

**IPS RESEARCH REPORT**  
**THE CHILEAN COUP: CASE STUDY**  
**IN CIA SUBVERSION**

Early on the morning of September 11, 1973, the Chilean Navy in joint maneuvers with the U.S. Navy seized the port of Valparaiso, north of Chile's capital Santiago. Several hours later, the Air Force bombed the Moneda Palace, the center of the Unidad Popular government of Salvador Allende, and Army tanks and police jeeps moved into the city's streets. After four days of sporadic fighting, the Chilean military had completed the final phase of the CIA's response to the "Chilean experiment."

Allende was elected President of Chile in September 1970 as the candidate of a coalition of the Communist and Socialist Parties and several smaller political factions. His Unidad Popular (UP) government took over after six years of Christian Democratic rule headed by Eduardo Frei. Frei, groomed by the United States as the model for Latin American leadership under the Alliance for Progress, had been unable to deal with the rising tide of peasant and working-class unrest. His agrarian reform program benefited only 10 per cent of the peasantry, while encouraging their "hunger for land." As land seizures swept the countryside, strike activity soared in the cities. Additionally, Frei's efforts at reorganizing the economy by breaking up the *latifundios* (large land holdings) had caused a serious rupture in the Chilean right.

#### Contingency Plans

From the day Allende received 36 per cent of the vote against a factionalized right, the question of U.S. intervention was raised in Washington. Pushing for immediate action were the large copper companies, Kennecott and Anaconda, and ITT with over \$200 million invested in the Chilean economy. At the center of contingency planning from the outset was William V. Broe, Director of the Central Intelligence Agency Latin America Division of Clandestine Services. Despite intense discussions between Broe, the private corporations, and Henry Kissinger on a variety of contingency plans for direct and indirect intervention at the time of the election, the decision was made early in 1971 that certain preconditions were necessary before Broe's "services" could be productively employed.

Beyond the precarious situation of private investments under the UP, the United States was worried about several other aspects of the Popular Front government. Peron had not yet returned to pacify Argentina, and the possibility existed for socialist political influence of Argentina's volatile working class. Furthermore, Santiago was rapidly becoming the center for the more than 20,000 political refugees who had fled the U.S.-engineered coups in Brazil, Bolivia, and Uruguay. A possible toehold existed for the USSR on the continent.

#### Working-Class Strength

Despite their anxiety and determination for a "stable" Latin America, Rockefeller's underlings had to bide their time. The working class of Chile was strong, in spite of the treachery and cowardice of its leadership (see "The Chilean Pop Front: Autopsy of a Suicide" in the November 1973 issue of the *Campaigner*, theoretical journal of the National Caucus of Labor Committees). The Chilean working class had a long history (dating back to the 1890's) of socialist organization and militant class struggle. The Communist Party (CP)-led trade-union confederation, the CUT, was equal in strength to the comparable CP-led CGT in France. As late as the following year, in March 1972, Nathaniel Davis, U.S. Ambassador to Chile, wrote to the State Department: "...the prospects of military intervention for the foreseeable future are extremely small." He continued by noting that these prospects would improve only when public opposition to Allende had become "so

overwhelming, and discontent so great, that military intervention is overwhelmingly invited...."

The alternative strategy by no means ruled out military intervention, but sought as its immediate objective the creation and activation of the necessary preconditions. The plan which emerged was sophisticated in its conception and meticulous in its implementation. It serves as a case study in CIA subversion both in the third world and in the advanced sector. In classic "inside/outside" fashion it combined economic and political pressure externally with a well-trained civilian and military counterinsurgency strike force inside the country.

#### Economic Squeeze

Key to CIA strategy was disruption of the Chilean economy, to sabotage Allende's ability to fulfill his promises to the working class, and to apply economic pressure to the middle class, whose ties to the UP were for the most part tentative or antagonistic. This was decided upon, as Broe remarked, "after analysis of the points of vulnerability of the Chilean society." The plan was simple: cut off the flow of credit to Chile and step up demands for repayment of outstanding debt. Through its domination of the World Bank, the Inter-American Development Bank, the International Monetary Fund, and its own Export-Import bank, the U.S. prevented the issuance of new loans to the Allende government. A portion of aid and credit previously approved found its way to Chile, but no new proposals for credit got out of committee. The IMF was not categorically opposed to credit to Chile, but informed Allende that it would do so only on the condition that he impose austerity measures on the population to ensure the economy's viability. Like most Latin American countries, Chile imports sizable food supplies to feed its population; the loss of credit was felt rapidly in markets across the country.

