizations that had been granted to the CIA during the years in question.

The most widely publicized revelation out of Harrington's letter was the fact that the 40 Committee had authorized $8-million for clandestine activities in Chile since 1969. Washington sources indicated that about $7-million of the authorized funds were actually spent.[70] Harrington's letter stated that these funds included $5-million [illegible]ed for "destabilization activities."[71] Colby [illegible]lied that "the word 'destabilize' in whatever [illegible]ical form" appeared anywhere in his testimony. He added that such an accusation was "not a fair description of our national policy from 1971 on."[72] Exactly what our national policy

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[69]Seymour M. Hersh, "CIA Chief Tells House of $8-Million Campaign Against Chile in '70-'73," The New York Times, 8 September 1974.

[70]Peter Kihss, "U.S. Took 'Extraordinarily Soft Line' In Allende's First Year, Envoy Says," The New York Times, 19 September 1974.

[71]Joan Adams Johnson, "Washington Storm Over Role in Chile," The Christian Science Monitor, 18 September 1974.

[72]William E. Colby, Letter to the editor, The New York Times, 18 September 1974.

was is not certain in spite of the wealth of information available on the subject. The CIA seemed bent on a course that would undermine Allende's popular support; however, the State Department, at first, seemed willing to work with Allende.

Ambassador Korry said the United States pursued "an extraordinarily soft line" with Allende during his first year in office. In fact, the Ambassador reported having offered Allende "an incredibly generous economic package" in mid-summer 1971. The offer included the underwriting of low-interest Chilean bonds by the United States with "the full faith and credit of the American Treasury, if the Allende regime would negotiate a settlement with ITT and the two copper companies (Anaconda and Kennecott)."[73] He said he made the offer "in my name only" and without the knowledge of the companies concerned. Prior to making the offer, Korry had obtained separate approvals from Rogers and Kissinger, and he carried a personal letter from Rogers to Chilean Foreign Minister, Clodomiro Almeyda, supportive of the proposal. Korry says the offer "was not motivated so much by the desire for compensation" as it was to avoid having to pay millions of dollars from the Overseas Private Investment Corporation (OPIC), the U.S. governmental agency

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[73] The Miami Herald, "'Generous' Offer to Allende by U.S. in '71 Disclosed," 13 September 1974.

which insures private investors against expropriation. Allende rejected the offer for "ideological reasons."[74]

The New York Times, in a 16 September 1974 editorial, asked:

> Are we to believe that Ambassador Korry and the State Department were endeavoring to stabilize Dr. Allende's Government while the CIA was trying to "destabilize" it? Could the American Ambassador in Santiago and the Assistant Secretary of State for Inter-American Affairs have been ignorant of what the CIA was doing - or was the CIA in truth a law unto itself?

The United States had long operated its covert activities in such a manner that the President and State Department could plausibly deny knowledge of their existence. In this case, it may have been the truth. The animosity between Kissinger and the State Department was well-known and Richard Helms testified that the State Department and the Ambassador were not told about Track II programs.

The $8-million authorized by the 40 Committee was not approved all at once; rather, it was approved at a series of meetings beginning with the one in June 1970. Other meetings were held in September 1970, November and December 1971, April 1972 and August 1973.[75] President Ford, in an unprecedented news conference, admitted the United States

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[74] Edward M. Korry, "Ambassador Korry on a 1971 Proposal to Allende," The Washington Post, 23 September 1974.

[75] Op. Cit., Sigmund, p. 166; also, Op. Cit., Hersh, The New York Times, 8 September 1974.

clandestine intervention in Chile. He asserted that the effort was mounted to "help and assist the preservation of opposition newspaper, electronic media and to preserve opposition political parties."[76] Exactly how the CIA's funds were spent is not known.

Evidence indicates that the CIA funds were spent in three different areas. One area, as President Ford noted, was the support of opposition newspapers and radio stations in Chile. Allende supporters contend there was no reason to assist the media since under his administration "no government censorship of the press was established."[77] Allende's detractors painted a much grimmer picture. They pointed out that attacks on the media "were rarely frontal and overt. They were nearly always financial in some way. And ... were almost never as heavyhanded as censorship."[78] Just three months after Allende assumed office, the government acquired a monopoly in Chile of slick-paper magazine and book publishing. They were able to take control through a series of leftist-controlled strikes and a Communist-directed

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[76] Los Angeles Times, "U.S. Intervened in Chile, Ford Says, But Had No Role in Coup," 17 September 1974.

