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CHILE : PRESSURE AGAINST THE REGIME

SUMMARY

The accompanying paper was prepared by Dick Barbour-Might a political scientist and member of Amnesty International (British Section), for the Chile Coordination Group Meeting under Agenda Item Number (8): Discussion on Trade and Aid to Chile - To what extent should AI intervene?

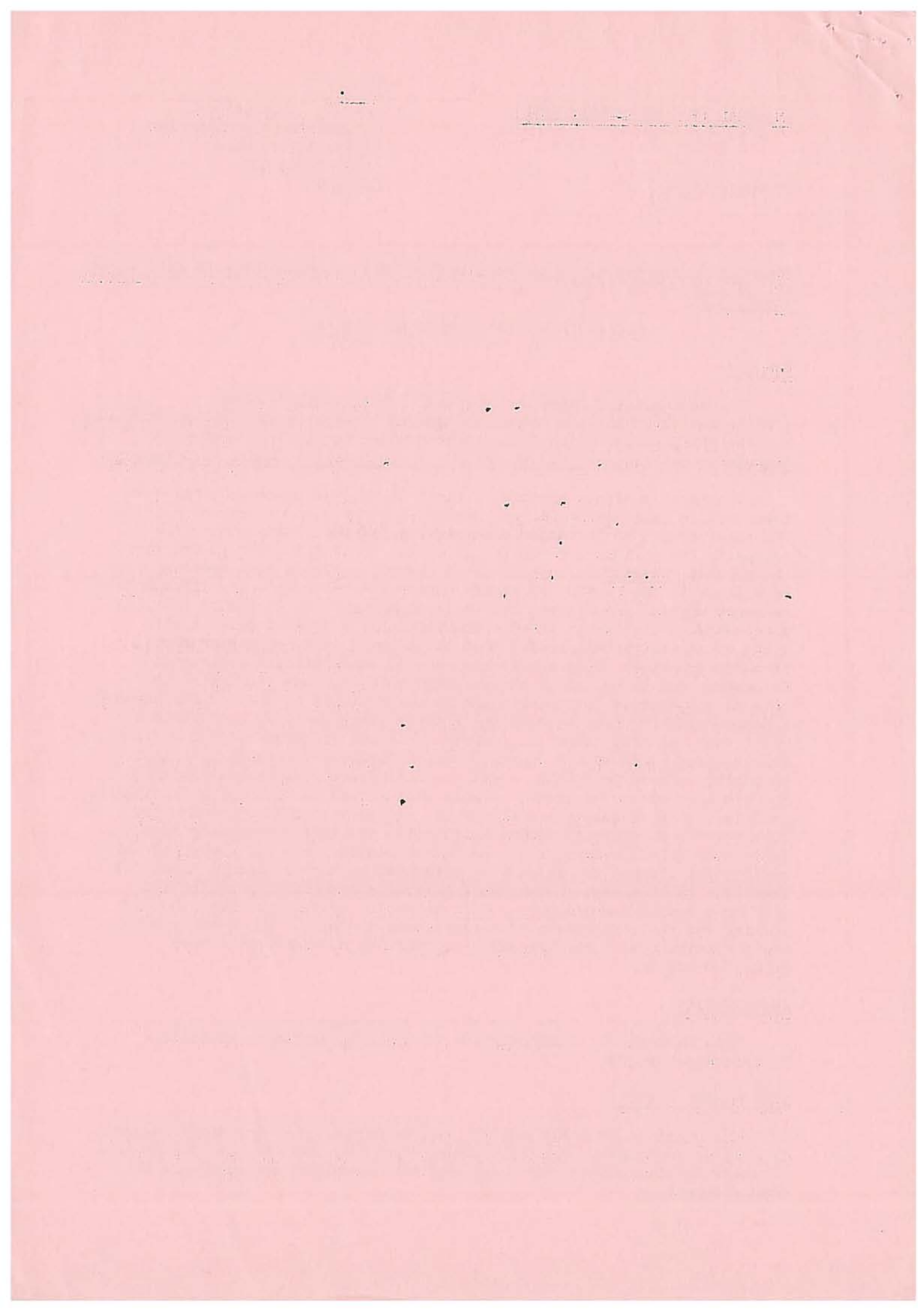
The paper analyses aspects of the "politics of pressure" that have been applied against the Chilean junta since the coup of September 1973. The paper refers to the socio-economic base of the regime and to the prospects for political evolution in Chile, drawing the conclusion that the present "stasis" (situation of no change) reflects both American commitment to the regime and their inability to stimulate any liberalising tendency without endangering the whole structure. It is argued that the international context in which pressure has been applied against the junta of necessity has ensured that the campaign for the restoration of human rights in Chile should meet strong institutional resistance in western countries, since the campaign actually runs counter to the aims of a number of governments and to the criteria by which international financial institutions such as the International Monetary Fund and the World Bank normally judge the domestic policies of Third World countries. Nonetheless, human rights campaigning has produced a considerable impact on public opinion in various countries and effective pressure has been mounted in a number of areas, notably with regard to the supply of external credits. To some extent - although the record varies from one country to another - governments with material ties or other commitments to the junta have tried to expropriate the human rights issue by, implicitly or explicitly, linking the release of prisoners to the continuing supply of credits. In this way, the material interests have been protected and the junta has been enabled to partly evade the efforts of those who are working for the restoration of human rights in Chile. The paper argues for a continuance of the pressure, and for the development of more concerted action.

DISTRIBUTION

This document is being sent to all national sections and Chile Coordination Groups.

RECOMMENDED ACTIONS

The question of Trade and Aid will be discussed at the International Council in September. National Sections are asked to draw the attention of their participants at the International Council to the existence of this document.



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by

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(political scientist and member of AI - British Section)





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## CHILE: PRESSURE AGAINST THE REGIME

### Introduction

1. Since the coup in September 1973 the Chilean junta has encountered a degree of opposition that has been remarkable both in its extent (the numbers and variety of individuals and organisations involved) and in its level (the application, or attempted application of pressure against the regime). Of course, there are special reasons to explain this opposition. In liberal democracies - the countries where, inter alia, Amnesty International has its main strength - the Left was able to depict the Unidad Popular government of President Allende as being democratic, in the pluralist sense of the term, and the junta as being anti-democratic and even fascistic.

2. The bloodiness of the repression, coming immediately after the coup, swamped the attempts that were being made to present that event as being the inevitable outcome of a profound political and economic crisis and the junta as soldierly men who had carried out a necessary surgical operation. The debate about the circumstances in which the Unidad Popular had lost the power to govern became detached from the formation of attitudes towards the regime, which later came to be moulded by humanitarian responses to the accounts of killings, mass imprisonments, torture and other atrocities that came flooding out of Chile. Those media organs and governments in Western Europe and North America that were well disposed towards the new regime had to give up any attempt at its overt defence, given the totalitarian and repressive tendencies that it so soon exhibited. The junta thus found itself shorn of much of the legitimacy, in terms of international opinion, that it seemed to be in sight of obtaining in the first few days after the coup.

3. But it is essential to recognise that adverse publicity could not in itself endanger the regime nor need it demoralise its supporters inside the country. Further, the absence of overt support from western governments did not mean that they could be reckoned as recruits to the cause of the anti-junta opposition. What the junta did have reason to fear, in international terms, was that those who disapproved of its human rights record in various countries would be able to gain support from their respective public opinions for a "politics of pressure". Such pressure might be directed against the supply of arms and military training, trade links, guarantees and financial support for trade, loans in support of the balance of payments, and loans for specific developmental projects.

4. In principle, three results might follow from the application of reasonably consistent pressure. First, it might be that pressure would be applied so successfully that the continued existence of the regime would be jeopardised: Chilean businessmen and their foreign counterparts, would lose confidence, and internal divisions would open up at the command levels of the armed forces. Secondly, a sufficiency of pressure might be applied to enforce a genuine and sustained relaxation in violations of human rights and, even, to bring about the partial restoration of such rights. And, thirdly, the pressure might be evaded by a variety of means - by weakening it on its home ground (in western countries), by



making various minor concessions, and by sitting out the period when international indignation at violations continued at a high level. What would actually follow from the application of pressure was an open question in the first few months after the coup. But now, nearly three years later, it is possible to examine the record and to come to some tentative conclusions about the efficacy of pressure.