The second vulnerability profiled and played upon by the U.S. was Chile's dependence on copper exports for over 80 per cent of its foreign exchange earnings. With help from the U.S. government, which dumped large amounts of its copper reserves on the world market, the price of copper was slashed by one-third one year after Allende's election.

This process of economic strangulation also had an internal component. In early 1971 Allende had implemented his pledge of a 100 per cent across-the-board wage increase for the Chilean working class, intending to increase spendable income and stimulate the economy. The economy, however, was only partially under the control of the state apparatus; the rightwing, which dominated the private sector, refused to invest in increased production. As a result of the economic blockade, the drop in copper prices and the stagnation of the domestic economy, inflation brought within tolerable limits during Allende's first year in office — began to spiral.

Increasing inflation and growing shortages were the two key factors feeding middle-class hysteria, which precipitated the rightwing a strike led by the truckers in October 1972.

#### Political Isolation

It was obvious from the time of this election that Allende would need allies on the Latin American continent in order to survive. Equally obvious was the CIA's domination on the continent. Working from a base in Brazil, secured by the 1964 coup, and Peru, where the military took over in 1968, the CIA moved quickly after 1970 to accomplish the twin objectives of winning the entire continent and isolating Allende. In 1972, two days before Allende was to meet with President Torres of Bolivia to discuss trade and assistance arrangements between the two countries, CIA operative Banzer led a military takeover of Bolivia!

A year later Uruguay, which has a close cultural affinity to Chile, fell to the military. Shortly thereafter, fascist Juan Peron was cordially invited back to Argentina to regiment the working class of that country. Refugees poured into Santiago as Rockefeller and his hitmen mowed down national governments and working-class organizations. Allende was without allies as the whole continent was progressively sealed off.

#### Local Talent

Complementing the CIA's operations in neighboring countries and Rockefeller's maneuvers in the institutions of international finance was a seamy network of trained agents within the Chilean labor movement and in managerial organizations. The establishment of the syndicalist *Gremios Patronales*, unions of employers and owners, and the seeding of the labor movement with agents were carried out with funding and training from numerous CIA front groups and affiliates. Particularly useful in this regard were the leaders of the SNA, an organization of large landholders, and the leadership of the independent truckers after whom the CIA has modelled its countergangs among U.S. truckers, Overdrive and FASH. This layer was first activated as the rightwing strike force in the October 1972 strike aimed at paralyzing the economy.

Much of the actual training of agents took place outside Chile at the various operation centers of the American Institute for Free Labor Development (AIFLD). The AIFLD, working closely with the AFL-CIO, has open training facilities at Front Royal, Va. (not far from CIA headquarters in Langley, Va.) and at Georgetown University in Washington, D.C. The North American Congress on Latin America estimates that during Allende's tenure there were at least 108 agents in Chile who had been trained by the AIFLD in anti-communism and "free trade unionism" at various locations in the United States. These agents in turn conducted in-country seminars for over 10,000 Chilean bureaucrats and executives in the period 1962-70.

In Chile the AIFLD was unable to exert influence through routine bankrolling of large anti-communist labor organizations. (The exception to this was the Maritime Union, which they successfully split off from the CUT and which maintains close ties with the AFL-CIO.) In general, the strategy was to train selected individuals already in positions of leadership or plant people picked for the job, particularly in the transportation, communications, and distribution networks. Rojas Aguilera, one of the leaders of the rightwing copper strike in 1973 and a graduate of AIFLD's training program, is exemplary of the technique. Almost to a man, the so-called labor leaders deployed from Chile since the coup, posing as spokesmen of the working class and lauding Chile's liberation from the Marxist menace, were trained at AIFLD operation centers.

