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## BOOKS IN REVIEW

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### U. S. POLICY TOWARDS CHILE

*THE UNITED STATES AND CHILE: IMPERIALISM AND THE OVERTHROW OF THE ALLENDE GOVERNMENT.* By JAMES PETRAS and MORRIS MORLEY. (New York: Monthly Review Press, 1975. Pp. 217. \$10.95.)

*COVERT ACTION IN CHILE, 1963–1973.* U.S. Senate, Select Committee on Intelligence Activities, Staff Report. (Washington, D.C.: U.S. Government Printing Office, 1975. Pp. 62. \$80.)

*ALLEGED ASSASSINATION PLOTS INVOLVING FOREIGN LEADERS.* U.S. Senate, Select Committee on Intelligence Activities, Interim Report. (Washington, D.C.: U.S. Government Printing Office, 1975. Pp. 349. \$3.25.) "Schneider," pp. 225–54.

*CUBAN FOREIGN POLICY AND CHILEAN POLITICS.* By MILES D. WOLPIN. (Lexington, Mass.: Lexington Books, 1972. Pp. 414. \$15.00.)

The role of external actors, in particular that of the United States, is a continuing topic in writing on Latin American politics. Thanks to the work of American and Latin American scholars, and, since 1973, a series of studies and hearings by congressional committees, we now have a great deal of information about U.S. policy towards Chile in recent years. The problem is to assess the impact of decision making in Washington upon the domestic politics of the countries concerned. The books and reports under review, by the nature of the focus they adopt, tend to underscore the importance of the American role, but they leave unanswered the question of its relationship to internal factors.

The Petras and Morley book relies on a combination of quotations from personal interviews with unidentified Washington officials, extracts from the ITT papers, newspaper reports, and postcoup congressional hearings on Chile to argue that the United States government pursued a centralized and systematic policy that "contributed substantially and directly to the overthrow of the Allende government." That policy was adopted because Allende's democratic socialist government "represented a system challenge, a conflict between two different modes of production" (p. 6). The means utilized were economic pressures through

the denial of external economic assistance and demands for the payment of the substantial foreign debt incurred by previous administrations, CIA covert funding of Allende's domestic opponents, and the promotion of a military coup. Contrasting the Chile policy with that pursued towards Brazil and Peru, the authors argue that the U.S. policy towards Chile was part of a larger regional policy of "general opposition to all efforts at autonomous development" and of support for multinational corporate investment and political repression. (The executive branch is described as "especially enthusiastic over the social character of the Chilean coup" —p. 139.)

The book was published in mid-1975 and utilizes the postcoup leaks to the *New York Times* concerning CIA activity in Chile, but it does not have the benefit of the new material on U.S. policy towards Allende (some of it correcting the *Times* stories) contained in the public hearings of the Senate Select Committee on Intelligence Activities of 4–5 December 1975 and in the two reports that the Committee published at that time, *Alleged Assassination Plots Involving Foreign Leaders*, and *Covert Action in Chile, 1963–1973*. Those reports, and other available materials in the continuing controversy over U.S. policy towards Allende, suggest that the Petras-Morley version of recent Chilean history, while correct in many details, is oversimplified and exaggerated in its attribution to the United States of direct responsibility for the September 1973 coup.

#### *The "Cut Off" of Economic Aid*

Thanks to the Select Committee reports, we now know that the policy actually adopted by the U.S. government amounted to a "credit squeeze" rather than the "cut off" or "embargo" described by Petras and Morley. National Security Decision Memorandum (NSDM) 93, of early November 1970, called for the termination of *new* bilateral aid and attempts "to dry up the flow of new multilateral credit and other financial assistance. To the extent possible, financial assistance and guarantees to private investment would be ended, and U.S. businesses would be made aware of the government's concern" (*Chile* report, p. 33). In actual fact, Chile continued to receive pipeline and humanitarian aid in considerable amounts from AID and the international banks, plus two new loans to private universities from the Inter-American Development Bank, some (sharply reduced by early 1972) credits from U.S. banks, two large export shortfall loans from the International Monetary Fund, and substantial assistance from other countries in Europe and Latin America that more than offset the decline in U.S. aid. (Neither the IMF nor the foreign loans are included in Petras and Morley's appendix on foreign assistance to the Allende regime.) In addition, the ITT papers reveal the general reluctance of American businesses to engage in economic warfare with Chile. Despite NSDM 93, the Export-Import Bank did not terminate its loan guarantee and insurance programs until February 1972, after Chile had declared a moratorium on repayment of its foreign debt in November 1971. The Chilean moratorium is never mentioned by Petras and Morley, and they describe the Export-Import Bank action as occurring in August 1971. These errors and omissions are

noted not to excuse an immoral (because initiated against a government of indisputable legitimacy that had taken no action against U.S. interests) American policy, but to indicate that it was neither as complete, effective, nor successful as Petras and Morley would have it, and had less to do with Allende's overthrow than they claim.<sup>1</sup>

