

CHILE: DEMOCRACY, DESTABILIZATION, DICTATORSHIP

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In 1970, self-described Marxist Salvador Allende won the Chilean presidential election and became the first elected Marxist in the region. Immediately upon his electoral victory, the United States began working against Allende, using diplomatic and economic sanctions and giving financial support to Allende's opposition. Such pressures, combined with the instability incipient in Allende's own radical reforms, led to a collapse of the democratic state. On September 11, 1973, General Augusto Pinochet overthrew the Chilean government and began a 15-year dictatorship in the country that haunts Chileans to this day. This paper uses declassified CIA documents to explore the forces that led to the coup d'état of 1973 and explain the involvement of both the United States and President Allende in creating the conditions for the coup.

Introduction

During the Cold War, the United States pursued a global policy to prevent the establishment of governments that it feared would be sympathetic to the Soviet Union and its ideological allies. In Latin America, with its already-long history of U.S. intervention, this policy was especially intense. As part of this geopolitical strategy of communist containment, the United States' foreign intelligence agency—the CIA (Central Intelligence Agency)—involved itself in the overthrow of numerous left-leaning governments across Central America, the Caribbean, and South America. Although it was neither the first nor the most aggressive incident of this involvement, the 1973 coup in Chile received significant press coverage and precipitated outrage across the United States and the world, even prompting the United States Senate to launch an investigation to determine the degree of U.S. involvement.

The coup did not happen overnight. Instead it was the result of years of an aggressively pursued policy of destabilization. So, while the U.S. Senate concluded in 1975 that the United States was not “*directly* involved,” it is true that the United States played a decisive role.¹ The Central Intelligence Agency sought to subvert the democratic government of self-described Marxist Salvador Allende, who was elected in 1970.² The CIA pursued policies of economic destabilization, diplomatic isolation, and support of opposition groups to the end of this destabilization. The effects of these policies were exacerbated by the radical and rapid reforms of the Chilean president, finally resulting in a coup in 1973.

There are roughly three phases into which U.S. policy can be divided. The first phase was the campaign against Allende's candidacy; this campaign saw the roots

¹ U.S. Congress, Senate, United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 1975, 2.

² Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970*, 2.

of what would become the general U.S. policy, specifically with respect to supporting Allende's opposition, which was the focus of this stage of the campaign. The second phase was the interim period between the election and the congressional run-off, where the United States began economic destabilization and diplomatic isolation in an unsuccessful attempt to prevent Allende's inauguration. Finally, in the third phase, the CIA adjusted and ramped up these policies, coalescing them into a policy of general destabilization of Allende's Chile that sought to prevent a meaningful execution of Allende's program or even to end Allende's presidency prematurely.

Historiography

The ascension of Allende to the presidency of Chile and the subsequent chaos is unsurprisingly divisive both in Chile and the United States. Scholars dispute the degree to which U.S. intervention is responsible and to which that intervention is justified. It is worth recognizing some of the nuance here, as it is critical for understanding how the CIA was able to destabilize Allende's presidency beyond even its own predictions. By the beginning of the 21st Century, new information had been declassified by the Clinton Administration regarding U.S. involvement through a program called the Chilean Declassification Project. This new information served only to muddy the waters further, as the scale and complexity of the events in Chile became increasingly evident.³

Being such a politically divisive issue, it is not surprising that there are accounts that run the gamut of interpretations, from Lubna Qureshi's bemoaning of the socialist paradise that almost was, to Johnathan Haslam's more apologetic book, revealingly subtitled "A Case of Assisted Suicide." As with any event that is so ideological in nature, there is ideologizing of the facts and there are untruths and overstatements to be cut away in most of these accounts, many of which are seemingly written with the objective of demonizing or exonerating either the United States or Salvador Allende.

It is partially the nature of history that one must phrase things in *some* way, and it is the prerogative of the historian to choose which he or she thinks is the *appropriate* way. Not every fact can be included and not every claim can be perfectly neutral to the facts of the case. It is the attempt of this paper to maneuver through the complicated forces that were in action in Chile between 1970 and 1973 and to find a properly nuanced account of the story, while also limiting the sacrifice of descriptive accuracy for normative claims regarding the events that transpired in Chile.⁴

³ Zakia Shiraz. "CIA Interventions in Chile and the Fall of the Allende Government in 1973," *Journal of American Studies* 45, no. 3 (2011): 604.