5. Before examining the record (or aspects of the record) it is worth trying to establish the context in which pressure has been applied, and resisted. This seems to be necessary since there is a strong tendency for there to be a simple juxtaposition in debate on these matters of a) a government that is pursuing an internal policy that is based on terror, and b) a schedule of the pressures that in theory could be brought to bear against this same government. What are often not examined, or at least not in any realistic way, are (a) the nature of the international relationships to which the regime is a party - but only one of the parties; (b) the socio-economic basis of the regime, and (c) the existence of political alternatives within the country; The failure to specify the last of these three (international relationships) is particularly serious since, to have any effect, pressures must decisively influence the behaviour of governmental and non-governmental agencies that bear no formal responsibilities for the country's domestic policies yet whose continued partnership in economic activities is vital to the continuance of a viable economy in that country. Since economic pressures can be applied, more easily in some cases than in others, the question must be posed as to whether these agencies could have any interest of their own in bringing pressure to bear. The reverse question also applies: might not such agencies have an interest in evading the question altogether? Might not the interests that they exist to serve be positively harmed by the application of such pressure? If the answer to this latter question is in the affirmative, then it would follow that a vigorous human rights lobby, that is determined to mobilize effective pressure against a recalcitrant regime, must reckon with strong if disguised resistance to its efforts from within its own country, and resistance that will come from agencies (governments, banks, corporations) that do have great legitimacy. The human rights lobby will quickly face a situation in which the debate, such as it is, will move away from the readily comprehended ground of human rights violations (in which the material is so stark that defences are not possible), to the quite different and complex ground of the efficacy of pressure and the material interests that might be damaged if sanctions were applied.

6. There is a further and very important point. Since pressure is applied in an international context, it follows that its success (or failure) cannot depend on the vigour of what is being done in any one country. We can realise how true this is if we reflect on the extent to which trade and financial policies are determined through institutions which are themselves international (e.g., the International Monetary Fund and the World Bank) or through inter-governmental consultation, whether bilateral or multilateral (e.g., the Paris Club). If a particular country has an especially bad image in one, two or three countries of the western world, this is not to say that it will not be able to gain the necessary supports elsewhere. The supply of arms to South Africa is a case in point. Even if there is extensive international condemnation and sanctions, it may well be possible to evade the sanctions and for the regime in

question to find friends and allies who are willing to assist it for both material and ideological reasons. The obvious case in point is Rhodesia.

### The Context of Pressure

7. What then of the context? There can be no question of providing any authoritative answer. But some useful comments might be made.

(a) The character of the international relationships involving the Junta  
It would be impossible to adequately specify these relationships without an exacting and extended analysis. But we can perhaps briefly indicate some of the relevant factors.

#### (i) Chile: a dependent economy

The underdevelopment of the Chilean economy is largely a function of its dependency upon the international economy and upon the international economy. Thus, in 1972, 32 per cent of the corporate stock of the 91 municipal companies in Chile was owned by foreigners. The export of copper, which in 1969 supplied 79 per cent of Chile's foreign exchange earnings, had been controlled by two American corporations, Anaconda and Kennecott, up until they were nationalised by the Unidad Popular government. The latter company extracted \$ 4000 million in profits in a 40-year period.

In the long term the Chilean economy is not viable, a fact that was recognised by the parties of the Chilean Left and by the Unidad Popular government, and that provided the rationale for that government's attempt to restructure the economy. The country is impoverished and underdeveloped, despite its natural resources; there are major disparities of wealth and income; and the most dynamic sectors of the economy are controlled by foreign business and/or are unhealthily dependent upon the international economy - witness the position of copper in world markets, with widely fluctuating prices. Economic activity is only maintained by external financing, and, over the years, the foreign debt has grown to the point where it requires over one-third of the scarce supplies of foreign exchange simply to service the debt and meet debt amortisation payments. Until Allende's election in 1970 a precarious balance was maintained by infusions of new loans and new foreign capital that covered outgoings in the form of profit repatriation and loan repayments, but only at the price of a constant increase in the country's indebtedness to its foreign creditors and in the penetration and control of the economy by U.S. and other foreign business corporations (ITT was one of these).

There is nothing unusual amongst Latin American countries in this dependent state of the economy. It is only the specific history that is different. The significance of foreign investment in contemporary Latin America is summarised by the sociologist Theodorico dos Santos in the following terms:

- "1. Large scale enterprise is now the predominant form of economic organization in the urban economy. Foreign capital, particularly U.S. based multinational corporations, have achieved a high degree of control over large enterprise, notably in manufacturing.
2. This has led to an increasing degree of economic concentration, monopoly of markets, and high profit levels. Repatriation of

profits, together with fees for royalties, technical services, interest, and other services on foreign capital represents a net outflow of capital.

3. An "administrative stratum", representing the interests of foreign capital emerges. There is increased syndical and political organization of foreign capital, leading to a high degree of influence over politics and state policies".

(T. dos Santos, El Nuevo Caracter de la Dependencia, Santiago 1968)

National capital is thus integrated, not within its own society, but with foreign industrial and financial capital. But this is not to say that this dependency relation is not highly advantageous to Chilean (or to other Latin American) businessmen.

(ii) Multinational corporations

In recent years much attention has been concentrated on the political role of multinational corporations. The question is an inescapable one in Latin America where foreign business enterprise has moved into manufacturing and service industries in a big way, while maintaining much of its former predominance in the field of mineral exploitation. There has been a considerable expansion in the penetration of Latin American economies by West European and Japanese corporations, but American-owned firms retain the preponderant share. Thus, in 1970 it was calculated that approximately one-third of manufacturing industry in the continent is controlled by subsidiaries of American companies, while their activities as a whole represent about 14 per cent of the gross industrial product of the region. In 1966, 35 per cent of all Latin American exports (41 per cent for manufactured goods) were produced by American subsidiaries.

The location of production in Third World countries is a matter of necessity:

"We would like nothing better than to sit in New York and manage an export operation....We have not gone the exporting route because we can't get the business that way... To obtain, hold and improve market positions abroad requires an integrated approach in terms of direct investment in local plants, exports, licensing, and so on, operating throughout the world, in both the developed and the developing world".

(speech by John Powers to the American Management Association meeting on April 10, 1968).

There is a very great concentration of decision-making in the determination of business policy, whether concerning production terms, growth rates, export policies, consumption patterns, or financial arrangements. Some 187 conglomerates control, through some 10,000 subsidiaries around the world, about 80 per cent of all American overseas investment. So extraordinary is this power that numbers of analysts have taken to regarding multinational corporations as entities that are substantially independent of nation-states and, indeed, as likely to replace them. Without going into a complex theoretical debate, we might agree that multinationals and nation-states both incorporate a complex of particular interests and that



attention should therefore be concentrated on the relations between them. But we should also bear in mind that relations between the United States government and the different governments of Latin America cannot be understood without reference to the economic, and thereby political, importance of the multinationals.

In the later stages of the Indochina War the U.S. government adopted what was called a "low profile" in dealing with threats to particular American interests. The internal political consequences of the war on the United States had reduced the scope for intervention in defence of such interests. In this situation the corporations were powerfully stimulated to develop their own "private diplomacy" and, in so far as this was possible, to ensure that U.S. governmental agencies acted in accordance with corporate interests. Through their own agencies the corporations developed a new theory, designed to justify their own operations. The emphasis in the theory was now no longer on the defence of American national security nor on the advance of the ideals of political democracy. It was rather on the promotion of market values. Thus the Council of the Americas, the political association created by David Rockefeller to represent the two hundred American corporations with business interests in Latin America suggested to its corporate members, in a memorandum issued in July 1971, that it "might be appropriate for mention in the articles, speeches, house organs, and everyday conversation (that) consumer democracy is considerably more intelligent than political democracy". If political democracy could be jettisoned this is not to say that the corporations could not foster middle class consumerism, to the benefit of at least a portion of the local populations. So we have a corporate representative saying at a Senate hearing in September 1969:

"Quite honestly, the way to get rid of this small area of trouble (anti-Americanism in Latin America) is not to hold back U.S. investments, but to foment so much that those people will start having a chicken in every pot and two cars in every garage...(For that) the American corporation, being a guest in the country, has to be a proper industrial citizen, and purer than Caesar's wife, and is, believe you me".

Luciano Martins has described the Council of the America's operations:

"The Council operates in three main roles: 1) as a pressure group in Latin America; 2) as an entremetteur for Latin American elites in the United States, and 3) as a think-tank session organizer. In short it is a kind of private State Department whose main objective is to coordinate Latin American governments and individuals (business, political, intellectual, technocratic, student and labour elites) as corporate partners in a political joint venture, through which multinational corporations can seek the status of "corporate citizens" in the countries where they operate."

(Luciano Martins, The Politics of U.S. multinational corporations, in Latin America and the United States: the changing political realities, ed. by Julio Cötler and Richard Fagen, Stanford University Press, 1974



The Council carries out its functions, partly through influencing public opinion and local leaders - e.g., the promotion of TV and radio programmes and the insertion of political articles in Latin American press and radio, more often than not attributed to local journalists; and partly by defending and explaining the interests of Latin American political, military and business elites in the United States, e.g., in the words of the Council's Report for 1971, "combating (together with its member companies) the campaign criticizing Brazil, waged by radical elements in the U.S., Brazil, and other parts of the world". In such ways corporations are able to present themselves as "good corporate citizens" when dealing with such regimes as the Brazilian. The economic strategy of linking up American corporate investment in Latin American countries with local investment (joint venture) is thus counterpointed, on the political level, by the creation of a working alliance to justify this coalition of interests. Not the least part of the value of these various activities is in their utility in countering the efforts of those who are trying, in the United States or in other liberal democracies, to expose the systematic brutality that is becoming the norm in Latin America.

