
PROLOG

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THE UNITED STATES AND THE SOVIET UNION IN CHILE

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Now that twenty-five years have elapsed since the end of the convulsed period that culminated with the military coup in 1973, we have evidence that both the United States and the Soviet Union played significant roles in Chile. Moreover, this was neither the work of chance nor the design of megalomaniac conspirators, but part of a struggle in which all the forces of the country were committed. This international confrontation was part and parcel of the domestic intellectual and political confrontation.

Leaving aside other aspects and dimensions of the complex Chilean political conflict of the decade 1963-1973, and which of course are important, the following reflections focus exclusively on the economic contributions and the analyses of external collaborators such as United States and the Soviet Union.

The struggle for power in Chile, one way or another, was influenced by the Cold War. It has to be admitted that Chile was only a small isolated and far-away country, but it was one of the scenarios where two

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worldviews confronted each other, where the persuasive forces of the two great powers of that time were measured. The national political struggle had international connotations and implications.

The most simple proof of this is that whether in Africa, in the former Soviet Union or any Latin American country, the figures of the most recent Chilean presidents mean something to any well informed person. Eduardo Frei Montalva, Salvador Allende, Augusto Pinochet each represented a position in world politics. The same has not happened with Argentine rulers, nor Peruvian ones. In a certain way the APRA of Peru and Peronism in Argentina are local phenomenon. It would be difficult for them to have take on the connotations of Chilean leaders who assumed international ideologies or outlooks and chose experiences that were in some way reproducible in other parts of the world. For this reason, the intervention of the great powers does not mean that Chilean politicians have simply been pawns or agents in their service. No, what happened is that, in Chilean society the political and ideological conflict was experienced spontaneously as part of the worldwide political and ideological conflict. Foreign powers intervened, but they did not invent the Chilean political conflict of that time. The vast majority of parties, movements and institutions that received foreign help clearly had their own roots in the country.

The documents presented below vouch for the hidden economic intervention in Chilean politics, both by the United States —which has been known about since the publication in 1975 of the report *Covert Action in Chile*¹ and by the Soviet Union, a fact that is proven and published for the first time in the journal *Estudios Públicos*.

Of course, Chile is only one of many countries where the great powers have tested their strength. Yugoslavia, Ethiopia, France and Italy are all mentioned these documents. It is a type of influence that it is not new. Already in Thucydides' "Peloponnesian War", for example, Athens and Sparta were present and struggling for influence in every Greek polis. But the fact that this has happened since ancient times, does not mean that it is positive or has to be accepted as such. On the contrary, the question is how political financing should be legally regulated so as to make covert economic intervention by foreign powers unlikely and risky.

¹ *Covert Action in Chile, 1963-1973*, Staff Report (Washington DC: US Government Printing Office, 1975), a publication which contains the investigation carried out by a Commission of the United States Senate (known as the Church Commission), into the covert operations of the United States intelligence service in Chile.

In Chile it is time to reflect seriously on the way these inflows and interactions between Chilean politicians and their allies and collaborators abroad were experienced. The papers published here are a contribution to this, because after reading them one has the impression that there were many equivocations, magnifications, voluntarisms, illusions, complicities, imprudences and demonizations which facilitated the radicalization of Chilean society and set it on the path of hatred and violence. Virtually all relevant political sectors seem to have received economic cooperation from abroad, at least during part of the period 1963-1973. At the same time, all of them had strong local roots, independently of the aid received from outside. Of course, the fact that the Chilean conflict has had a global content and significance does not mean that the way in which that globalization was interpreted and fleshed out was sensible or advantageous for the general interests of the country.

The first segment of the documents which follow —“The United States in Chile and Chile in the United States, 1963-1975”, “Ambassador Edward M. Korry in the CEP” and “Chile in the archives of the United States (1970)” — concern the revelations and documents pertaining to Edward Korry, United States Ambassador to Chile between 1967 and 1971. Outstanding among these is his thesis that the Kennedy Administration supported the Christian Democrat project as an alternative to Cuba, and did so with very significant economic contributions. These contributions not only went to the party, but also took a multitude of different routes (including AID and the CIA), which, according to the former Ambassador, should nevertheless be seen as complementary, as integral parts of a joint strategy. It was of a matter of “setting up a dynasty, so that Chile would be stable and sufficiently reliable to be worth an economic and social investment of US\$ 1,250 million”².