#### Military Aid

Although the strategy of the U.S. was to isolate Chile economically and politically, at least one institution of the Chilean government maintained extremely cordial relations with the Rockefeller interests—the Chilean Armed Forces. The cooperation between the U.S. and Chilean military was formally established with the signing in 1947 of the "Inter-American Mutual Defense Treaty," which extended U.S. "protection in the event of communist attacks." With the institution of the Military Assistance Program in 1952, funds and training were provided to back up the agreement. Between 1950 and 1968 over 3600 Chilean military officers received training from the U.S., most of them either at Fort Gulick in the Canal Zone or at special bases in the United States, such as Fort Bragg and Fort Gordon.

The Chilean military has received more advanced training than that of any other Latin American country with the exceptions of Rockefeller colonies Peru and

Brazil. Chile also received higher military aid per capita than any other country on the continent. Between 1950 and 1970 military aid amounted to over \$175 million. With a standing Armed Forces of 46,000, Chile has a greater per capita military strength than any other country in Latin America except Cuba and Uruguay. The Armed Forces are supplemented by the Carabineros, a national police force of 24,000 similar to the Carabinieri of Italy and the Guardia Civil of Spain. The amount of U.S. aid to the Chilean military under the UP government was double that during the last four years of Frei's regime, and the Carabineros received a special grant of \$2.4 million from the infamous CIA front the Public Safety Program!

#### Soldiers Without Politics

The military was widely recognized as the most serious potential threat to Allende; in an effort to reassure themselves, members of the UP government often referred to the "nonpolitical nature" of the Chilean military. Historically, the Chilean military was thoroughly political: It had carried out two previous coups in 1891 and 1924, and had ruled the country from 1924 to 1931. Furthermore, the military had intervened throughout Chile's history to crush strikes and peasant revolts, and as recently as 1967 it had moved on unarmed strikers with tear gas, helicopters, and bullets, killing seven and wounding scores.

The military, however, was not a unified body and was subject to the political pressures of the society at large. The most significant factions which stood in opposition to the hard-line rightwingers in the Navy and Air Force was a group known as the constitutional leftists, whose spokesman and leader was General Prats. They were the faction of the military closest to Allende on the basis of their opposition to a coup as a means of removing him from office. Allende tried to use this limited leverage to keep the military in check, but as the months passed and the political struggle heightened, those officers closer to Allende were increasingly isolated.

#### "Prophylactic Counterinsurgency"

Propagating the myth of the military's neutrality was not Allende's only mistake with respect to the Armed Forces. He suicidally sought to integrate the military into all aspects of the society, an aim explicitly written into the UP program of 1970. This was a foot in the door for a counterinsurgency army trained extensively in civic action as a key tool in what CIA man Bernard Glick describes as "prophylactic counterinsurgency" in his book *Peaceful Conflict*. As Glick, an understudy to General Lansdale, lays it out, the idea is to involve the military in such projects as health clinics, bridge construction, and irrigation to familiarize the population with their presence, build a base within the civilian population, and gain the confidence of the people. The CIA was overjoyed when Allende gave the military a role in the distribution of milk to hungry Chileans in the much-publicized "one half liter of milk" program.

As the U.S. campaign of subversion proceeded the military moved closer and closer to the center of political activity. Allende relied on the military in moments of extreme pressure, such as the October 1972 strike; and with each step backward that Allende took in the face of the right, the military took two steps forward.

#### Counterinsurgency Pioneers

A critical element in the CIA's military and counterinsurgency capabilities was the existence of the Carabineros. Set up in 1927 to fight the "Bolshevik menace," the Carabineros were pioneers in civic action. Their structure and functioning fits the prescriptions outlined in an article by counterinsurgency strategist Hildner, published in 1971 in *Air University Review*. Hildner's main point is that the era of rural insurgents has passed and that an effective means of dealing with

urban insurgency must be developed. He emphasizes that the military cannot be used in this capacity because the use of the military lends political credibility to the insurgents. The insurgents must be treated as common criminals, and this in turn requires the upgrading of Latin American local police forces to meet the challenge.

Hildner's program for reorganizing police forces in Latin America was developed by the operatives who conceived and set up the U.S. Law Enforcement Assistance Administration (IPS.No. 2). The main points follow:

- Increased size;
  - Better pay;
  - Modern equipment;
  - Improved mobility;
  - Centralized information storage and retrieval system;
  - Improved training, especially in crowd and riot control, intelligence, and psychological warfare;
  - Unified command structure;
  - Process of "merit" selection to ensure political stability.
- Hildner notes that the police force should be integrated with the military at the intelligence level. This was the conception around which the Carabineros were organized, funded, and trained by U.S. special forces and their juniors in Brazil.