### *The Question of the Chilean Debt*

The most original part of the book relates to the role of the Chilean foreign debt in undermining the Allende government. The argument is that U.S. policy-makers, in demanding payments on schedule, pursued a "no loss" strategy, since either scarce foreign exchange would be diverted from internal programs for debt repayment or Chile's international credit status would suffer and it would be unable to secure new loans, "daily injections" of which "were necessary to nourish the 'habit' cultivated by previous regimes" (p. 12). In making this argument, the debt inherited from the Frei regime is consistently overstated as \$3.83 billion (it was \$2.6 billion), and no mention is made of the increased indebtedness of \$800,000,000 incurred by Allende (since this would refute the argument that there was a credit embargo). The central issue, however, is the stance of the American debt negotiators. In April 1972, the U.S. accepted the rescheduling of the Chilean debt by the Club of Paris, which enabled Chile to secure a number of new loans from Western European countries. It is true that in the individual country-to-country negotiations that followed, the U.S. kept tying the debt repayment question to that of compensation for the copper companies. The American intransigence, however, did not affect Chile's ability to borrow elsewhere and thus, in a sense, Chile had the best of both worlds since, in the absence of a debt rescheduling agreement, Allende's Chile never paid a cent on its U.S. debt after November 1971 (with the interesting exception of repayments for loans to the Chilean military). Debt negotiations with the U.S. continued into 1973 and, lacking access to the position papers of the U.S. negotiators, it is impossible to demonstrate whether (as Petras and Morley assert but do not prove) the U.S. policy was one of "permanent confrontation" and "had hardened beyond compromise" (p. 118). We do know, however, that during 1971, the American ambassador, Edward Korry, offered a U.S. government guarantee of Chilean twenty-year government bonds if Allende would be willing to compensate the copper companies. After an initially favorable response the offer was rejected; had it been accepted, it would have removed the U.S. objection to debt renegotiation.<sup>2</sup>

### *CIA Covert Assistance*

Most of the book's assertions, based on the September 1974 press leaks, concerning CIA aid to opposition groups, have now been confirmed in the Select Committee reports. According to the *Chile* report, between 1963 and 1973 the CIA spent about \$13,400,000 on covert action in Chile, an involvement that was, in the words of the report, "massive and continuous." Eight million dollars was spent for party electoral propaganda, not only in the presidential elections of 1964 and

1970, but also in congressional, municipal, and interim elections. The Christian Democratic Party received the bulk of this support, but substantial amounts also went to the Radicals and the Right. The media, especially radio stations and newspapers, received \$4,300,000, and private sector organizations received \$900,000 (including \$38,500 for the extreme rightist *Patria y Libertad* in 1970 and \$7,000 in 1971). The "Track II" promotion of a military coup in 1970, discussed below, is listed as involving the expenditure of under \$200,000 (*Chile* report, p. 7).

The new information in the Select Committee reports corrects some of the Petras and Morley assertions. Some minor points: (1) The first authorization for a covert anti-Allende effort was for \$135,000 in March 1970, not \$500,000 in 1969 (p. 132). (2) On 8 September 1970, the Forty Committee authorized \$250,000, not \$350,000 (p. 133), to "influence" the runoff in the Chilean congress, but the money was never spent. The authorization was opposed by the State Department as was the stepped-up program of economic pressure on Chile decided upon on 29 September 1970. (3) The testimonies of former Assistant Secretary of State Charles Meyer and Ambassador Edward Korry denying U.S. support for any candidates or parties in the 1970 presidential election or for the kidnapping-murder of General Schneider, do not, as the book asserts, involve "criminal perjury" (p. 133). According to the Select Committee reports, the policy adopted in March 1970 was an anti-Allende "spoiling operation" that ruled out direct financial support to the presidential candidates and parties. Of more general significance, the *Assassination* report indicates that President Nixon and Henry Kissinger deliberately concealed a White House-CIA effort to promote a military coup in September-October 1970 ("Track II") from both the ambassador and the State Department. Ambassador Korry, in his testimony to the Select Committee in December 1975, was able to quote cables he had sent on 25 September and 9 October 1970 warning that U.S. involvement in a military coup could lead to another Bay of Pigs. In addition, the reports indicate that the State Department and Ambassador Nathaniel Davis consistently opposed CIA assistance to the truckers' strikes of 1972 and 1973. The Forty Committee never approved such assistance although, contrary to CIA instructions, a small amount (\$2,800 in October 1972) was passed to the truckers by another organization that the CIA was aiding (*Chile* report, p. 31), and, in 1973, additional amounts may have been passed to the truckers by other private sector groups receiving CIA support. However, the truckers apparently did not receive anything like the "majority" of CIA assistance mentioned in the press reports in September 1974. Disagreements among the various components of the U.S. government on this and other policies are evident in the two Committee reports but they are ignored by Petras and Morley. They must be ignored because they might cast some doubt on the basic thesis of unremitting hostility to Allende and implacable determination to provoke a coup.