⁴ As an example, Qureshi is guilty of this sin when she describes the compensation for Chilean copper expropriation as "[honoring] the principle of fair compensation." She goes on to quietly qualify this "fair compensation" with the fact that Allende deducted from this compensation what he considered to be "excess profits," a concept that did not exist in international expropriation law until Allende invented it. Conveniently for Allende the value of the excess profits nearly matched the compensation owed by Chile to the expropriated companies, from whom over \$1 billion in compensation was deducted and the "fair" payout was \$18 million (later raised by a Chilean court by another \$1 million). By sleight of hand, Qureshi manages to make the claim that receiving just over 1% of the owed compensation is sufficient to be describable as "fair," thanks to Allende's ad hoc invention of the notion of excess profits. A discerning eye might suggest that this is a reductionist point to make, given the much more significant forces at play in Chile at the time; however, it is precisely this lack of compensation that was the "straw that broke the camel's back" as far as the United States' public opinion of Allende was concerned. Consequently, this partial justification for U.S. hostility is lost in the ideology of Qureshi's writing as she tries to paint a picture of good versus evil on the canvas of such a complex event. This is not to say that Qureshi's assignments of culpability are necessarily incorrect, nor is it to suggest that her writing is entirely valueless (in fact some of her work is used here), nor again is it to say that there are no "bad actors" and that everyone was acting for what they thought was the greater good. The claim is simply

The 1970 Campaign Against Allende

The election of 1970 was the fourth time that Salvador Allende had run for Chile's presidency. Unlike previous elections, however, Allende was not simply the candidate of the Socialist Party; he was running under a coalition party called the Popular Unity. This coalition united the Socialist Party, Communist Party, the disaffected left wing of the Christian Democratic Party, and other radicals.⁵ The election was a three-way race where each wing represented one of the three primary currents of Chilean politics: Allende, representing the leftist Popular Unity; Jorge Alessandri, running under the conservative National Party; and Radomiro Tomic, who ran under the centrist Christian Democratic Party. The incumbent, President Eduardo Frei of the Christian Democrats, was not eligible to run in the 1970 election because under the Chilean system, the president serves terms of six years, and, while there is no absolute limit on the number of terms that a single individual can serve, consecutive terms are prohibited. It was over the background of this election that the CIA began its operations, and directly in charge of these operations was the 40 Committee.

Previously called the 303 Committee, the 40 Committee was the organization within the executive branch that planned and executed covert operations through the CIA. At the time the committee was composed of President Nixon, Henry Kissinger, the Secretaries of Defense and State through their undersecretaries, the Chairman of the Joint Chiefs of Staff, and the Director of the CIA, among others.⁶ Importantly, there were no members of Congress—House or Senate—on the committee, meaning the most democratic branch of the United States' government was left out.⁷

On March 25, 1970, the 40 Committee approved its first funds—a cache of \$125 thousand dollars—to be used in the election. The United States did not specifically *support* one candidate but instead directed its efforts *against* Allende.⁸ On June 27, 1970, the 40 Committee approved \$300 thousand additional funds for the campaign against Allende. On July 16, the CIA refused to transfer a \$350 thousand donation from ITT, a U.S. phone company with significant investments in Chile, to Alessandri's presidential campaign (although the Agency did advise ITT on how it might secure that donation, and the money did eventually find its way to Alessandri).⁹ The 40 Committee's two objectives were to divide Allende's coalition and to strengthen anyone who opposed Allende. To accomplish the former, the CIA created statements that alleged to have come from one or another faction of the Popular Unity; these statements created tension and attempted to cause defections from the coalition. The latter included a massive "scare campaign," which consisted of the dispersal of leaflets, posters, wall paintings that attempted to draw comparisons between Allende

that Qureshi is at best misleading about how she arrives at some of her conclusions for whom she thinks deserves condemnation. See Lubna Z. Qureshi. *Nixon, Kissinger, and Allende U.S. Involvement in the 1973 Coup in Chile* (Lanham, MD: Lexington Books, 2009), 87; Richard B. Lillich. "International Law and the Chilean Nationalizations—The Valuation of the Copper Companies," *The International Lawyer*, 7, No. 1 (January 1973): 130

⁵ Qureshi. *Nixon, Kissinger, and Allende*, 47-48.