[77] Tom Wicker, "Was Ford Conned On Chile?" The New York Times, 20 September 1974.

[78] David F. Belnap, "Allende Attempted to Quash All Opposition," Los Angeles Times, 27 September 1974.

arbitration which left the paper distribution company the choice of giving in or going broke. The government used similar tactics in an attempt to gain control over the company which supplied most of Chile's newsprint. Unable to purchase shares from the company's 16,000 shareholders, the government tried to force the company into bankruptcy by controlling prices and increasing wages. The company lost $9.1-million during a twelve-month period.[79] The reason the stock purchase method did not work was that a "fund for liberty"[80] had been established (possibly with some CIA funding) that outbid the government or provided an alternative place for people to sell their shares.

The government's most effective tool for applying pressure was advertising. As Chile's largest advertiser, the government could channel a majority of its business to radio stations and newspapers sympathetic to its policies. As the government took over more and more businesses, the private sector's advertising began to dry up. By the end of 1971, El Mercurio, the nation's largest newspaper and an anti-Allende publication, had lost 60 percent of its normal volume of advertising. Opposition radio stations suffered an average

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[79] Ibid.

[80] Op. Cit., Hearings, p. 248.

loss of 80 percent.[81] Closures of radio stations that the government claimed "endangered national security" became a "common occurence" under the Allende government.[82] Facing that sort of pressure, there was genuine concern about how long some of the opposition media could survive.

The second largest area of reported financial support, and possibly the largest area of funding, was the backing of "gremios" or interest groups. The gremios included such groups as trade unions, occupational associations (such as truckers, shopkeepers, doctors, lawyers, etc.), and some sectors of the peasantry. "Intelligence sources" have insisted "that the majority" of the $8-million given to the CIA "was used in 1972 and 1973 to provide strike benefits and other means of support for the anti-Allende strikers and workers."[83] Starting in late-1971 and continuing to just prior to Allende's overthrow, a series of mass mobilizations by the right kept Chile's economy in turmoil. The peaks of these demonstrations were in December 1971, March, October 1972, May, June and August 1973.[84] Although there

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[81]Op. Cit., Belnap, Los Angeles Times, 27 September 1974.

[82]Everett G. Martin, "Did the Chilean Press Need CIA Help?" The Wall Street Journal, 18 September 1974.

[83]Seymour M. Hersh, "CIA Is Linked to Strikes In Chile That Beset Allende," The New York Times, 20 September 1974.

[84]Op. Cit., O'Brien, p. 236.

is no direct evidence that CIA funds were used to finance these strikes, there is indirect corroboration of outside financing. During Allende's three years in power, the black market value of the dollar continued to rise substantially, except during the "bosses strike" in October 1972 and the August 1973 disruptions, when it actually fell. There was an obvious influx of dollars to the black market during these periods.[85]

Without question, money alone could not have spawned the massive demonstrations that took place in Chile. Apparently the CIA offered other kinds of assistance as well as financial support. An article in the Sunday Times claimed that "108 Chileans from the gremios and unions were trained" at the American Institute for Free Labor Development (AIFLD) school in Front Royal, Virginia.[86] A former CIA agent claimed that AIFLD was a "CIA-controlled" front for "covering trade-union organizing activity."[87] As one official in the U.S. government remarked, "What we really were doing was supporting a civilian resistance movement against an arbitrary Government."[88] It has been suggested

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[85] Ibid., p. 239.

[86] Ibid., p. 238.

[87] Ibid., p. 226.