(iii) External finance and Third World Countries

Many Third World countries are caught in a "debt trap", with volatile and insecure foreign exchange earnings derived from the sale on world markets of just one or two primary products and an increasing burden of indebtedness that, in far too many cases, fails to contribute to any genuine development of the economy or to any improvement in the living standards of the population as a whole. Within this syndrome there tend to be recurrent crises on balance of payments accounts, that may be triggered off by unwise policies on the part of the debtor countries' governments, e.g., the squandering of foreign exchange on armaments and luxury imports; or by a fall in the world prices for their exports; or even by pressure from international centres (within the last few years all three of these factors have been operative in the external financing of the Chilean economy).

The short-term crises are usually resolved by the provision of new funds, very often in the form of stand-by arrangements with the International Monetary Fund (IMF), and of agreements with the various creditor countries to postpone repayment of the amounts that are currently due on the external debt, both debt amortisation and debt interest. The immediate effect of such arrangements is to resolve the balance of payments crises, even if the ultimate effect is to increase the total debt burden and thereby promote future crises. The arrangements also afford an opportunity for the International Monetary Fund, effectively on behalf of the United States and other creditor governments and institutional investors, to try and impose upon Third World governments financial and other economic policies that will have the effect of stabilising the immediate situation. It is a moot point whether or not such stabilising programmes are to the ultimate advantage of Third World countries. But it is well known that the IMF does freely use the leverage that is available in order to influence the economic policies of governments; and that this influence is exercised with a view to the creation of "safe" lending conditions for international finance. Generally speaking, the Fund is in favour of programmes that will maintain a suitable climate for the influx of foreign official and private capital, e.g., exchange and trade liberalisation, and that will relatively neglect the

social needs and even the necessities of domestic enterprise. For these reasons alone, IMF stabilisation programmes tend to be politically unpopular and to militate against the sort of policy that will be followed by a socialist government. The converse is also true: the IMF is out of sympathy with socialist policies and governments in Third World countries.

There is a very close linkage between the two different aspects of the arrangements for dealing with short-term balance of payment crises. The first stage is when the IMF, often in conjunction with the World Bank, will report upon the country's economic situation and, after negotiation, secure an agreement regarding future policies that will be set down in a "Letter of Intent" by the Finance Minister of the government in question. Such agreements lead to the provision of stand-by funds by the IMF and also unlock funds from the World Bank and other international financial agencies. The second stage is an agreement on the rescheduling of debt repayments, through the agency either of an aid consortia or of a creditors' club. These agreements in turn influence private banks and other commercial creditors in their assessments of the creditworthiness of debtor countries.

The debtor countries are vulnerable to pressure in two ways. First, it is difficult for them to resist the "packages" of financial assistance/policy directives that are put together by the IMF. And, secondly, they are likely to encounter concentrated, and quite possibly crippling, financial pressure if they choose to act against the interests of a major creditor country, e.g., Britain or the United States, or, for that matter, of a multinational corporation. The prime example of this second type of pressure being applied in recent years is afforded by Chile during the period of the Unidad Popular government.

(iv) The Determinants of United States Policy in Latin America

Since the Kennedy era in the early 1960s American foreign policy-making in Latin America has less and less come to embrace the cause of democracy in the continent. Confronted with choices - between left-wing nationalist movements and right-wing military groupings - American officials have opted for the latter. In some cases - Brazil in 1964, the Dominican Republic in 1965, Chile between 1970 and 1973 - subversion and other forms of intervention have been employed in order to sustain or to bring about military solutions. An extensive infrastructure has been created that links U.S. governmental personnel with their counterparts in Latin American countries. Close and effective ties have been built up involving police, intelligence and military personnel.

The whole complex process has been illuminated by revelations of CIA activity in the continent, but the occasional melodramatics of the "intelligence community" have their rationale in the perceived need to prevent the emergence or the growth of political movements that would threaten American interests, e.g., by wage increases in foreign-owned firms; by heavier corporation taxes and even expropriation; or by the pursuit of fiscal and monetary policies that would bring about greater independence and thus damage the ties of dependency that link the structurally weak Latin American economies to the powerful economies of North America, Western Europe and now, Japan.

American and other foreign capital does not operate in a political vacuum, either in the home or the host countries. Much of the "colour" of the advice that is given by corporation officials to their seniors in the metropolitan countries is derived from the views that are general in the local business community. In societies that exhibit fundamental disparities of wealth and income the directors and managers of business enterprises will not usually be found on the side of those who are trying to bring about fundamental changes.

Throughout Latin America left-wing parties propagandise for a model of development that would severely reduce, if not eliminate, the role of foreign capital. But, in so doing, they are challenging a socio-economic system that, in its strategic sectors, is based upon an alliance of local and foreign capital, and that derives its self-image very largely from the middle class consumerist patterns of North America.

The growing militarisation of Latin America needs to be understood in relation to the instability that follows from the economic disparities and social tensions that have been referred to. The cause of "order" comes to be bound up with the defence of a particular socio-economic system and weak parliamentary/presidential regimes give way to military juntas that appear to be best able to secure order and to ensure the harmonious conduct of social relations. In such conditions quite rapid economic development rates may be obtained, but only at the expense of reductions in real wages, an effect largely secured by the elimination of free trade unions and the imposition of draconian codes of labour discipline. On the whole, (Peru has been something of an exception), military regimes in Latin America have adopted right-wing economic policies and have promoted conditions in their countries that are ideal for the operation of foreign capital - legal provisions to facilitate joint venture and equity sharing with local capital, as also the repatriation of profits; and a security regime that ensures labour discipline, low wages and the peaceable enjoyment of the social life that is such a pleasant feature of a commercial career in one or other of the Latin American capitals.

#### (v) Perceptions of Military Regimes

Military regimes are generally, if not invariably, repressive. The overthrow or displacement of civilian governments usually leads rapidly to gross and systematic violations of human rights. Inevitably, the apologists for these regimes regard the charges that are made concerning such violations as being politically motivated. Protests and accusations are seen as being designed to weaken the credibility of a military government and as giving aid and comfort to its enemies, whether at home or abroad. Those who welcome a coup, and those who feel that they stand to gain from a new regime, are most unlikely to heed the protests - assuming that they even come to their knowledge through the customary blanket of censorship.

Accounts of human rights violations can be written off as greatly exaggerated or described as objectively benefiting left-wingers who themselves might have used violence if circumstances had been different or whose incompetence had brought about the situation in which the military were compelled to intervene. Locally-based businessmen may well be prepared

to play an active role as apologists for the military, whether through contacts with their embassies or through reports to their headquarters in metropolitan countries. As an example of this sort of thinking we might quote from a circular issued in Chile in October 1973, in the period immediately after the coup, by the Chairman of the British-Chilean Chamber of Commerce, who was connected with both British Leyland (the car corporation) and the shipping line, the Pacific Steam Navigation Company:

"The military are not hungry for power and, after putting the country back on its feet morally and financially, they will stand down. If political parties have been banned momentarily, it is for obvious reasons; if you have suffered a bout of dysentery, you keep off yeasty food for a while ...

Everywhere the atmosphere is one of orderliness and confidence in the future. Even the city streets are noticeably cleaner and the Public Works Office seems to have come to life again ... the Allende regime was ... gangsterism with the working class enrolled as hatchet men ..."

As we have seen in discussing the role of the multinationals, this sort of perception of military regimes is much more than an incidental of specific situations such as the coup in Chile. It also represents an overall assessment of the sort of regime that will be a possible partner for American and West European corporate enterprise. If the choice is to be between left-wing nationalist governments and military juntas advised by local business elites, then the corporations can be in no doubt as to where their choice must lie. As one corporation executive interviewed by Luciano Martins expressed it:

"I am sure you Latin Americans cannot afford democracy. I begin to wonder if we Americans can".

#### b) The Socio-Economic base of the Junta

Two points might be made.

First, much of the qualified optimism that defenders of human rights have had concerning the situation inside Chile has arisen from the hope that economic failure would prevent the regime from consolidating its hold on the country. In particular, there has been evidence of discontent amongst the junta's middle class supporters, many of whom have had to suffer an erosion in their living standards. On the other hand, the junta's advisers have taken a long view, evidently believing that its economic policies would eventually restore the economic base and permit the restoration of living standards for the higher income groups. These policies have emphasised the dependence of Chile on the international economy: any boom must be export-led and externally financed. But a corollary has been that it is precisely this type of development that is calculated to attract the maximum of international economic support, whether in the shape of credits or of new investments. However, for the present, the evidence is that the economy is in serious trouble, with a continuing depression in demand and consequent fall in production. Many small firms are bankrupted, while a few stronger financial groups expand their control. Unemployment is at high levels and wage levels are generally far below those



reached in the early 1970s. Inflation rates are still high, and in the first quarter of the year were actually rising (10.5 percent in January, 10.1 percent in February, 13.5 percent in March). Just three pieces of evidence might be adduced to indicate the economic problems from which Chile continues to suffer:

(i) The Confederation of Private Employees of Chile (CEPCH) carried out a survey of its members last November. This showed that while a minimum budget for one of its members would require 1031 pesos a month, average wages were only 574 pesos a month.