⁶ This information is specific to the years of 1970-73. The president had authority to add or remove people from the committee at will.

⁷ William F. Buckley, "Firing Line with William F. Buckley Jr.: Chile and the CIA," 11:57, Recorded September 20, 1974. Posted January 27, 2017 by Firing Line with William F. Buckley, Jr.

⁸ Central Intelligence Agency, *Memo: Extract of Minutes of 40 Committee Meeting. March 25 1970*. Accessed October 20, 2019.

⁹ United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 58.

and the likes of Stalin. Additionally, money was funneled to women's groups, civic action groups, newspapers, and radio shows.¹⁰

However, this campaign was significantly smaller in scale than during the previous Chilean election cycle.¹¹ During the 1964 Chilean presidential election, the United States spent \$4 million to ensure the election of Eduardo Frei of the Christian Democrats, compared to only \$435 thousand in 1970. In the words of Henry Kissinger, the effort in 1970 was "minimal and ineffectual" and "much too little ... far too late," and it showed.¹² Allende received a plurality of 36.3% of the vote, followed by Alessandri who received 34.9%—a difference of only 40,000 votes of the 2.9 million cast.¹³ Though he had not won a majority, Allende had won the election, and, while it was only a matter of time before the Chilean Congress would take on its role to officially select him, the CIA did everything it could imagine to prevent it.

The Interim Period

Chile has an absolute majority system. A plurality is not enough to win the presidency; a candidate must get more than 50% of the popular vote. Consequently, when Allende received the most votes, although only 36%, the election went to Chile's congressional houses, where they would vote to select a president. The 40 Committee, led by Nixon and Kissinger, began furiously assembling plans and resources to be used against Allende. There were two simultaneously enacted plans to stop Allende's victory: Track I and Track II.

Referred to as the "Rube-Goldberg Frei reelection gambit" by American Ambassador to Chile, Edward Korry, Track I was an attempt to prevent Allende's rise to power by bribing and coercing Chilean congressmen to vote for Alessandri, who had sworn to reject any such vote.¹⁴ This, theoretically, would trigger a reelection in which Frei would no longer be prohibited from running by Chile's one term system.¹⁵ However, by mid-September this was unworkable according to the analyses of the Agency,¹⁶ and the \$250 thousand set aside for it was never spent.¹⁷ The remaining hope for Track I was that Frei would invite the military to "take over," which he allegedly did, according to internal CIA reports, and the military "categorically refused." By the end of September 1970, the CIA considered the Frei-invoked coup to be dead as well.¹⁸

¹⁰ United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 21-22.

¹¹ The reason for the lack of focus on this election compared to 1964 goes back to 1958. In the 1958 Chilean presidential election, Salvador Allende had come in an uncomfortably close second place, and the CIA was committed to preventing his potential victory in the next election in 1964. The CIA spent \$3 million in that election, funding over half of the campaign of Eduardo Frei (He was not aware of this.), as well as funding a right-wing candidate to make Frei appear to be a genuine moderate under attack from both sides. The Agency also gave money to private groups, and by the end of the campaign it was distributing 3,000 posters every day and 50 daily or weekly political radio shows. Grace Livingstone *America's Backyard: The United States and Latin America from the Monroe Doctrine to the War on Terror* (London, U.K.: Zed Books Ltd. 2009), 51-52.

¹² Michael Grow. *U.S. Presidents and Latin American Interventions*. (Lawrence, KS: University Press of Kansas, 2008), 97-98.

¹³ Johnathan Haslam. *The Nixon Administration and the Death of Allende's Chile*. (London, U.K.: Verso Books, 2005), 56.

¹⁴ Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970, 2*.

¹⁵ United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 23-24.

¹⁶ Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970, 2*.

¹⁷ United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 23-24.

¹⁸ Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970, 5*.