#### *U.S. Direct Involvement with the Chilean Coup*

In the specific case of Ambassador Davis, Petras and Morley misdate and misquote an embassy cable of March 1972, which argued that a military coup was

unlikely at that time, and make it appear that Davis was a supporter of a coup in early 1971—before he had even arrived in Santiago (p. 82). Similarly, Davis's trip to Washington the week before the coup is cited as an indication that "perhaps" the National Security Council Chile Group set the timetable for the coup. Along with the presence in Valparaiso of U.S. navy officers and a retired U.S. engineer from the Canal Zone, this is the only evidence cited to support their assertion that the U.S. government "played an important role in the highly organized and coordinated military operation that culminated in the overthrow of the Allende government" (p. 130). The Select Committee's report on Chile provides a different answer to the question of the U.S. role. It states (p. 2) that the Committee "found no evidence" that the U.S. was "directly involved, covertly, in the 1973 coup," although through Track II the CIA had sought to foment a coup in 1970 and thereafter "it remained in intelligence contact with the Chilean military, including officers who were participating in coup plotting."

The *Assassination* report indicates that, beginning on 15 September 1970, the White House and the CIA had secretly attempted to promote a military coup to prevent Allende from taking power. On 15 October, Henry Kissinger instructed the CIA to warn one of the leading military conspirators, retired General Viaux, against precipitate action. However, CIA efforts with military officers on active duty continued after that time, and arms were passed to an army officer early on the day that General Schneider was killed. Thomas Karamessines, the CIA man in charge of the operation, testified to the Select Committee in 1975 that the "seeds were laid" in 1970 that "had their impact in 1973" (*Assassination* report, p. 254). The *Chile* report indicates that while the Santiago station was authorized to monitor coup plotting, it had been warned by CIA headquarters that the Forty Committee had not approved actual coup involvement. Beginning in late 1971, nonetheless, the CIA attempted to penetrate a group of military men known to be plotting a coup. The only specific examples of covert encouragement of the military against Allende that investigators found in the CIA files were the passage of a packet of partially fabricated materials to a Chilean officer outside of Chile in December 1971, and the subsidization of a short-lived antigovernment news pamphlet in early 1972. The report concludes, however, that the CIA activities "put the United States Government in contact with those Chileans who sought a military alternative to the Allende presidency" (*Chile* report, pp. 38–39), although it was not directly involved in the September 1973 coup.

Petras and Morley argue that it was possible for the U.S. "imperial strategy" to penetrate Chilean society because of its "permeability" and "porosity." What they mean is that it was a democratic society, but they reserve that description for another Latin American state. At the conclusion of their preface, the authors indicate that they believe Chile should have followed the Cuban example to "extend democracy only to those who abide by the process" (p. xvii). Aside from the assertions concerning Chilean openness to external influence, there is no analysis of what went on within Chile. But then a discussion of Chile's internal politics would require the admission that Allende did not have majority support at any time during his tenure of office—and possibly raise questions concerning the "democratic" quality of certain aspects of Allende's socialism.

Despite its misleading title, internal factors in Chile are the principal subject of Wolpin's book. Cuban foreign policy is dealt with in a seventeen-page chapter (of a 414-page book), and the rest of the work is devoted to a repetitious and disorganized review of the policies of the United States and of the Chilean right, left, and center between 1958 and 1970, seen as a response to the Cuban challenge. The discussion is marked by a pronounced bias against Frei and the Christian Democrats. Thus Frei "politely" opposed the United States invasion of Santo Domingo, the Christian Democrats "politely" petitioned Kennedy not to continue the Bay of Pigs landing, the Party leaders were "prepossessing" (presumably an English transliteration of *prepotente*), and Frei is described as "arrogant" and his economic policy is pronounced "a total failure." Like Petras and Morley, Wolpin also uses the erroneous figure of \$20 million for the amount of CIA aid to Frei in the 1964 campaign. The Select Committee *Chile* report states that \$3,000,000 was authorized in April 1964 to support Frei's election, of which \$2.6 million was spent, and that direct campaign support provided slightly more than half of the total cost of the Christian Democratic campaign (*Chile* report, pp. 9, 14–15.)