(ii) According to World Bank estimates, Chile's gross domestic product in 1975 was down by between 12 and 15 percent in 1974. Industrial production was down by 24.1 percent over the same period. Laminated steel production was officially reported as 56,980 tons during the first two months of 1976 - a 41 percent decline on the 96,7884 tons produced in the same period last year. The state coal enterprise (ENCAR) gave its 15,000 workers a compulsory one-month holiday in March while Mining Minister Valenzuela went off to Spain to try to sell some of the massive stockpiles of coal which Chileans could no longer afford to buy.

(iii) The signs are that overall agricultural production is declining. Wheat production, which averaged just over 1,100,000 tons a year under the Unidad Popular, has been officially estimated to have fallen to 690,000 tons in 1974. On the other hand, food imports have fallen drastically, from \$800 million in 1973 to \$130 million in 1975, while food exports have risen from \$30 million in the earlier year to \$197 million in 1975. The fall in food production taken together with this shift in food export/imports, can only mean that domestic food consumption has been reduced - a conclusion that is borne out by observations of those in a position to know what is happening to the lower income groups (e.g. poblaciones).

However, it has to be said that the junta itself clearly believes that it has "turned a corner": the current phrase is that it has "completed the first stage". World copper prices have been rising and Chile has increased its exports, even if this has been partly at the expense of domestic consumption. All that can be said for the present is that economic recovery could not be of more than marginal benefit to the larger part of the population, given the nature of the policies that are being followed, but that it is conceivable that the junta might regain some of the middle class support that it has alienated by its record of economic failure.

Secondly, the junta's repressive policies are not, in their essentials, arbitrary. True, the security apparatus has achieved a considerable degree of autonomy, and its actions are frequently embarrassing to the junta. True, also, that neo-fascists are so well entrenched in the power structure and in the media that quite bizarre, and, for the junta, counter-productive, actions may follow, e.g., Pablo Rodriguez of Patria y Libertad recently denounced the American ambassador in Santiago as "being connected to agents of international communism". But repression

is functional to the regime since, over the whole range of its policies, it is following a course that can command only very limited support. Visceral anti-communism, sport, sensationalism in the popular press and extreme nationalism all provide some means for partially defusing the tension, but the regime's unpopularity is too great for it to permit open politics of any sort. Even the manoeuvre of factions inside the military, or of factions with a military base, must be held in check by devices intended to ensure a rigid compliance and uniformity. So great is the tension that no debate on alternative possibilities can for long be tolerated: attempts within the military to secure support for such alternatives can only destabilise the regime. Thus, unity is maintained, overtly by ceremonial, covertly by terror. Opposition from within the governing circles may be silenced by the threat of extreme measures, while external opposition is intimidated by the institutionalisation of terror. Political solutions come to be inextricably linked with repression.

If this analysis is accepted, one conclusion follows for those whose primary concern is with human rights. This is that the regime is not engaged simply in abuses of human rights, nor can it follow norms that would be acceptable to international legal opinion. The junta has no choice but to rely on terror. The use of terror will only come to an end when the junta's rule is itself ended. The internal politics of the junta inhibits any evolution towards "softer" or more moderate policies.

What of the general character of the regime? James Beckett, an international lawyer who works for Amnesty International in Switzerland, analysed the outlook at a conference in Amsterdam in February 1974. The extract from his presentation that is given below is a long one, but it is worth quoting at length in view of the exact and prophetic nature of its analysis (only sections 5 and 8 are readily faulted: the industrial working class has been a victim of economic failure as well as repression, and the agrarian reform has been dismantled and its benefits consequently lost, with a resultant reduction in food production).

"Some speculations on what to expect".

1. Given that Chilean democracy is dead and buried and the whole delicate system of compromise, so "Chilean", has been shattered, any evolutionary return to a system of free elections is illusory. The junta will certainly attempt to institutionalize military dictatorship through some kind of constitution, probably corporatist in concept. They will try to enlist ex-politicians in a show of "national unity", drawing from the conservative wing of the Christian Democrat Party, the National Party, and a few leftist apostates. These regimes try the impossible trick of getting back to the "good old days" while at the same time excluding half the population from any rights. It is a trick that cannot be managed, and the nature of these regimes makes a "return to democracy" impossible. In fact, such regimes generally have to retract that most timid move towards liberalization, as they do not have the resilience to absorb criticism and cannot risk any independent organisation.

2. Repression will continue to be severe, and the regime will rule by martial law, or state of siege. Torture as a means of breaking up opposition will become endemic and refined. Persecution of those suspec-

ted of leftist sympathies will continue. One can only anticipate the worst here, as so far no internal or external influence has appeared to influence the junta to any effective degree in humanitarian matters. The repressive apparatus will garner larger and larger chunks of the budget, and there will be competing security forces, but there will be considerable foreign aid both financially and technically.

3. The economy will stagnate. Inflation will continue as it has in the past at high rates. The regime will have to expand credit to stimulate economic activity, and Chile will be affected by inflationary trends outside Chile. Despite controls on capital movement, capital flight will go on as in the past. There will be a redistribution of income generally from lower classes to higher classes, although certain groups such as the armed forces, technicians, and some workers will do better than average.

4. The economy will be increasingly foreign-dependent. It will be at the mercy of international commodity prices. Chile already has a large foreign debt, and although this regime will benefit from postponements and renegotiations, it still must meet compensation payments that it will take on and it must service new debts that it will incur. Despite the trend in the Third World now toward nationalization of basic resources, it is hard to see how Chile could manage this in its highly dependent position.

5. The regime will make a special appeal to two groups outside its natural constituency (the armed forces and the bourgeoisie). These two groups are the industrial working class and technicians....

6. There will be thorough purges of the church and universities. Just as investment in police and defence will rise, so education will receive less and less of the budget. Intellectual dark ages.

7. The military will form a new ascendant class, inserted into institutions and enterprises in commissar-type roles. There will be ever-increasing corruption among this new class, especially because there will be no control over it. Lying about statistics, etc.

8. American bread and circusses, PL 480 and Hollywood. There will be an attempt to recapture "normality", the 1950s, but both PL 480 and Hollywood are dead, so the regime will have to rely on football and pray for a good harvest. It could get lucky from a good harvest and, from what one gathers, could reap what the Unidad Popular sowed in the way of progress in the agrarian sector during three years.

Experience over the last years has shown that such regimes have been more successful than this prognosis would indicate for Chile; but, given the current world economic conjuncture, Chile's lack of exogenous escape hatches, and the static nature of the system, it is difficult to see how Chile will grow. Recent experience has shown that regimes of this kind have been very successful in holding onto state power. Part of this has been due to their successes in buying off some sectors of the population; part of it has been due to the strength of their repressive systems enjoying unlimited funds, equipment and manpower; and part of these regime's success has been due to the weakness of the left, its factionalism, and the extreme difficulties of organizing under these

repressive conditions - which puts the left constantly on the defensive, concentrating on survival.

Chile will once again be an important test case. Can an American-sponsored regime of this type survive in a country like Chile with little or no economic growth? It is possible to conceive of Chile over the next few years characterized both by acute poverty and acute repression. (GNP down, torture up."

(Paper presented to International Conference on Lessons from the Coup d'Etat in Chile, held in Amsterdam, February 22-26, 1976)

c) Political Alternatives within Chile

For the present, at least, the only political alternative that might have any chance would seem to be that represented by ex-President Frei. His long-run chances of achieving stabilisation would be quite problematic and it could not be taken for granted that he would be able to establish a conservative parliamentary regime on the lines of that of Premier Karamanlis in Greece. Chilean society is possibly too polarized for any such solution to work, while civilian politicians of the Right and Centre might bear too much of the responsibility for the overthrow of Allende and for the consequent repression for them to be able to pose altogether successfully as the architects of national unity and reconciliation. The substantial political relaxation that would follow on even a partial restoration of human and democratic rights might lead to an explosive growth in the strength of those political forces that are currently represented by the widespread if disorganised Resistance inside Chile. Indeed, the fear that Frei would simply open up the prospect of a rapid revival of the fortunes of the Left, and that the Left would come to lead the process of dismantling the apparatus of repression, may well serve to dissuade numbers of better-off Chileans from espousing his cause.

Whatever might be the long-run scenario for the "Frei solution" it can be said with some certainty that it is not presently viable. At the beginning of the year there was a spate of rumours that General Pinochet was under strong pressure, that his personal position was endangered, and that important political developments were beginning to be possible. But it is clear that Pinochet has met the crisis, ensured the resignation and political neutralisation of his critics, and thereby removed the ground from under Frei - whose project could only have succeeded if it had secured decisive backing from within the armed forces. Pinochet was well aware of the danger as he said at a ceremony in Santiago on 26 January, "They (meaning Frei and the Christian Democrats) try to present themselves as a supposed power alternative". He went on to declare, "our Armed Forces will never listen to siren songs foreign to them and trying to divide and disconcert them".