Planned simultaneously, Track II was more extreme, and the 40 Committee deliberately left Ambassador Korry out of the planning of it, saying that they did not need him running around in his “unguided-missile way.”¹⁹ Track II proposed a coup to be carried out by the Chilean right-wing extremist General Roberto Viaux, and it was only cancelled at the last minute on October 16, 1970, when the CIA determined that Viaux did not have enough support to execute the coup, though he was ordered to continue working to build support. He did, however, have enough support to execute the Chilean Army Commander-in-Chief René Schneider on October 22, 1970 in a botched kidnapping attempt two days before the ratification vote for Allende.²⁰ Far from creating the perfect conditions for a military coup, the Chilean public recoiled from the assassination, and support for Allende increased, while the CIA’s network of agents in the Chilean military collapsed, as the various individuals involved sought after their own safety.²¹ By October 6, long before the Schneider assassination or the cancellation of Viaux’s coup, the 40 Committee had concluded that except for intervening “overtly and physically” an Allende presidency was assured.²²

There was also an economic aspect to this campaign. The CIA sought to cause a financial panic, which would ideally suggest to President Frei, the Chilean Armed Forces, and the Chilean Congress that an Allende presidency would be disastrous for the economy, putting pressure on them to stop Allende’s confirmation vote on October 24.²³ The CIA expected these economic pressures to aid both Track I and Track II.

Despite U.S. efforts, both plans failed. The forces that the CIA had determined to be capable of stopping Allende were “not only fragmented but left leaderless.” Radomiro Tomic acknowledged Allende’s victory and Jorge Alessandri, who had initially planned to oppose Allende’s inauguration, followed suit. Despite extremists like General Viaux (and evidenced by the lack of support for Viaux), the Chilean Armed Forces as a whole sought to maintain its apolitical and constitutionalist tradition, a position reinforced by Commander-in-Chief René Schneider until his assassination. Consequently, the Chilean Armed Forces abstained from interfering in Chile’s constitutional and democratic processes. The CIA found only an unmotivated malaise among Chile’s political actors, where one might expect to find reactions of “repugnance and gut concern” to the election of a Marxist. The CIA attributed this to the destruction of what it called “the anti-communist psychological curtain,” which occurred as Chile’s population had become accustomed to communist rhetoric through the decades of Allende’s career. Major actors who may have been able to stop Allende looked to each other for leadership, but no one was willing to make the first move.²⁴

The nail in the coffin of Track II was the Schneider assassination, when the public and members of the Chilean Military correctly attributed the assassination to right-wing elements who sought to stop Allende’s ascension to power.²⁵ As Allende was inaugurated, the 40 Committee began planning for its next course of action.

¹⁹ Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970*, 4.

²⁰ Livingstone, *America’s Backyard*, 55-56.

²¹ Central Intelligence Agency, *Chile*, 9.

²² Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970*, 2.

²³ United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 23; Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970*, 2.

²⁴ Central Intelligence Agency, *Chile*, 2-3, 7-8.

²⁵ Central Intelligence Agency, *Chile*, 9.

DESTABILIZATION OF ALLENDE'S CHILE

Economic Destabilization

The CIA had sought to destabilize all of Chile throughout Allende's presidency in order to "effectively hamper ... and effectively limit the impact of [the Allende] government in ... the hemisphere"²⁶ or, if this failed, to create a "coup climate."²⁷

The first part of the plan to destabilize Chile was directed at the Chilean economy. The CIA in 1970 was considering, and would implement, a veto of Inter-American Development Bank loans as well as withholding new commitments of AID loans and Export-Import Bank loans and guarantees.²⁸ This effectively turned Chile from one of the biggest per capita recipients of U.S. aid to receiving almost no aid at all. The Agency also considered what it called "miscellaneous" measures which included sabotaging the copper market to hurt Chile's largest export.²⁹ Additionally, it sought to meet off-the-record with companies with interests in Chile, such as Anaconda, an American copper firm, as well as the staff of Council of the Americas.

The CIA put its program into action effectively: bilateral aid decreased from \$45 million in 1969 to \$1.5 million in 1971, Import-Export Bank credits evaporated entirely from \$234 million in 1967 to zero in 1971, Inter-American Development Bank credits dropped from \$46 million in 1970 to a mere \$2 million in 1972. In addition, U.S. strategic reserves of copper were sold to saturate the market and hurt Chile's copper industry.³⁰