[88] Op. Cit., Hersh, The New York Times, 20 September 1974.

that $8-million is a minimal amount to finance such an undertaking. Evidence, such as that cited above, indicates that most of that money was converted on the black market at rates up to 800 percent higher than the official rate. In other words, the CIA's funds could have had a local impact in Chile of more than $40-million.[89]

The final area into which CIA funds were channeled was the extreme right, principally the Fatherland and Liberty party. Representative Harrington made note of the $38,500 given to the party as part of Track II and claimed that the CIA "continued payments for at least another year."[90] Other "highly reliable sources" claimed that an executive assistant of Kissinger's, Lawrence Eagleburger, leaked three documents covering meetings of the 40 Committee between 1970 and 1973 showing that funds which may have been destined ultimately for the Patria y Libertad were requested as late as July 1973. The funds were ostensibly requested for support of the National Party, which was "known to have close ties to Patria y Libertad."[91] The CIA was rumored to have direct ties with the party as well. An outspoken

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[89] Ibid.

[90] Michael J. Harrington, "The CIA in Chile: A Question of Responsibility," The New York Times, 2 January 1976.

[91] Seymour M. Hersh. "CIA Said to Have Asked Funds for Chile Rightists in '73," The New York Times, 21 October 1974.

critic of the U.S. claimed that Keith W. Wheelock, a secretary in the U.S. embassy in Chile at that time, was the CIA's contact with Patria y Libertad. He claimed the CIA's embassy "team" included: Joseph F. Manus Daniel Arzac, Dean Hinton, Frederick Lastrash, Keith Wheelock, Arnold Isaacs, Donald H. Winters, Raymond A. Warren , James Anderson, and John B. Tripton.[92] Stanford professor Richard Fagen supported the assertion that the CIA had a large embassy contingent. He said he was approached by the CIA while serving as a consultant in Chile for the Ford Foundation during 1972-73 and asked to be a contact. It was hoped his university connections might provide links for infiltrating the Movement of the Revolutionary Left - the only leftist group the CIA had failed to penetrate. Fagen refused the request but said he was told "about one-third of the total" embassy staff were really CIA agents.[93] No one will ever know exactly how much effect CIA activity had on events that led to the coup d'état that toppled the Allende administration, but one official described U.S. policy as a total failure, "We were not looking for a

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[92]Robinson Rojas Sandford, The Murder of Allende, pp. 112-113, Harper & Row, 1975.

[93]Richard R. Fagen, "The Intrigues Before Allende Fell," Los Angeles Times, 6 October 1974.

military takeover."[94] A further discussion of this point is found in the concluding section of this chapter.

While the CIA was busy in Chile, the Federal Bureau of Investigation became involved in Washington. In mid-April 1971, the Agency requested the Bureau to install "eavesdropping equipment" in the Chilean embassy. FBI director J. Edgar Hoover initially refused. A few days later, Attorney General John Mitchell, at the behest of the CIA, reversed Hoover's decision and ordered the bugs installed. The bugging was halted in February 1972 when Hoover threatened to "blow the whistle." Hoover died in May 1972 and the eavesdropping operation was reinstituted in December of that same year. When the bugging operation ceased is not known, but "they may have been turned off ... in February 1973."[95]

C. THE OVERTHROW OF ALLENDE

There was little doubt in anyone's mind that Allende was about to be forced from power. General Carlos Prats, having lost control over the armed forces, tendered his resignation as commander-in-chief of the army. He presumably wanted to alienate himself from the coup he knew was coming. In a

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[94] Op. Cit., Hersh, The New York Times, 20 September 1974.

[95] George Lardner, Jr., "FBI Bugging Of Chilean Offices Told," The Washington Post, 12 November 1976.

letter addressed to General Prats a few days before the coup, Radomiro Tomic, the Christian Democratic candidate for president in 1970, expressed his sorrow about the inevitable:[96]

> As in the tragedies of Greek classical theater, all know what will happen, all do not wish it to occur, but each one does precisely what is necessary to provoke the unfortunate outcome everyone pretends to avoid.

In this section, the United States' connections with the coup and those who planned and executed it will be examined.

It has been charged that the coup d'etat was the final act of the CIA's "clandestine war against a theoretically friendly government."[97] The facts, however, do not support this contention. It is widely held in most sectors that the United States had no role in planning or executing the coup. Facts supporting both arguments, however, will be presented within the text of the discussion A Senate staff report noted that Kissinger "must have known that expending funds for the express purpose of creating political destabilization had to enhance the possibility, indeed the probability of the coup which, in fact, took place."[98]

There are those who insist the United States had a hands-off policy with the Chilean military starting in 1969; however,

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[96]Op. Cit., Valenzuela and Valenzuela, p. vii.