Elements within the American State Department are sympathetic to Frei and they probably did much to engender the press reports earlier this year. But they can only hope to convince U.S. policy makers in so far as there are any favourable political developments inside Chile. The advocates of the "Frei solution" are limited in what they can attempt



in the way of encouraging such developments. There are limits on the pressure that they can bring to bear, and these limits become much tighter as Pinochet re-establishes his predominance. For reasons that are discussed below the Americans cannot act to destabilise the regime and thus they must treat with whoever is able to speak authoritatively for the junta. They are thus in a weak position to enforce changes (a) because the junta's security forces, especially DINA appear to have effective control and military conspiracies can be dealt with before they have a chance to develop; and (b) because the Chilean government-qua-government is in no way opposed to fundamental American interests and thus does not merit outright opposition.

Of course, the softer line has not simply been given up. The junta is morally repugnant to numbers of Americans in official circles and, more especially, in Congress. Moreover, there is much precedent for arguing that repressive regimes often seem strongest before their fall. The very lack of open politics and open opposition masks whatever evolutions may be in train. Some recent examples - notably Portugal and Greece - demonstrates that American foreign policy-makers have tended to "over-invest" in repressive regimes and have experienced difficulty in subsequently re-establishing any influence in domestic politics. So it is possible for the "soft-liners" to argue that the State Department should rather back the conservative parliamentary groupings that would constitute the most reliable friends in the event of a restoration of democracy, and, in the meantime, take its distance from the repressive regime. So, we have Assistant Secretary of State Rodgers recently saying, "Oppressive regimes often seem more permanent than they are. Opposition sentiment, being forced underground, is concealed. Forces for change and moderation may be biding their time... To most observers, the authoritarian government of Portugal looked solid enough until the very eve of its utter collapse. So did the corrupt and brutal order imposed on Greece by Papadopolis and Company". However, all the signs are that the Secretary of State himself, does not share Rodgers' views or, at least, does not believe that anything should be done at the present juncture. Speaking generally but in the context of the debate over American attitudes towards Chile, Secretary Kissinger recently stated that he is convinced that withdrawal of assistance "is an extreme measure that harms our other objectives while holding little promise for effecting changes." Moreover, such "withdrawals, or even the threat of withdrawal, depreciate the strength of the mutual defence relationship which we share with our allies and offers encouragement to potential enemies."

Secretary Kissinger clearly believes that he has taken the measure of liberal opposition over the policy of support for the junta and that the political cost is well worth paying. The junta is able to control internal security and there is no necessity for any overt American intervention in their support. In the meantime, both internal and external peace can be assured, without any disturbance to America's preponderant position in Latin America. Those who might wish to oppose this view inside U.S. governmental institutions are hampered by the present weakness of the "Frei solution." Thus it seems that for some time to come American support for the Chilean junta will be neither withdrawn nor compromised.

8. A great many different pressures have been applied against the junta, by governments and by non-governmental agencies alike - e.g., boycotts on trade, the severance of diplomatic relations and the withdrawal of ambassadors, termination of aid programmes, consumer boycotts, and boycotts on cultural and sporting activities. It would be a complex task to summarise and to analyse the effects of these various pressures and no attempt to do this will be made in this paper. However, it is practicable to summarily examine two areas in which pressure has been applied: the supply of arms (from Britain only), and, much the more important, the flow of external finance - whether the extension of old credits or the granting of new ones. The managers of the Chilean economy, of whatever political persuasion, must do their best to maintain good relations with their foreign creditors. As we have seen in discussing the question of external finance and Third World countries, what this means in practice is that the directors of such economies must be prepared to adjust domestic policy to meet the prescriptions of the managers of the international financial system - a role largely performed by officials of the International Monetary Fund and of the World Bank.

#### The Supply of Arms

9. The United States and a number of Western European countries are major exporters of armaments to Latin America. The case of Britain is an interesting one, since the Chilean Navy and Air Force were extensively re-equipping with British equipment from the late 1960's onwards.

10. Britain, possibly more than others of its EEC partners, has developed the arms exports trade in the last decade. For Latin America it now stands as the second arms exporting nation, after the United States. The political effects are important. Given the salience of the armaments industry to the British industrial structure, and the fact that about one-third of its activity is accounted for by arms exports, Foreign Office ministers and civil servants feel bound to act so as to protect Britain's reputation for reliability with its various clients. The scope of the trade was so great by the beginning of the 1970s that Britain found herself in commercial relations with a whole series of governments that were repressive, yet where these relations were being conducted directly with the principal agents of repression, i.e., military establishments. Thus, Latin American military circles (e.g., military attaches in London embassies) and a complex of highly-placed individuals in British government circles had come to acquire a common interest in ensuring that nothing was done to jeopardise deliveries.

11. When the Labour government took office in March 1974 its leadership appeared, from the position they had adopted towards Chile when in opposition, to have a commitment to stop any further delivery of arms to Chile: this would have entailed the non-delivery of four warships and the stopping of conversion work on two others. For the Defence Sales Organisation in the British Ministry of Defence a cancellation of the existing orders would not only have enabled the Chileans to invoke the penalty clauses in their contracts but it might also have jeopardised the lucrative trade in arms exports to other Latin American countries.

Naval contracts alone were worth over £200 million. On the other hand, for the junta, cancellation would have been a serious psychological blow: it would have involved the loss of major new units to their fleet and, if it were extended to spares, it would have endangered the operational efficiency of both Air Force and Navy.

12. When it appeared that the government was likely to allow delivery of the existing orders - on the advice of its civil servants and of military chiefs - a section of the Parliamentary Labour Party and of the trade unions protested vigorously, ensuring that the question should go to the Cabinet for decision.

13. It was at this point that the civil servants who were advising ministers found their hands strengthened by the introduction of a new factor. A day or two after the Foreign Secretary (Mr. Callaghan's) announcement on the issue, the Chilean Minister of Mines, Police General Yovane, stated that he would advise the junta to suspend copper shipments to Britain in response to the diplomatic slight imposed by London. This threat was made much of by the controlled Chilean press, and helped to feed the chauvinist mood that the junta finds so necessary to cement its own fragile solidarity. Yet, whether or not this had been intended in Santiago, the threat was finessed in London and converted into a prediction of the likely outcome if the warships deals were not allowed to go through. It thus furnished a powerful additional argument in the continuing effort to persuade Ministers to defy the cries of outrage from their left-wing. At least one major consumer of copper used the argument in Whitehall, and the lobbying was probably more extensive than this. What was not said was that the threat was barely credible. Of course, it could not be wholly discounted, but it was well known that, in the short term, alternative supplies were available through the London Metal Exchange and, in the long term, any short-fall could be made good from other countries. In any case, the junta would have found itself in an intolerably exposed position if it had ever decided to act upon General Yovane's threat. With something like 80 percent of its foreign exchange earnings derived from the sale of copper it is acutely dependent on the goodwill of the world's financial community. The junta could thus have ill afforded to compromise long-standing commercial arrangements or to have got into a confrontation with a major creditor country. Yet it was this threat to the supply of copper that Mr. Callaghan was to use as his principal argument in defending the eventual decision to allow the sale of arms. It has also been said, on good authority, that Latin American military attachés in London lobbied hard on the junta's behalf, reminding their British contacts that much goodwill was at stake.

14. The government decided that it would not accept any new arms orders from Chile, but (with the exception of an aero-engines repairs contract) it continued to fulfil the existing arms orders. It was bitterly attacked for this decision, but remained adamant. The decision that no new arms orders would be accepted was of no serious consequence to the junta, (a) because its main concern was to protect the existing orders (worth approximately £65 million.) and (b) because new arms supplies could be obtained elsewhere, notably from the United States. The British decision meant that the junta would continue to receive the all-important

flow of spares. From the point of view of the human rights lobby the Labour government decision was a major disappointment, since it was felt that the junta was susceptible to pressure on this point. General Pinochet's position might have been weakened within the armed forces if it could have been conclusively demonstrated that repression led directly to non-delivery of important arms orders. The human rights lobby - on this issue powerfully reinforced by a number of leading trade unionists - was defeated in its attempt to mobilise pressure against the regime by the greater strength in official circles of those British interests that stood to gain from maintaining a certain type of relationship with Chile and with other Latin American countries - in this case, the relationship of arms supplier.