Another aspect of this economic destabilization was a boycott by the U.S., which cut off much-needed parts for maintenance and repair in Chile's mining, manufacturing, and transportation industries. Historian Grace Livingstone cites this as a reason for Chile's massive numbers of non-functional cars and trucks. Livingstone claims that, as of late 1972, one third of the trucks at the Chuquicamata Mine, one third of all city buses (public and private), and one fifth of all taxis could not run because of this boycott.³¹ However, the truth is less straightforward; a CIA report from February 1971 indicates that a denial of these parts for mining, manufacturing, and transportation would "inconvenience but not appreciably harm" Chile because such parts are easily accessible in other markets as well as the fact that Chile has enough reserves of mining products to last at least a year. The same document also makes reference to Cuba whose shortage of hard currency made the US boycott genuinely damaging, "a limitation Allende will not face," according to the CIA's internal reports.³²

The CIA was incorrect in this analysis. In December of 1972 (the same period referenced by Livingstone), it reported that Allende's economic program had burned out nearly all of Chile's stored economic assets: \$550 million of its foreign reserves as well as most of its foreign credits—with an accompanying "serious deterioration in productive capacity."³³ The answer to how exactly the CIA made such a misjudgment lies in Chile's domestic politics. These documents suggest that Allende's program inadvertently exacerbated the effects of U.S. tactics.

It should be understood, however, that the problem was not that Allende was a socialist, nor was it a problem that his reforms were socialistic. The problem was

²⁶ Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970*, 2.

²⁷ Livingstone, *America's Backyard*, 54.

²⁸ Central Intelligence Agency, *SRG Meeting November 18*, 3.

²⁹ Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970*, 3.

³⁰ Livingstone, *America's Backyard*, 56.

³¹ Livingstone, *America's Backyard*, 56.

³² Central Intelligence Agency, *Chile's Economic Vulnerabilities*, 10-11.

³³ Central Intelligence Agency, *Allende's Chile: The Widening Supply-Demand Gap*, 1.

that, even if those reforms are good ideas, they amounted to a fundamental reorganization of the Chilean economy, and any change that dramatic is going to bring with it a degree of instability. It was in the midst of this instability that the United States launched the most potent parts of its economic destabilization program, the effects of which this instability magnified. There were several decisions that Allende made that were especially damaging.

First, Allende, rather predictably, called for a rapid expansion of state ownership into the private sector.³⁴ Between 1970 and 1972 he increased state control of the mining sector from 45% to 98%, over manufacturing from 25% to 45%, over banking from 67% to 96%, and over energy, gas, and water from 60% to 90%. Such increases occurred across nearly every sector of the Chilean economy to similarly intense degrees. According to the CIA, this state expansion led many U.S. and even Chilean managers and technical experts to leave the country, the latter leaving because they feared losing their pensions and felt that they would not be respected by the political appointees who were running the newly nationalized facilities. This disruption was most pronounced in agriculture and mining and was less so in manufacturing.³⁵

Livestock production reached a peak in 1971, up 15% from 1970; however, this peak was followed in 1972 by a precipitous decline where livestock production plummeted to 75% of the 1970 levels. Much of this change in production—both up and down—was due to farmers' fears of nationalization, which caused unusually high levels of slaughtering of livestock, in an attempt to trade the livestock products for more secure forms of capital. Similar trends followed for crop production which reached a high in 1971 due to good crop conditions, but by 1972 production had dropped to 80% of the 1970 levels. This drop was due to the unsuccessful attempt by the state to organize nationalized lands into functional farmlands and fears that farmers would not be able to reap profits from their work, due to nationalization.³⁶ All of this was compounded by a strike of roughly 60,000 campesinos (agricultural workers) in southern Chile during the Fall of 1972, who were fearful and frustrated by nationalization as well as the economic problems facing the nation (much to the delight of the 40 Committee).³⁷

Chile's mining sector also suffered. The expropriation caused much of Chile's foreign and domestic expertise to leave the country, as in agriculture. Less technical and managerial expertise combined with wage increases and price freezes meant that by the end of 1972 Chilean copper had gone from being the least expensive copper in the world to barely breaking even in order to stay competitive, even despite climbing copper prices. Government tax and profit revenues from the mines fell considerably from \$260 million to \$40 million from 1970 to 1971. All of these combined meant that copper production across Chile was operating at about 70% capacity in 1971 and was similarly bad for 1972. Production of copper also grew at a slower rate than did capacity of production over these years.³⁸

The nationalization of the manufacturing sector was less dramatic than those of agriculture and mining, and the managerial problems that occurred in agriculture

³⁴ The following numbers (through the end of this section) are from the CIA's own contemporary data collection. These data are not necessarily perfect; however, they indicate unmistakable trends in the Chilean economy. These trends are the relevant data, not necessarily the precise numbers.