[97]Joseph C. Harsch, "The CIA Problem," The Christian Science Monitor, 17 September 1974.

[98]Op. Cit., Stern, The Washington Post, 17 September 1974.

this claim has been widely discredited and most sources agree that it was not until the spring of 1973 that contact with the Chilean military was actually broken off. It appears that the primary contacts between the United States and Chile took place directly between navies. An article in the Sunday Times reported that the U.S. Marine attache, Lieutenant Colonel Patrick Ryan, was in liaison with Admiral Turibio Merino, the senior naval officer in Valparaiso, over preparations for the coup.[99] General Prats also asserted that the "coordination and preparation" for the coup took place mainly in Valparaiso between the navy and U.S. officials.[100] When the coup actually began, it was the navy that rebelled first on the morning of 11 September.

The Sunday Times article asserted that there were three principal reasons why U.S. naval intelligence played a main role in pre-coup planning. First, it claimed that in the late 1960s special secure communications networks were established with Latin American navies. That meant the Chilean navy could communicate directly with the U.S. navy without fear of detection. Second, the article points out the traditionally close ties the two navies enjoy. And third, which may be coincidental, the joint exercise known as Unitas was

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[99] The Sunday Times (London), 27 October 1974.

[100] Marlise Simons, "Diary of Murdered Chilean General Gives a Unique Look at Coup, Junta," Los Angeles Times, 20 May 1977.

scheduled to begin on 11 September. In the film entitled "The Battle of Chile," it was asserted that "U.S. intelligence officers" were aboard every Chilean vessel participating in the coup and that U.S. ships "were in direct communication with the coupmakers" throughout the attack.[101] Those assertions are interesting but not documented, nor are they repeated in any of the numerous volumes dealing with the coup. The Chilean navy was also rumored to have direct CIA contact. Early in his term, Allende pushed for the retirement of the Chilean naval attache in Washington, Rear Admiral Víctor Búnster del Solar, allegedly because he was a CIA contact.[102]

Adding credence to the argument that the U.S. navy was in touch with the Chilean navy, the U.S. vessels scheduled for participation in the Unitas exercise remained outside of Chilean territorial waters just prior to the coup. The four ships, USS Richmond K. Turner, USS Tattnall, USS Vesole, and USS Clamagore, were purportedly directed to remain alert but outside of Chilean waters by Admiral Merino.[103] The administrations explanation is more than likely closer to the truth. The government admitted it was told unofficially of the

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[101]Lewis H. Diuguid, "The Seesaw State of Salvador Allende's Third Year of Rule," The Washington Post, 19 April 1973.

[102]Frederick M. Nunn, The Military in Chilean History, p. 273, University of New Mexico Press, 1976.

[103]Op. Cit., O'Brien, p. 240

impending coup but that such warnings had been frequent during the preceding ten months.[104] As a matter of prudence, the administration said it ordered the ships to remain outside Chilean waters and await further instructions. The U.S. stiffly denied complicity with the junta or encouragement of the coup in any way. The new junta confirmed the fact that they deliberately kept Washington in the dark "to prevent any possibility of United States involvement in the overthrow."[105]

It appears that the coup was primarily planned by the Chilean navy; yet, in post-coup interviews each of the service chiefs gave the impression that the plan was primarily his. Admiral Merino said he finally decided to rebel on the 10th of September and sent a secret message with an aide informing the other two service chiefs.[106] According to General Leigh's version of what happened, he initiated the coup by contacting Pinochet on 9 September after hearing a broadcast by Carlos Altamirano. Altamirano called for a new economic structure and military participation in the government.[107]

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[104]Ronald J. Ostrow, "CIA Kept Out of Plot on Allende, Ex-Agent Says," Los Angeles Times, 11 May 1975.

[105]David Binder, "Chile's Junta Says It Kept U.S. in Dark," The New York Times, 15 September 1973.

[106]The Miami Herald, "Admiral: Chile Shattered by a Glass," 9 September 1974.