#### Forces On The Right

The relationship between the military and the rightwing was intimate. Functioning in the Congress, the Nationalist Party and the Christian Democrats made every attempt to block Allende's social and political legislation. These parties also controlled significant sections of the media, which were used in classic CIA fashion for various psychological-warfare operations. The rightist press carried stories of imminent shortages of toothpaste or sugar and automatically panic buying created the shortage. Added to this was the power of the pulpit through the close ties between the rightists, the military and the Catholic church. Much of the church's psywar thrust was aimed at women around the issues of the family.

The right also had a well-organized extra-legal force called *Patria y Libertad* (Fatherland and Liberty) which conducted terrorism against the left, assassinations, incessant demonstrations, and psychological warfare, keeping Allende constantly on guard.

Shortly before the March midterm elections in 1973 Thieme, co-leader with Rodriguez of *Patria y Libertad* granted an interview to a reporter from *Deutsche Presse Agentur*. In a city filled with coup rumors, the interview which hit the press included the following remarks by Thieme: "There is no political solution possible — we have to overthrow the government by any means or behavior. In 60 days there will be a strike from the base [rank and file], and it will be much larger than the October one... What will be different this time is a good organization which we didn't have in October... The Armed Forces cannot control everything. They need a civil force — that's us. We have masses of youth, men and women. We can support them militarily... Our goal isn't a coup or armed struggle, but we have to respond with arms to the armed preparedness of the Marxists."

Thieme compared the situation in Chile with pre-Civil War Spain and expressed his deep admiration for Antonio Primo de Rivera, founder of the Spanish Falangists. (Immediately after this interview was published, Thieme disappeared. The story was leaked that his private plane had been sabotaged because of his revelation of the right's strategy. This rumor lent credence to the interview, but Thieme reappeared several months later to implement the strategy.)

#### CIA In Control

Coordinating the indigenous rightwing forces with the economic chaos caused by the tightening noose of the economic blockade, the CIA was moving in for the kill.

With each wave of reaction, Allende looked in his retreat to the military; thus with increasing speed the preconditions necessary for outright military takeover were created.

Overseeing the developing situation was a team of CIA agents centered in the American Embassy in Santiago and headed by Nathaniel Davis. Davis replaced Edward Korry as Ambassador to Chile shortly after Allende's election and brought with him an entire staff of "political experts" and "labor specialists," most of whom had seen action in Guatemala or the Dominican Republic. A rundown of Davis' *curricula vita* is indicative of the qualifications of the men selected for duty in Chile:

- 1947-48 — Prague;
- 1954-56 — Moscow;
- Caracas, early 1960's;
- Peace Corps Director in Chile, 1962;
- 1965 — Bulgaria;
- 1968 — Guatemala, where he served as ambassador and in that capacity oversaw a pacification program which massacred 20,000 students, workers, and peasants. Davis flew to the U.S. September 7, 1973 — four days before the coup. He returned to Santiago two days before the coup, after consultation in Washington.

#### The Countdown

By the midterm elections of March 1973, the Chilean economy was in chaos. Inflation had reached 250 per cent and civil war seemed inevitable. While the hysterical middle class swarmed in the streets, the working class boosted Allende's plurality at the polls. Allende continued to seek compromise with the Christian Democrats and the Armed Forces, but the right and the United States had taken the election results as the signal to move swiftly and decisively to conclude the "Chilean experiment."

The events subsequent to March were the careful brutal culmination of the three-year calculated strategy to crush the *Unidad Popular* and the Chilean working class.

In April the U.S. stepped up its pressure for repayment of Chile's outstanding debts, and the rightwing placed its muscle behind a strike of white-collar workers and technicians at the large copper mine at El Teniente. Street clashes between *Patria y Libertad* and the left increased. Several weeks later the Christian Democrats broke off negotiations with the UP and the truckers staged a one-day strike against the government. The strike was resumed in July and continued for the duration of Allende's government.