#### Economic warfare against Unidad Popular

15. The Allende government's attempt to escape from the condition of economic dependency and underdevelopment threatened foreign, mainly American, business interests. More generally, Unidad Popular was seen by Washington as likely to undermine U.S. dominance in Latin America by the force of its example. In consequence, the Unidad Popular was the target financed and directed by the CIA, but also being engineered from Brazil, as well as for a complementary programme of economic warfare, the principal aim of which was the cutting of credit lines. (ITT's intervention, and the offers to mobilise the U.S. government to support a preemptive coup in September/October 1973 have been extensively recounted - there is no need to summarise them here). The "invisible blockade" extended, through the operations of Anaconda and Kennecott in, respectively, American and European courts, to inhibiting both the supply of replacement equipment for the copper mines and prevention (or attempted prevention) of the unloading of cargoes of Chilean copper. The cut-backs in credits radically reduced the availability of foreign exchange and thereby enforced a reduction in the imports of, among other items, spare parts for machinery, inputs for manufacturing industry, and traditional consumer items. Shortages of supply stimulated an already catastrophic rate of inflation and infuriated middle class Chileans who could no longer count on a ready supply of imported items. It is worth noting that the lorry owners' strike, that was so important in creating a crisis atmosphere in Chile, was partly caused by grievances over the non-availability of spares. On the other hand, the evidence is that funds did come into the country, clandestinely, in order to subsidise anti-government strikers.

#### The 1972 Paris Club Negotiations

16. In November 1971 the Unidad Popular government suspended payments on the bulk of the country's external debt and asked creditor governments to agree to a rescheduling. The situation that the government forced was one of a drastic reduction in commercial credits and project finance due to the operation of the "invisible blockade" (e.g., the line of credit (short-term) from North American banks had dropped from a level of \$ 220 million a month just before Allende's election to about \$ 20 million at the beginning of 1972), and an increase in the debt servicing ratio, i.e., in the amounts that were due to be repaid as a proportion of total export earnings. This was at a time when the international terms of trade had turned sharply against Chile. Thus, according to calculations made by the Chilean Copper Corporation, a ton



of Chilean copper in 1969 would have bought 2.61 metric tons of frozen beef or 2.07 tons of butter. In 1972 the same amount of metal bought only 1.01 tons of beef or 0.82 tons of butter. The following table gives some impression of the dimensions of the problem (source: World Bank report on Chile, October 1974):

	1969	1970	1971	1972	1973
	in millions of dollars				
(1) Gross borrowings	454	530	226	257	321
(2) Amounts due on foreign debt	238	233	276	341	561
(3) Exports of goods and non-factor services	1307	1268	1132	1002	1443
(4) Debt service ratio (2:3)	18.3	18.4	24.4	34.0	38.9

17. At the Paris Club meetings between February and April 1972 the Chileans were put under strong pressure to agree to an IMF stand-by arrangement that would have involved the government reneging on the most fundamental of its social policies. The U.S. government pressed hard for this, and also demanded that Chile pledge to pay prompt and adequate compensation for the nationalized copper. The European governments were less pressing and, in the end, the creditors agreed that Chile might submit periodic reports on the balance of payments to the IMF and accepted a formula whereby Chile agreed to pay "adequate compensation" for the copper, a formula that probably meant different things to the two sides. A moratorium was granted on debt servicing only until the end of 1972, for 70 percent of the debt. The American position at Paris can be understood either as being designed to force the Unidad Popular to abandon its programmes, and cease to operate as a socialist government, or as being intended to block the negotiations and to force Chile into default, thus further advancing the project to "destabilise" the economy. With one exception the European governments did not support this project and were willing to settle with Popular Unity, albeit on hard terms and for a limited period only. The exception was the British delegation, that vigorously supported the Americans on the issue of copper nationalisation. Subsequently, at the bilateral negotiations that took place between Chile and each of the creditor countries, the Americans refused to settle at all and the British dragged out negotiations for eleven months. The effect of the American and British actions was further to damage the creditworthiness of the Chilean government.

#### The 1974 and 1975 Paris Club negotiations

18. When the Chilean junta itself applied for debt relief it encountered a totally different attitude from the Americans. The Club of Paris debt settlement in February/March 1974 was relatively favourable to the junta. It followed upon missions to Chile by teams from the IMF and World Bank at the end of 1973, which reported favourably, approving of the junta's new economic policies - the reverse of those followed by the Allende government. The flow of loans and credits to Chile had resumed shortly after the coup and the junta had indicated its willingness to compensate the U.S. corporations (Kennecott, Anaconda and ITT) for their nationalised assets. World copper prices had swept up to a new high level,

so the prospects for exchange earnings were much better than during the Allende period. Most governments were willing to settle with the junta - in particular, the four major creditors (the U.S., Britain, West Germany and France). However, in one case (Italy) the government refused to attend the Paris Club talks, while other governments tried to use the talks as an occasion to pressure the junta on the human rights issue. They failed, the only concession being the issue of a communique at the conclusion of the final session, noting the position of some governments, and noting also that these questions were being pursued through the United Nations. In March the socialist International Bureau passed a resolution, pressing member parties to use the bilateral talks (that were to follow on from the multilateral agreement) as an occasion to press the human rights issue.

19. The successful completion of the Paris Club talks was a great success for the junta:

"The government is treating the successful renegotiation of the 1973-74 foreign debt as a major victory. Officials have not been prepared to give details on the nature of any guarantees that had to be provided, apart from those formally stated in the agreement reached in Paris at the end of March. But they believe that although the final issue was never in doubt following the International Monetary Fund's granting of the \$ 94.8 million stand-by credit at the end of last year, the settlement marks an important psychological step in clearing the way for new credits for Chile.

General Eduardo Cano, president of the Central Bank, said: 'We will now be able to act with greater liberty. This opens possibilities to us in all economic fields and in foreign trade.' A British financier who expects to be supplying mining equipment here added: 'Bankers are like sheep; they all feel a lot better now that the (Paris) Club has formally said okay!'

(extract from the Andean Times, Latin America Economic Report, May 10, 1974)

20. Early in 1975 the junta renewed its application for debt relief, this time on the payments due in 1975. The economic position in Chile had in the meantime deteriorated. The junta's policies had led to widespread bankruptcies, unemployment, drastic cuts in real wages, and signs of disaffection from the domestic-oriented firms. The repression had continued, as had international opposition to the junta (including condemnation by the UN General Assembly, a two-day boycott by the International Transport Workers Federation (ITF) and the breaking of diplomatic relations with Mexico). The World Bank had made criticisms of the implementation of economic policies, noting such points as balance of payments problems and increases in military spending. To a large extent the junta had created its own problems. In 1974, when world copper prices were high, the regime had squandered the resultant high export earnings on the import of luxury items, and had done nothing to build up reserves. Foreign indebtedness had radically increased - partly compensation to the US copper corporations and ITT partly purchases of armaments from the U.S. Thus the junta was vulnerable to pressure and, moreover, was open to criticism on orthodox grounds.

21. Seven of the fourteen creditor governments refused to attend the scheduled talks in Paris - Italy, Britain, Sweden, Holland, Belgium, Denmark and Norway. The immediate results were the abandonment of the Paris Club talks and the withdrawal by the staff of the World Bank of a proposal that they were making to the Board for a \$ 20 million loan to the junta. It was at this point that the Americans intervened, in support of the junta. In at least one capital (London) they protested the decision but their main effort was directed towards the non-dissenting governments, (specially West Germany) and towards a reconvening of the Paris Club meeting. This duly took place in May. Britain and Italy did not attend the talks, Belgium and Norway sent only observers; Sweden, Denmark and Holland walked out of the meeting. The seven governments that remained (including three of the four main creditors - the U.S., France and West Germany) reached an agreement in principle to reschedule their share of the debt (some 80 percent of the amount that was due for repayment in 1975). 30 percent of the amount that was due in 1975 was to be paid in three instalments of 10 percent, in 1975, 1976 and 1977, with the balance to be paid over the next seven years. In the wake of this major success, the Chilean Foreign Minister, Admiral Patricio Carvajal, stated that his government would not pay the dissenting governments the amounts due in 1975. He opined that the British government's decision was due to pressures from "extreme left elements in Britain" and went on to state:

"The debt is practically renegotiated with the principal creditor countries, and those countries which did not attend the meeting have only two alternatives: either they accept the terms of the renegotiation which were agreed at the creditors' meeting, or they simply won't receive any payments at all."

22. The junta was thus in the position of arguing that the agreement by the seven assenting governments was binding upon the seven dissenting governments, when the Paris Club is merely a consortium of creditor governments and not an international organisation and when it was decided upon (according to report) that nothing that might be agreed would be binding upon the dissenting governments. Niceties of argument apart, it is obvious that the junta was defying the dissenting governments on the basis of the support that it had received from the U.S., West Germany, France and the other assenting governments.

#### The foreign debt: the current situation

23. The junta's official position is that it will not be applying for debt rescheduling in 1976. The implication presumably is that it will meet the full amount of repayments in the current year. In the meantime it has failed to pay a large proportion of the amounts that are due for 1975 in London (no doubt the same is true for other countries.) Following a review of policy towards Chile in the spring, the British government decided that it would not permit the delivery of the one remaining warship that has still not left the yards (the submarine Hyatt) until the junta has paid what is due on the vessel in the financial year 1975.