[107]Op. Cit., Munn, p. 305.

Pinochet, of course, insisted the plan was entirely his and that he did not tell anyone in the air force or navy, fearing they were infiltrated by pro-Allende men. He did admit he was visited by Leigh and Merino on 9 September and that they encouraged him to move his attack from 14 September to 11 September.[108] General Prats said he was "convinced that (Pinochet) joined the bandwagon of the coupmakers only at the last minute."[109] Regardless of who planned the coup, it was a well-thought out, well-executed plan. Launched in the early hours of 11 September, by 1330 that afternoon the coup was over, the presidential palace in flames, and Allende dead.

D. CONCLUSIONS

The extent to which the intrigues of government and corporate interests contributed to the fall of Allende's government may never be known. That they were factors in his downfall cannot be questioned. It should be remembered, however, that no ruling class in history has given up its privileges peacefully. Chile, with or without outside aid, was no exception to this rule. The question which should be addressed is: What were the goals of U.S. policy and were they successfully obtained?

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[108] C. L. Sulzberger, "The Unmaking of a President," The New York Times, 30 November 1975.

[109] Marlise Simons, "Diary of Murdered Chilean General Surfaces in Mexico," The Washington Post, 8 March 1977.

An experienced intelligence executive once observed, "The use of 'covert action' for the implementation of foreign policy may be even counterproductive when successful; when unsuccessful it can be catastrophic."[110] It is still unclear whether the United States feels its policies were successful or unsuccessful. As stated by President Ford, Henry Kissinger, and William Colby, our goal in Chile was not a military coup, whatever else it might it have been. Kissinger, the "architect" of U.S. Chile policy, stated, "Our concern was with the election of 1976 and not at all about the coup that occurred in 1973."[111] And Colby agreed, having stated, "We wanted to sustain their forces until the 1976 election, but because of Allende's oppressive policies, the military finally moved, but this was not a CIA action."[112]

By whatever measure one wishes to use, U.S. Chile policy was unsuccessful in reaching officially-stated U.S. goals. If the U.S. desired to preserve the opposition news media and parties as President Ford stated, it failed. The military junta subsequently banned all political parties and censored the press. If the U.S. desired to preserve democracy until 1976, as stated by Kissinger and Colby, it failed. There

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[110] The New York Times, editorial, quoting Lyman B. Kirkpatrick, 20 September 1974.

[111] Don Irwin, "CIA Role in Chile Cited by Kissinger," Los Angeles Times, 20 September 1974.

[112] The Miami Herald, "CIA Tried to Halt Allende Inaugural," 27 January 1977.

have been no elections in Chile since the coup, except for a plebiscite the U.S. said was unacceptable.

Yet one does not sense that the U.S. feels its Chile policy was a total failure at all. President Nixon probably summed it up best when he observed that the junta "are non-Communist, and ... are not enemies of the United States."[113] William Colby admitted the U.S. "did look forward to a change of government" in Chile.[114] A quick summary of the actions taken by the government and private sectors of the U.S. will help show the magnitude of expression this desire for a new government was given. First it was decided to institute all of the economic sanctions listed the previous chapter. U.S. business grouped together to try and defeat Allende's election, spending some $750,000 for this purpose. ITT went even further when, in concert with the CIA, it encouraged a coup by General Viaux to halt Allende's inauguration. After he was elected and sworn in, the CIA followed a deliberate path aimed at creating economic chaos and social unrest through support of strikes and demonstrations. All told, $7-million was spent between 1970-1973 in this effort. There is no available evidence to support the accusation that the U.S. helped plan and execute the coup, but there is little

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[113] Op. Cit., The New York Times, 26 May 1977.

[114] Richard Reston, "Colby Denies Any Direct CIA Role in Overthrow of Allende," Los Angeles Times, 14 September 1974.

doubt U.S. efforts helped spawn the conditions which led to the coup.