June 29 several units of the Armed Forces staged an abortive coup led by junior officers. A large-scale coup had been scheduled for that date, but had been postponed. The junior officers, thinking their commanders had lost their nerve, went ahead with the plan. Allende called in the head of Chilean Military Intelligence, General Lutz, to mount an investigation of the unsuccessful coup. Several months after the successful coup in September it was revealed that Lutz, whom Allende had recalled from his position as military attache to Peru, was one of the masterminds of the September takeover.

In July the truckers resumed their strike while *Patria y Libertad* grew bolder with each passing day. They assassinated an aid of Allende and sabotaged a television address by Allende to the Chilean people. The military began to ignore Allende's directives and initiated a series of raids on workers and peasant communities under the cover of searching for arms.

Allende, in the vain hope of averting further splits with the military, brought the future junta into the cabinet. General Prats resigned and Pinochet of the Army, Leigh of the Air Force, Merino of the Navy, and

Mendoza of the *Chabineros* moved into Allende's government.

#### The Bloody End

By the beginning of September, nobody could deny the imminence of a coup. Large sections of the middle class had joined the truckers in an effort to shut down the economy. Daily rightwing demonstrations, led by *Patria y Libertad*, demanded Allende's resignation. Thiem and Rodriguez, the leaders of *Patria y Libertad*, surfaced in reactionary districts of Santiago to fan the frenzy of the petit bourgeoisie. September 2 the Navy staged a

large-scale raid on factories and working-class neighborhoods of Valparaiso on the pretext of intervening in left/right student clashes. The *Movimiento Izquierda Revolucionario* (MIR), loyal leftwing opposition to the UP, disclosed detailed plans for the coup. September 10 the MIR finally broke with the UP, and that night more than 100 military officers considered sympathetic to Allende were assassinated. Another 2000 were rounded up and arrested. Hours later the military made its long-awaited, well-planned move.

#### BRITISH SELF-POLICING

May 24 (IPS) — According to a report in the *Toronto Globe and Mail*, 23,000 persons between the ages of 12 and 80 were voluntarily fingerprinted in Leeds, England, a Midlands town in the heart of the industrial belt. Meanwhile, police searched for the murderer of an 80-year-old shopkeeper.

The story was not reported in the British press.

#### BRITISH WAGES TOO HIGH FOR FORD: HE PREFERS BRAZIL

May 24 (IPS)— At a press conference in Stockholm, Henry Ford II declared that Brazil offers the best possibilities for expansion. "It is a market which will become enormous: It is developing at a rhythm of 15-20 per cent a year and we will be making important investments there. We will be exporting considerable quantities of motors and components from Brazil to Ford and from Europe to the U.S."

Ford added that although they have intentions of investing in other European countries, notably Spain, they will not be making more investments in Great Britain because of the labor situation there (*Le Nouveau Journal*, May 21).

#### "BRITISHIZE?"

May 23 (IPS)— Radio France-Inter reports that Interim President Alain Poher and defeated Socialist Party candidate Francois Mitterrand are scheduled to have a lengthy talk tomorrow to "discuss the opposition's status." The idea, according to the report, originates with newly elected President Giscard d'Estaing, who wants to "britishize" the relations between the opposition and the majority.

#### POWELL MOVES TOWARD POWER; BRITISH PRESS ROOTING FOR HIM

May 23 (IPS)— With the possibility of a June election in Great Britain, Enoch Powell is moving fast toward a Schmidt-Giscard-Powell axis in Europe— with Rockefeller pulling the strings. Powell's dream is to "bury the hatchet" (preferably in Heath's back) and emerge as leader of the Tory party.

In a recent speech to the Conservative Trident Club, he delineated the five issues on which his views had been vindicated: the Common Market, the floating of the pound, immigration, incomes policy, and defense policy. His views on the European Economic Community indicate clearly how he will fit into the Rockefeller game-plan. Powell stated: "Economic and monetary union has long since ceased to be even a bad joke." The *London Express* made the obvious connection: "On the Common Market, Mr. Powell is most certainly not 'totally defeated' as underlined by West Germany's new Chancellor Helmut Schmidt's shattering denunciation of the 'incompetent European Community'."

The Conservative Party is reacting coolly to Powell's overtures, while the press offers open support. Says the *Express*: "The truth, although unacceptable to many, is that the return of Powell would do much more than heal divisions in the Tory Party. It would galvanise the whole political scene." The *London Times* suggests that "some adventurous constituency" should give Powell a chance.