24. If the junta is in a position to meet the debt repayments during the current year it is because of two factors:

(a) the main drive of policy has been towards increasing the volume of exports, including non-traditional exports, even when - as we have seen in the case of agricultural products - this means cut-backs in food consumption inside Chile (recent increases in world copper prices will also have helped);

(b) consistent financial support has come from abroad in the way of granting of new credits - the greater part of this from U.S. agencies or from international bodies on which the Americans have strong representation.

The Chile Monitor published in London, has given the following breakdown of Chile's indebtedness:

"Rising debt: Chile's national indebtedness has risen to staggering new heights under military rule. Officially estimated at \$3.400 million at the time of the coup, Chile's public debt rose by 31 December 1974 to a total of \$4.477.8 million according to the International Monetary Fund. The vast bulk of this had to be paid in foreign currencies; the IMF breakdown for this portion includes the following figures:

Creditor	Total	Renegotiable	Due 1975	Due 1976	Due 1977	Due 1978
		(in millions of dollars)				
<u>Total</u>	4,293.3	1,788.3	692.8	695.4	590.5	545.5
<u>Paris Club</u>	3,133.1	1,514.7	559.0	575.4	460.1	420.3
USA	1,841.3	756.7	320.2	324.6	224.5	204.2
France	265.2	190.7	45.7	48.0	46.4	43.1
UK	261.6	172.8	49.2	52.0	48.0	44.3
W.Germany	220.1	101.8	46.2	44.5	40.6	35.1
Spain	145.6	112.6	17.7	27.5	25.4	23.7
Japan	125.6	65.3	21.6	20.1	11.1	11.8
Italy	122.7	41.6	27.5	30.3	28.6	26.7
Argentina	263.9	0.0	17.8	29.5	33.5	33.8
Brazil	153.9	0.0	22.5	16.9	23.5	25.2
E.Europe	279.4	201.0	50.1	31.9	31.1	26.9
World Bank	155.4	0.0	20.0	18.2	17.1	17.1
IDB*	154.4	0.0	13.0	12.7	14.2	12.0

\*IDB = Inter-American Development Bank

Chile's debt has continued upwards at a stiff pace, reaching some \$5,000 million by the end of 1975. This was the figure cited by Finance Minister Cauas (12th January 1976), and confirmed both by other sources and by an examination of last year's balance of payments.

#### The World Bank

25. The staff of the World Bank apparently stopped processing loans for Chile in the 1970-73 period. But the situation changed once the new regime had been safely installed in power and it was evident that the junta



would now receive support. This was less important than the support that was forthcoming through the IMF and the Paris Club negotiations, but it did mean that external financing would be available for certain projects that were significant in the development of industrial and agricultural infrastructure. Eventually, the pressures that have been described with regard to the foreign debt were also directed against the funding of the junta through the World Bank. This pressure also had some success, and there is no doubt that the Bank's staff was disoriented by the refusal of the seven governments to reschedule the foreign debt in February 1975. At that time a proposal for a new project loan to Chile was about to go before the Board of the Bank. The staff promptly withdrew the proposal, only to resurrect it when the rump Paris Club had agreed on rescheduling. Nonetheless, opposition has continued at this level, with some governments voting against proposals and others abstaining. In the case of Sweden, bitterness at the Bank's continued funding of the junta has been so great that the idea of withdrawing from the Board has become a matter of serious public debate.

26. Despite the denunciations by the junta of its opponents as being cogs in the wheel of a vast and diabolical Communist conspiracy (the Pope and the New York Times figuring as just two of these cogs), the various actions that were conducted against the junta were never co-ordinated in terms of a master strategy. Rather, a series of initiatives were taken, at different levels and through different institutions, all with the general aim of bringing about a restoration of human (and democratic) rights in Chile and with a greater or lesser degree of animus towards the regime. For its part, the junta had reason to fear some pressures more than others. Behind the propaganda barrage its advisers were extremely sensitive to those areas that represented a threat to its vital interests. But, as we have seen, it could count on a degree of support and sympathy from powerful foreign governments, and from private and public financial agencies, primarily because these various bodies were linked with the junta in relationships - strategic (for the United States), trading, financial and diplomatic. The policies espoused by the junta in the vital economic field were precisely in line with those recommended by the IMF and the World Bank. The junta hastened to remedy those specific American grievances that had arisen under Unidad Popular, by compensating very generously the expropriated copper corporations and by opening up both mineral exploitation and domestic manufacturing to American and other foreign investment. True, the Chilean economy remained in poor shape and, outside mineral exploitation, foreign investors showed little disposition to place capital in the country. Chile offered nothing like the investment opportunities that were present in Brazil, and both the world recession and, possibly, the hostility of so much of international public opinion were further blocks on a forward policy. Nonetheless, the Americans had ample reason to support the regime-- the successor to a government for whose destruction they bore much of the responsibility - a regime that was following economic policies that were as favourable as they could be for corporate interests. As we have seen, the requisite support has been forthcoming.

27. Nonetheless, the junta has been vulnerable to the pressure that has been mounted through public opinion in the various countries of the western world. It was conceivable that governments would be forced to go a long way to meet this pressure. And, if it was sufficiently strong, the pressure might actually enforce changes inside Chile to save the economy

from being strangled by lack of finance. The critical question was, could the pressure somehow be diverted, or expropriated, so that it ceased to be a threat to the continuance of the regime?

28. At first the junta reacted to the criticisms to which it was subjected, and to the diplomatic and economic pressures that were generated against it, by typifying its critics as Communists or, at best, as Communist dupes, and by appealing to the spirit of an anti-Communist crusade. It was ill-advised to do this, since political conditions in the liberal democracies made the junta far too embarrassing a friend for any respectable party or politician (there may have been some marginal exceptions). There are signs that, at the end of its first year, the junta's advisers were beginning to realise the extent of their international isolation and the counter-productive nature of their aggressive international stance. A confidential Chilean Foreign Office memorandum of December 9, 1974 argued that the regime should refrain from "the pursuit in international forums of an ideological campaign against international marxism", undertaking only a "successful campaign without mercy against marxism inside Chile", and putting forward, at the international level, anticolonialist positions "which will permit us, when we are attacked, to invoke the principle of non-intervention". The document specified a number of measures which the junta might take, ranging from a thorough review and overhauling of Chile's ambassadors to the opening of new embassies in Black Africa "where there doesn't exist an advanced consciousness concerning human rights". But the key proposal was that the junta should make concessions to human rights concerns, including the release of some detainees. The purpose was to "aid our friends (internationally) in finding arguments that will enable them to defend their position."

29. The position that the British, Italian and some other governments took up eighteen months ago, when they refused to agree to the junta's request to reschedule the debt payments due for 1975, clearly implied that the question of human rights could not be confined to "normal channels" or, even, to the United Nations, since such protests would prove ineffectual in producing any change within Chile unless they were backed up by pressure. This assessment was undoubtedly correct. Indeed, it is only the fact of such pressure, and the threat that there might be more to come, that has persuaded the junta to do what little has been done to modify the effects of the repression. The junta's aim has been to create a situation in which human rights arguments could be used by those who were anxious to defend it for whatever reason, against commercial or financial pressure. Thus, the Chilean Foreign Office recommendation that attention should be given to the release of detainees so as "to aid our friends in finding arguments which will enable them to defend their position." Once a bargaining situation had been created, in which the release of detainees could be tied to the refinancing of the foreign debt, and to other financial assistance, then it was possible to argue that the junta should suffer no penalties. The whole movement to apply pressure would thus be defused. The junta itself would be in a strong position, free to engage in the cycle of arrests, torture, interrogation, detention, release, financial advantage, new arrests, and so on.

30. In accordance with this general logic, the junta used "cosmetic" changes early in 1975 to provide a cover for the 1975 debt negotiations - changes that were denounced at the time, in The Times, as no more than

window-dressing. The British government refused to be impressed. Following its refusal, and that of six others, to negotiate the foreign debt, there is evidence that the junta again allowed some temporary relaxation in the human rights situation, at the time of the postponed "Paris Club" meeting in May last year, so as to provide a propaganda cover for the benefit of those governments that were bent upon rescheduling. The US government did everything in its power to marshal support for the junta, and, by May, was successful to the point that seven governments (including Canada, France and West Germany) were willing to agree to a debt rescheduling.

31. The "human rights" formula that is described above has been operated on a number of occasions. In any particular case there may or may not have been an explicit linkage of the supply of credits and the release of detainees. Quite probably no such explicit linkage will have been made, since this sort of "trading in flesh" is discreditable and renders the governments concerned vulnerable to criticism. Three cases may be briefly mentioned.