³⁵ Central Intelligence Agency, *Allende's Chile: The Widening Supply-Demand Gap*, 4, 8, 11.

³⁶ Central Intelligence Agency, *Allende's Chile: The Widening Supply-Demand Gap*, 5, 7.

³⁷ Central Intelligence Agency, *Reports on Strikes Throughout Chile; Legal Efforts to End Strike; Efforts to SPR*, 1.

³⁸ Central Intelligence Agency, *Allende's Chile: The Widening Supply-Demand Gap*, 12.

and mining were less noticeable in the manufacturing sector due to the state's already-large role in the industry as well as a slow-down of the state take-over in 1972. Due to rising demand for consumer goods, manufacturing had reached capacity, and shortages, labor discipline, and distribution problems were becoming alarming by the second half of 1972.³⁹ As all of these nationalizations were taking place without the promised improvements in quality of life, the Chilean people were frustrated.

The second error Allende made, after his massive and rapid state takeover of industry, was his decision to increase wages by 45%, and, in order to stem the inflation that would naturally accompany such a large wage increase, he simultaneously implemented price freezes. This combination, unsurprisingly, led to a sizeable increase in demand for all manner of products from food to manufactured goods. After having rapidly exhausted his reserves of spare parts and resources, Allende had no choice but to spend his foreign exchange reserves to support importation of goods to keep with the rising demand (and falling production caused by the aforementioned expropriations and nationalizations).⁴⁰ In fact, imports increased immensely. Even as export earnings fell by 20% from 1970 to 1972, imports increased from \$175 million to \$400 million over the same period. Along with soaring public spending and a public deficit reaching 20% of Chile's GDP, the total money supply increased by 114% in 1971, compared to the average of the previous five years, which was 42%. By 1972 real wages were beginning to plummet.⁴¹

These increases in demand and imports caused distribution problems at ports and rail yards in Chile, which were worsened by striking workers and a lack of parts to maintain trucks and trains.⁴² The government stepped in to try to solve the distribution problem for foodstuffs, but with the only tangible result being the people's blaming the government for shortages. And as individuals reacted to growing shortages, they began hoarding and stockpiling, causing even more problems. The Chilean people were bewildered at what they ought to do.⁴³

The third reason why the economic destabilization was surprisingly successful was Allende's aversion to taking assistance from the Soviet Union and People's Republic of China. Allende had \$264 million in credits that he could have chosen to use as of March of 1972. While it is not entirely clear why he chose to abstain from using those credits, there are plausible reasons that the CIA identified. It is likely that he did not want to switch his nation's equipment from American models to Soviet models; this would put unnecessary strain on the economy as people learned how to use new equipment and shifted to using different tools and spare parts for maintenance. Additionally, he considered the terms offered to him by the Soviet Union to be "less than generous," and he was likely hoping for a better deal. Lastly, he did not want to increase the influence of Moscow over his government, often an unintended consequence of accepting aid from hegemonic powers. The CIA suggested that if the Soviets were willing to offer hard currency, oil, and consumer goods and if Allende was willing to turn to the USSR, then assistance to Chile could have rapidly increased, maybe even reversing the collapse of the economy.⁴⁴ This would have saved the Marxist experiment in Chile and reflected well on socialism and Marxism globally.

³⁹ Central Intelligence Agency, *Allende's Chile: The Widening Supply-Demand Gap*, 8-11.

⁴⁰ Central Intelligence Agency, *Chile's Economic Vulnerabilities*, 10-11.

⁴¹ Central Intelligence Agency, *Allende's Chile: The Widening Supply-Demand Gap*, 12, 19.

⁴² This was exacerbated by the understandable decision of Allende's government to spend Chile's reserved capital on food and consumer goods rather than using that capital to purchase these parts from other countries.

⁴³ Central Intelligence Agency, *Allende's Chile: The Widening Supply-Demand Gap*, 14.

⁴⁴ Central Intelligence Agency, *Communist Economic Assistance to Chile*, 1-3.