The most interesting parts of the Wolpin book are the appendices that reproduce useful—if somewhat dated (early 1960s)—polling data, with particular attention to the attitude of Chilean women and a detailed list of the programs and characteristics of the numerous U.S. nongovernmental organizations operating in Chile (again in the early 1960s). A 1963 survey shows strong Christian Democratic support among lower-class women including many who also indicate preference for statist solutions to the country's problems. Regrettably, the surveys do not cover the later Frei and the Allende periods when one might have perceived some shift, particularly among lower-class women.

The surveys also indicate very little Chilean support for characteristically Marxist analyses and responses. Wolpin takes this into account at the end of his book when he argues (p. 244) that in nations such as Chile, with "moderately developed bourgeois political cultures," the Marxist parties must recast their goals and movements in "populist" terms in order to appeal to "middle-class consciousness." He believes that Allende did this in 1970, and the book does not go much beyond the 1970 election in its time frame. However, a possible conclusion to be drawn from this recommendation is that among the causes of Allende's overthrow should be included his increasing reliance on a policy of class polarization that antagonized middle class groups who might have responded favorably to populist nationalism.

Petras and Morley devote one chapter to the Brazilian and Peruvian models of development arguing that, for the U.S., Brazil provided a prototype both for the subversion of a leftist government and for the kind of military rule that should follow. The Peruvian case provides them with a problem since the U.S. initially engaged in pressure tactics (through its aid program and the international financial institutions) that were not very different from those utilized against Allende—thus casting doubt on their thesis that it was Allende's democratic socialism which was the basic reason for American opposition. However, Petras and Morley argue that U.S. policy towards Peru changed as a result of the accession of

Allende and accepted an accommodation with a government which had limited its radical program and which offered no “access points” for Chilean-style subversion. In fact, the process of accommodation was a mutual and gradual one and was only completed after Allende’s overthrow, through an overall agreement on compensation for expropriated American property (concluded in February 1974).

One of the problems in analyzing Chile is that so much is known about her that, from the wealth of detail on her politics, economics, and foreign relations, it is possible to select evidence to fit almost any thesis. Indeed this is what Chilean politicians and ideologues of the left, right, center, and various points in between, have been doing for a long time. Now, intense American interest and guilt feelings about the recent devastating course of Chilean history have led some U.S. scholars to operate with the same kind of selective bias, assigning to the U.S. government the principal responsibility for the tragic downfall of the oldest constitutional government in Latin America, and attributing every evil in contemporary Chile to American malevolence. Bad as the story is, however, there is more to it than what Ambassador Korry called, in the Select Committee hearings, “a morality fable in which American officials are all Nazi-like bully boys cuffing around innocent Social Democrats.”

The books and reports under review tell part of the story but much remains to be told, and it will be some time before a completely balanced picture will emerge. Until then, it will be necessary to do what visiting scholars in Chile used to do before the present regime eliminated press freedom—secure the publications of a variety of points of view and try to fit together the pieces for oneself. These books and reports provide some, but not all, of those pieces.

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## NOTES

1. Immediately after the Allende election, the CIA produced an intelligence memorandum that concluded “the United States has no vital interests within Chile. There would however be tangible economic losses” (*Assassination* report, p. 229). On the international banks, see the Congressional Research Service Study entitled “The Multilateral Development Banks and the Suspension of Lending to Allende’s Chile,” by Jonathan Sanford, reprinted in Francisco Orrego, ed., *Chile, A Balanced View* (Santiago: Institute of International Studies, 1975), and House Foreign Affairs Committee, Subcommittee on Inter-American Affairs, *The United States and Chile during the Allende Years* (Washington: U.S. Government Printing Office, 1975). The issuance of NSDM 93 in November 1970 modifies the conclusion of my article “The Invisible Blockade and the Overthrow of Allende” (*Foreign Affairs* 52, no 2 [January 1974]), that U.S. economic pressure resulted principally from Allende’s refusal in October 1971 to compensate the major American copper companies for the nationalization of their Chilean copper holdings. However, the article’s main thesis, that external economic pressures were not the cause of Allende’s overthrow, still stands.
2. The declassified cable of 1 October 1971 from Ambassador Korry, describing the lengthy negotiations, appears on pp. 128–35 of the 4–5 December 1975 Hearings of the Select Committee, published as *Intelligence Activities, Volume 7, Covert Action* (Washington, D.C.: U.S. Government Printing Office, 1976).