- (a) In France, it was reported about a year after the coup that the supply of certain credits was being made conditional on the release of eight detainees. Seven of these eight were duly released and the credits were supplied.
- (b) Herr Moersch, a German Foreign Office minister recently in Chile, is reported to have expressed satisfaction with Chile's foreign debt situation and to have expressed to General Pinochet his feeling that the Chilean economic policy is going in the right direction. At the same time the German embassy in Santiago has apparently presented a list of some 26 prisoners in whose release they are interested. Herr Moersch has said that this list is nothing to do with the negotiations that are going forward in the economic field.
- (c) Twenty-four hours before the arrival in Chile, on 10 May, of the US Secretary of the Treasury the junta announced the release of 49 prisoners, including three former leaders of Unidad Popular. Before leaving Washington, Mr Simon had said, "I am optimistic that it will be possible to ensure the freedom of a good number of political prisoners". Arrived in Santiago he stated, "I am pleased to verify that in the last few days a number of people have been released ... Moreover, the government has informed me that it is going to announce soon new measures which will guarantee even more effectively against (violations) of human rights". Altogether, it would seem that some hundreds of people were released at about the time of Secretary Simon's visit. Yet, before long, in the lead-up to the OAS meeting in Santiago, over a thousand people were arrested and there were massive raids in Antofagasta, Concepcion, Valparaiso and Santiago. Mr Simon's visit was connected with the extension of new loans to Chile.

32. At the present juncture both the junta and its American supporters appear to believe that the crisis of the regime has been solved. The meeting of the OAS in Santiago, between June 5 and 18, did pay some attention to the issue of human rights violations, but it also enabled Secretary Kissinger to claim that Chile was no longer an international pariah. The Secretary's current position on Chile is of considerable interest in indicating the outlines of a sophisticated propaganda position in defence of the relationship between Chile and the United States. This position has been given

expression during the five week period covering the visit of Secretary Simon and the OAS meeting. Essentially, it is the "human rights formula" carried to a higher stage. First, there is the admission that there have indeed been human rights violations and that these have "imperilled our relationship with Chile and will continue to do so". Then, following on his attendance at the OAS meeting, Kissinger claimed that the human rights situation was getting better. The evidence for this claim was to hand, since the Chileans had released numbers of prisoners and, in addition, had indicated that, apart from other institutional reforms, Chile would soon have "a Constitutional Act dealing with human rights which will be one of the judicially most advanced and complete in the whole world". The Secretary of State was thus able to pose as an influential friend of the human rights lobby, prove his claim by pointing to the releases and the promises of new safeguards, and then argue that the internal situation inside Chile had evolved to the point where Chile no longer merited the special attention, and special horror, that it had attracted in the previous three years. The political intention is evident: it is to do what can be done to defuse the human rights campaign. Whether there have been any advances in human rights is no part of the subject matter of this paper. The evidence that is available to the writer of this paper suggests that no such advances have been made: if the repression is now more selective it is none the less ruthless and arbitrary.

33. The Secretary of State also argued, on his return from Santiago, that Chile was in no way exceptional amongst Latin American nations when it came to the violations of human rights. Why, then, should it attract such disproportionate concern? Prima facie, this is a strong argument. Military regimes in the "cono sur" are uniformly repressive. But the argument has only abstract value - apart from its utility in helping to defuse the human rights campaign. For campaigning has focussed on Chile, and understanding of the general Latin American situation has largely arisen from comprehending the particular situation of this one country. Also, there has been built up a considerable commitment to the cause of the restoration of Chilean democracy amongst trade unionists, social democratic parties, churches and humanitarian circles in Europe. It is this commitment that provides the base for campaigning on human rights in Chile. If it is dissipated over a number of countries then campaigning will lose focus, and lose effectiveness.

34. A number of conclusions may be tentatively stated - tentatively since there is an evident need for a more rigorous analysis than it has been possible to make in this paper (a deficiency that is due to the limitations of the information available in London).

- (a) The politics of pressure is mainly to do with alerting public opinion in "home countries" to the character and extent of the relationships that exist between these countries and the country suffering under repression and government terror. Human rights arguments, by themselves, do nothing to alert public opinion to the character of these relationships, although they do of course provide something of an adverse tone in media comment and thus provide some possibilities of leverage through diplomatic channels.
- (b) In the case of Chile the human rights lobby has been unusually effective and can claim considerable successes, mainly in the way of the release of prisoners into exile and also by the exposure of the conditions of interrogation



(torture) and detention. However, the regime's various policies - whether in the security, legal, cultural, educational, economic or diplomatic fields - are all of a piece. Terror is functional; it is essential to the continuance of the junta. The international relationships in which the junta is involved hardly assist the generation of pressure, since (i) in diplomatic and economic activities it is in line with the strong recommendations and pressures that are forthcoming from the US government, World Bank, IMF, etc, and (ii) there are substantial shared interests between the regime, and the business interests that it protects, and governments and corporations in the countries of western Europe and North America. The dependence of the Chilean regime, of any regime, on external finance renders it vulnerable to pressure, eg through the foreign debt negotiations. But this is not to say that the officials concerned with such negotiations will be inclined to make an issue of human rights in Chile (or anywhere else).

- (c) The strength of feeling over Chile, and the recognition of the strategic character of the foreign debt negotiations, did lead to this becoming an issue in a number of countries. In some countries leading politicians were prepared to impose on their officials a decision to refuse debt rescheduling. But this initiative was largely frustrated by American diplomatic support, especially in the spring of 1975, and by continuing financial support. Nonetheless, the junta was unprepared to risk a repetition of the exercise in 1976, quite possibly on the advice of the Americans, who had to count the cost in terms of their own credibility of any attempt to repeat the operation of convening a rump Paris Club meeting with whatever of the creditors could be persuaded to take part.
- (d) Although social democratic leaders in Europe (but not the West Germans) did not wish to be associated with American policy towards Chile, they were very little inclined to publicly expose and condemn this policy, and its implications. Although the Socialist International, at a number of the meetings of its Bureau, adopted resolutions on Chile that urged member parties (many of them governing parties) to refuse to reschedule the Chilean debt, it was unable to persuade the West Germans. The West German government responded to American requests on the matter and duly attended the rump Paris Club meeting. France did likewise, and Britain thus found herself isolated amongst the four major creditor nations. The US embassy in London asked the British in formal terms to reconsider their attitude. But the indications are that little real pressure was applied, on either side. The Americans are reported to have characterized the British policy as being "rogue", adopted for special reasons as a result of strong Labour Party and trade union pressures, but signifying no change in the general Latin American policy. Certainly they seem to have felt no inhibition in wrecking the value of the stance adopted by the seven dissenting governments over debt renegotiation, and it would appear that, at least in London, the question was not allowed to become an issue between two governments. The State Department was

thus able to manage the contradiction between its Chilean policy and that of some of its European allies, as well as frustrate their stance over debt negotiation, at a fairly low cost in terms of credibility and prestige. But it is a speculative subject, and it is possible that the State Department was anxious to avoid the risk that the contradiction between its own policy and that of the dissenting governments would be freshly exposed in 1976. As is suggested above, this may have been part of the explanation for the junta's surprising announcement that it would not be applying for debt rescheduling this year.

- (e) Although it was evident by the end of 1975 that numbers of Congressional representatives, and even some State Department officials, were anxious for a change in the regime, the junta has held on to its unity and excluded Frei and his erstwhile military supporters from any prospect of power. With the eclipse of the "Frei solution" the junta has maintained its position as a particularly favoured American client - amongst the benefits which flow from this relationship being the supply of military equipment and, in 1975, more aid than had been granted to any other Latin American country.

35. On balance, it can be said that pressure against the junta has been a good deal more effective than reasonably could have been expected in September 1973. However, if it is to continue and to gain strength it will need a greater and more concerted effort than has been possible hitherto. Such an effort will inevitably be carried out in conditions of considerable difficulty, and it is as well to be as objective as possible about these. Apart from simple tiredness, and the transfer of interest to abuses of human rights in other Latin American countries, those campaigning for human rights in Chile must also reckon with the efforts that are already well in train to present the junta as having reformed the malpractices for which it has become notorious. It is vital that this propaganda be effectively countered, not least at official and parliamentary levels.

36. This analysis has attempted to demonstrate that there can be no coincidence between the aims of the human rights lobby and those of the US and of some other governments unless those who are working for human rights are prepared to accept that their role is confined to agitation for the release and reception abroad of individual prisoners - even if these prisoners are numbered in their hundreds and thousands. These efforts are invaluable in human terms, but they do not affect the viability of the system in which torture, imprisonment and disappearance are common occurrences and in which there is a general denial of basic freedoms. It is this system that of necessity brings about the violation of human rights. If the sights are raised and campaigning is focussed on the restoration of human rights then there is no choice but to resort to the "politics of pressure". As we have seen, there are the strongest institutional resistances to such a politics, and great difficulty in sustaining and completing any particular action. But the effort has to be made. It cannot be said with any certainty what specific results will follow. But the effects of the pressure that has already been applied have been notable, even when they have been limited to amelioration. And, whatever the results may be, they represent the very best contribution that can be made by those of us who live in open societies to the cause of the victims of the terror in Chile.