One can only speculate why Allende opted to go for these policies when he did. It is possible that he wanted to maintain his popularity to avoid getting badly beaten in the congressional election in spring of 1973, after which the “fabric of Chilean society” had “strained to the breaking point” by the estimation of CIA Director William Colby.⁴⁵ Or perhaps he believed that he had an obligation to pursue the goals that he had promised his people or that the people would see him as a weak leader if he reneged on his policies. Otherwise, he might simply have been misled by the economic advice of his cabinet. But, regardless, the economy of Chile suffered dearly under the weight of U.S. measures combined with the instability natural to the economic reorganization pursued by the Allende administration.

Allende’s program, however well-designed or well-implemented, was necessarily going to cause instability as the state created and organized its apparatuses for controlling these new facilities. This instability compounded the economic sanctions’ effects also caused a loss of public support for Allende that gave General Augusto Pinochet the chance to carry out his coup in September of 1973. Additionally, Allende’s reforms gave his critics within Chile powerful ammunition to argue that his program was destroying the country, as it was not known at the time that the United States was playing such a critical role. This connection was incredibly important for the U.S. sanctions to be effective, as without the ability of the people to blame the government for the economic hardships, sanctions become strategically worthless.⁴⁶

Diplomatic Isolation

The diplomatic component of the CIA’s plan was relatively predictable: isolate Chile and pressure nearby states to condemn Allende’s actions. In a 40 Committee meeting in October of 1970 plans were made to “wind down ... bilateral programs (between the United States and Chile)” and “build a ‘de facto entente’” of key states, including Argentina, Brazil, Colombia, Mexico, and Venezuela. The 40 Committee also called for concerted opposition to any Chilean move to “wreck the OAS (e.g. Organization of American States), recognize Cuba, or establish a third force” in Latin America opposed to the United States. In the same meeting the 40 Committee suggested a “cold but correct [posture] on the surface toward Allende,” and it called for the United States to make it clear that it does not approve of Allende and to take a guilty-until-proven-innocent stance toward Allende, saying, “he has to prove his acceptability, not prove his unacceptability.”⁴⁷

The purpose of these positions was to avoid giving Allende too much room to accuse the U.S. of not giving his administration a chance. If the United States had started the Allende administration by launching rhetorical attacks from the White House, Allende would have been able to use that animosity toward him to gain political capital both domestically and abroad by pointing to the United States and its unfair treatment of him. In effect, the United States sought to treat Allende unfairly while maintaining some plausible deniability.

Lastly, the Committee noted that military and economic aid as well as special trade treatment may be necessary to convince other Latin American states to take a stand against Allende.⁴⁸ The notes of a National Security Council meeting in mid-November 1970 suggest an attempt to convince other Latin American nations

⁴⁵ Central Intelligence Agency, secret memorandum from William Colby to Henry Kissinger, *CIA’s Covert Action Program in Chile Since 1970*, September 13, 1973. 2.

⁴⁶ Gil Merom. “Democracy, Dependency, and Destabilization: The Shaking of Allende’s Regime,” *Political Science Quarterly*, 105, No. 1 (Spring, 1990): 77.

⁴⁷ Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970*, 3.

⁴⁸ Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970*, 4.

unilaterally make statements similar to the ones made by the United States on the reestablishment of relations with Cuba to show other states in the hemisphere that this deviation from U.S. foreign policy was not appropriate. The notes further suggest providing “selected” Latin American governments with information on Chile’s links to subversion in other countries.

The National Security Council recommended the following statement:

“The new President has taken office in accordance with Chilean constitutional procedures. We have no [wish] to prejudge the future of our relations with Chile but naturally they will depend on the actions which the Chilean Government may take toward the United States and the inter-American system. We will be watching the situation carefully and [be] in close consultation with other members of the OAS.”⁴⁹

A similar statement was eventually made by Nixon; however, the “cool but correct” façade was just that, a façade.⁵⁰ Nixon, despite his cool and correct words, was arranging for “a diplomatic cordon sanitaire” to isolate Chile in Latin America.⁵¹ Ultimately, these policies were aimed at two goals: to prevent Allende from being successful in any serious foreign policy goals he may have had and to make an example of Allende, should any other Latin American nations feel encouraged by Allende’s rebellion from the U.S.-established status quo.