After U.S. efforts in Chile had been leaked to the press, first by Jack Anderson and then by Representative Harrington, the U.S. intelligence agencies were largely discredited. Henry Kissinger, known more for his wit than for his straight answers, implied that no one in the administration was really "that concerned" about events in Chile. He quipped, "Chile is a dagger pointed at the heart of Antarctica."[115] Data indicate that the administration was concerned about Chile, but probably not for obvious reasons. Kissinger's concern about the so-called Euro-Communists in Italy, France, Spain and Portugal was well known, and it was probably the concern - that a successful popular front government in Chile would encourage similar movements within the NATO alliance - that motivated his involvement.

One final point to be emphasized, before leaving the discussion of covert actions, is that there may yet be places for covert actions in the intelligence and foreign relations fields. So far they have shown little continuous benefit for the price they seem always to exact. But as William Colby pointed out, "I think it would be mistaken to deprive our nation of the possibility of some moderate covert action

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[115]Stephen S. Rosenfeld, "Chile, the CIA and Kissinger," The Washington Post, 13 September 1974.

response to a foreign problem and leave us with nothing between diplomatic protest and sending in the Marines."[116]

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[116]Seymour M. Hersh, "CIA Chief Says Covert Activities Are Not Vital," The New York Times, 14 September 1974.

V. CONCLUSIONS

United States' relations with Chile during Allende's years provide a unique laboratory for studying the effects of overt and covert foreign policy implementation. They also underscore the danger implicit in the use of covert actions by a democratic nation. This section will summarize and analyze the information presented, and then apply it in support of or against the hypothesis underlying this study, which is: the U.S. government, in concert with large U.S.-owned corporations, systematically moved to ensure the failure of Allende's Marxist regime.

The first section presented highlights and a brief chronology of modern Chilean politics from just before the turn of the century through Allende's years in power. Most notable in the last years preceding the coup were the polarization of Chilean society and the formation of extremist groups, both right and left. Allende lit a fire he was helpless to control or quench; a fire which the United States helped fuel with economic and covert pressure. Regardless of the extent of United States' interference, which was enormous, many Chileans had no difficulty "in finding sufficient cause for the regime's end in the disastrous repercussions of the regime's own policies."[117] In the aftermath of revelations

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[117] Op. Cit., Hearings, p. 224.

concerning ITT and the CIA, Allende's economic and social policies seem to have been forgotten. Allende received no mandate with his narrow plurality; yet, he proceeded as if he had won by a landslide. Although a majority president has been the exception rather than the rule in Chilean elections (a fact Allende's supporters are quick to point out), other minority presidents have, by and large, represented a portion of the ruling oligarchy and pursued programs within the framework of the status quo. It is again worth noting that no ruling oligarchy has ever peacefully given up its privileges. Since this thesis was not primarily focused upon internal Chilean politics, no in-depth presentation was made. The purpose of the brief discussion which was presented was to remind the reader that the United States was not acting within a political vacuum in Chile; rather, it used the political forces in Chile for its own ends.

The second section dealt with the widespread criticism, both in this country and abroad, of the U.S. press in dealing with Allende. It was assumed that the government and corporations desiring to be rid of Allende would push for a massive propaganda campaign justifying their actions against him. The evidence indicated no significant difference in U.S. newspaper reporting compared to coverage by The Times (London). All major newspapers reported more negative news than positive news and they tended to label Allende a Marxist early in news reports, if they labeled him at all. In

later sections it was shown that there was, in fact, a major propaganda campaign, but that it was conducted in Chile and elsewhere in Latin America, not in the U.S. press. Even a casual perusal of the newspapers in the past few years will show that the U.S. press has been more critical of the junta than they were of Allende.

The economic boycott, or invisible blockade, was discussed in the third section. Officially the policy included the denial of credit, the stopping of foreign aid, and reluctance to renegotiate debt payments with Chile. The only exceptions to this policy were military aid and the Food for Peace programs, which actually increased. Unofficially, the policy included denial of credit by private lending institutions, stringent payment requirements for imports into Chile, denial of spare parts, pressure on foreign governments and corporations not to deal with Chile, costly litigations and embargo of copper shipments to Europe. The invisible blockade was the most effective policy the U.S. followed in bringing pressure and disruption to the Chilean economy. It was this economic pressure which brought the greatest protests from Allende himself. Ultimately, it was the chaotic state of the Chilean economy that caused the military to move against the Unidad Popular and overthrow Allende.

Corporate and governmental covert actions against Chile were discussed next. Even though these efforts had only a minimal effect in Chile, the effect of these policies in the

United States were major and longlasting. Press leakage of secret CIA activities, on the heels of the leaked Pentagon Papers, opened the floodgates that continue to fill the press with sensitive information. The press made folk heroes out of the likes of Daniel Ellsberg and Michael Harrington. What seemed at first to be a minor concern and a matter of conscience, has turned into a major problem of national security. The resultant mistrust of the intelligence community has been relected in tighter budgets and cries for greater control. In Chile the effects were less visible. Efforts by the CIA and ITT to prevent Allende's election were total failures. Early attempts to foment a coup ended similarly. The most effective use IA funds, estimated at $8-million, was in the support of strikes and other disruptions that had a devastating effect on the economy. These strikes, however, were not a result of the availability of CIA funding; rather, funds were made available after the strikes had begun. Since these funds were inserted covertly into the Chilean economy, they were exchanged on the black market at rates up to 800 percent more than the official exchange rate. CIA funds were also used for support of opposition political parties and news media, and to support efforts to block government takeover of some industries. The most controversial use of CIA monies was the support of the extreme right-wing group Patria y Libertad which openly called for the military overthrow of Allende's regime. Without the complementary aspects of the

invisible blockade, it is doubtful that the CIA funds could, by themselves, have brought on a crisis in the Chilean economy. In testimony before a House Subcommittee, Dr. Henry A. Landsberger stated:[118]

> I think one needs to be clear at the outset that no historical event of importance - and the fall of President Allende's government is an event of importance - has ever occurred for a single reason, and... it has never occurred out of foreign money reasons.

In other words, the CIA took advantage of what happened rather than instigating what happened.

President Ford declared that "the effort that was made in (Chile) was to help assist the preservation of opposition newspapers and electronic media and to preserve opposition political parties." That statement is true as far as he took it, but he could have said much more. The most controversial part of his statement continued, "I think this is in the best interest of the people in Chile, and certainly in our best interest."[119] It remains to be seen if the events that actually transpired are in the best interests of the Chileans, but he was probably correct when he declared that these actions were in the best interest of the United States. The most powerful nation on earth can ill afford to be a silent

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[118] Ibid., p. 225.

[119] Op. Cit., Blasier, p. 265.

spectator to events that threaten to alter the balance of power; to do so would be to commit slow suicide. What needs highlighting is that the overt policies of the U.S. had the greatest effect in obtaining the desired result - hurting Chile's economy. The benefits derived from covert actions were not worth the political price paid for them. In a Final Report of a Senate Select Committee, the following conclusions were drawn about covert actions:[120]

> Reliance on covert action has been excessive because it offers a secret shortcut around the democratic process. ...Secrecy has been a tragic conceit. Inevitably, the truth prevails, and policies pursued on the premise that they could be plausibly denied, in the end damage America's reputation and the faith of her people in their government.

Total repudiation of covert actions, however, could have tragic results. America must keep options open to it that allow a wide range of responses to the many and varied political situations it will have to confront.

The final part of this thesis dealt with the U.S. involvement in the coup that actually overthrew Allende. All indications are that the coup was planned and executed by Chileans. Undoubtedly, the U.S. helped spawn the conditions which gave the military the pretext on which to act, but no actual involvement has ever been verified in unclassified literature.

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[120]United States Senate, Foreign and Military Intelligence, Final Report of the Select Committee to Study Governmental Operations with respect to Intelligence Activities, p. 16, U.S. Government Printing Office, 1976.

Regardless of that, Allende's fall will undoubtedly join the overthrows of Mossadegh in Iran and Arbenz in Guatemala as a government toppled by the CIA.

The people of the United States have become cynical of their politicians and institutions. Clear national goals have been diffused by the waffling rhetoric of powerful political leaders. For each stand that is taken, a dozen exceptions are made in the name of détente and good will. America has retreated from the ideal espoused by President Kennedy in his inaugural address: "We shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty." America needs a clear direction and forceful leadership. With its feet on the ground and its eyes on the stars, America can remain on course to its destiny!

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