Support of Opposition

The Chilean people were frustrated and confused, and the CIA successfully directed these feelings against the Chilean government through its support of the opposition within Chile. This included money given to newspapers such as *El Mercurio* (which received \$1.5 million to support it), radio shows, student groups, labor unions, peasant groups, women’s groups, and opposition parties in addition to money that was spent on individual pieces of propaganda, such as posters, wall “art,” and pamphlets. Between 1963 and 1973, 8 million dollars were spent on elections and political parties; \$4.3 million on propaganda and mass media; and \$900 thousand on influencing unions, student groups, peasant groups, and women’s groups.⁵²

One of the primary recipients of CIA funding was the Christian Democratic Party of Chile. In 1971 alone, the 40 Committee granted it \$537 thousand directly. That same year the Committee approved \$1.24 million to purchase media and fund other anti-Allende political activities, \$815 thousand to fund opposition parties and to split the Popular Unity, and \$160 thousand approved to be spent in the 1972 by-elections. In the following year, the Committee approved another \$50 thousand to be used to split the Popular Unity, \$46 thousand to support an opposition candidate, \$24 thousand for an anti-Allende business organization, and \$1.4 million to support opposition candidates in the 1973 congressional elections. In 1973, the Committee approved \$200 thousand more for opposition candidates in the elections of that year as well as \$1 million to support parties and private organizations that oppose Allende; the latter was apparently never spent.⁵³

All of these resources were used by opponents of Allende to magnify their voices beyond the scope of their support. Some of the funds delivered to private groups ended up financially supporting protests during Allende’s presidency, against

⁴⁹ Central Intelligence Agency, *SRG Meeting November 18*, 6.

⁵⁰ United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 27.

⁵¹ Central Intelligence Agency, *40 Committee Meeting--Chile--October 6, 1970*, 3.

⁵² United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 63-65.

⁵³ United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 63-65.

the rules of the CIA. Importantly, in a private message sent by the director of the CIA to Henry Kissinger, Director Helms states that none of those funds reached the groups that started and maintained the strikes that were “instrumental in provoking the military coup.” This may indicate that the CIA did not desire a coup as its primary goal, and the fact that at the end of August 1973 (less than a month before the coup) the CIA had approved over \$1 million to be used for continued opposition to Allende through the summer of 1974 further supports both this conclusion and the fact that the CIA was not aware of any coup attempt in Chile until shortly before it transpired. The fact that it had initially supported Viaux’s potential coup indicates that the United States was not *opposed* to a coup; nevertheless, it seems to be the case that destroying the democratic nature of Chile was not desirable, unless the CIA considered it to be absolutely necessary.⁵⁴

Conclusion

The events of Chile are unusual by the standards of traditional notions of what the CIA is and does. The CIA spent less effort in the 1970 election than it did in 1964, yet its agents were incredibly surprised when the election did not go their way. The hysteria of Nixon and Kissinger at the election results did not match the sober analyses of other CIA officials, which indicated that, for many reasons, Allende’s election was relatively inconsequential to the United States and was not a threat to Chilean democracy, at least in any sure or immediate sense.⁵⁵ Never ones to be dissuaded by sober analysis, Nixon and Kissinger embarked on a mission to destroy Allende.

The first stage of their mission—stopping Allende from gaining a plurality—had failed, and the second stage would fail as well, with Allende’s inauguration on November 3, 1970. After three years of aggressively pursued economic destruction, diplomatic isolation, and enormous funding of opposition, the fabric of the strongest democracy in Latin America tore. Allende was assassinated, and General Augusto Pinochet rose to become the dictator of Chile. Somewhat poetically, Nixon was constitutionally impeached and resigned less than a year after Allende’s assassination in the presidential palace in Santiago.

The episode in Chile raised questions within the United States and abroad about the role of the United States in the affairs of other nations. An enraged Senate launched an investigation that uncovered much of the story, and the reaction from the debacle would materialize in the election of Jimmy Carter to the U.S. presidency. President Carter’s focus on human rights, especially in Latin America, decreased abuses; unfortunately, after one term there was a return to normalcy in the dictatorships of Latin America as President Reagan supported them as Cold War allies.⁵⁶

⁵⁴ CIA, secret memorandum from William Colby to Henry Kissinger, “CIA’s Covert Action Program in Chile Since 1970,” September 13, 1973.

⁵⁵ Rabe, *The Killing Zone*, 132-133.

⁵⁶ Rabe, *The Killing Zone*, 153-154.

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