CIA contributions in Chile are already well known. They were revealed in the investigation carried out by the Church Commission. For example, in 1964 the United States contributed US\$ 3 million (equivalent to US\$ 16 million in 1997 dollars) to the Eduardo Frei Montalva's

² E. M. Korry, “United States in Chile and Chile in the United States. 1963-1975”, p. 31, *supra*.

³ *Covert Action in Chile... op. cit.* (see Note 1). Of the books that deal with this point, the most easily accessible in Chile and possibly the most detailed is that by Joaquín Ferman-
dois, *Chile y el mundo, 1970-1973* (Ediciones Universidad Católica de Chile), 1985.

presidential campaign. In 1970, US\$ 425 thousand (US\$ 1,758, 000 in 1997 dollars) were approved to support non-marxist candidates. In 1971 US\$ 3,577 000 were channeled to antimarxist parties, movements and institutions, and between January and September a further 1973 US\$ 200 thousand was assigned³. What is new, then, is the vision of a joint strategy that long precedes the *Unidad Popular* government.

The second aspect of Ambassador Korry's archives that is worth highlighting is his Contingency Report ("Fidelism without Fidel")⁴, sent to Washington in August 1970. The Ambassador anticipates victory by Salvador Allende and the failure of any attempt to prevent him taking office. Ambassador Korry vehemently opposed the maneuvers which, to his dismay, Washington was undertaking in this direction, and as a result of which the Commander in Chief of the Army, General René Schneider, was assassinated.

In a sober and at times disenchanted tone, the secret report "Fidelism without Fidel" makes a diagnosis of what could be expected from Salvador Allende's government. It is a text that talks of the limitations of United States power in Chile. The ambitious millionaire strategy of the Kennedy Administration had failed. At the same time it outlines the options remaining to the United States.

What most seems to concern him is that, via measures of economic regulation, the big firms would lose autonomy and deprive the opposition press, radio and television of the advertising revenue needed for their subsistence. The very same aim is achieved without the need for expropriation. "In our judgment, the Edwards group and its newspapers may be destroyed in the short run through tax and credit measures, even though Allende does not intend to expropriate *El Mercurio*, as he once threatened to do (...). The possibility of exerting serious opposition is more illusory than real"⁵.

If economic suffocation was the opposition's Achilles heel, this gave rise to a strategy for the United States: namely, keep the communications media and opposition forces alive by assuring them the necessary resources: "Our aim in Chile could be described as the strengthening of residual groupings that have some type of democratic or antimarxist commitment"⁶. The Ambassador foresaw that antimarxist forces would be numerous. The essential thing was for them to have the means to make themselves heard.

⁴ See Contingency Report ("Fidelism without Fidel") in "Chile in the Archives of the USA (1970)", *supra*.

⁵ *Ibidem*, p. 337, *supra*.

⁶ *Ibidem*, p. 350, *supra*.

This in fact was to be the United States' diagnosis and the strategy it would follow, once attempts to prevent Allende from taking office had failed. Moreover, such an approach coincided perfectly with that of the more lucid analysts and commentators among the opposition of that time. As the months went by, it would come to be fully shared both by people identifying themselves politically with the Democratic Confederation (CODE) presided by Patricio Aylwin, as well as by those who participated in the vast trade association movement (*Confederación de la Producción y del Comercio*, truck owners, retail sales people, catholic university students and wide-ranging groups of secondary school students, bank employees etc.), that would manage to bring the country to a halt: firstly, in October 1972 and from April 1973 onward, thereby rendering the "Chilean road to socialism" finally impassable. The economic contribution of the United States would contribute to the destabilization of the *Unidad Popular* government.

When opposition forces went through the streets shouting "*la papelera NO*", they were establishing a relation between the private firms that produced newsprint (threatened with economic suffocation through price controls), and the opposition press and democracy. This mobilization would have not been possible without the press, radio and television that supported it, and without the severe worsening of the economic situation, especially the agonizing scarcity of basic goods that became widespread before the government completed its second year in power.

The second segment of the documents *Estudios Públicos* is making public in this edition —"Some Aspects of Financial Aid from the USSR Communist Party to Chilean Communism during the Cold War" and "Chile in the Archives of the USSR (1959-1973)", a selection of Soviet documents— are the result of a CEP investigation into the secret archives of the Soviet Union, in particular those of the Central Committee of the Communist Party of the Soviet Union (CCCP), the USSR Foreign Ministry and the KGB. The documentation of the period has not yet been opened up to the public, and the information obtained represents a first fruit. Our researchers, Olga Uliánova and Eugenia Fediakova, worked for over a year to obtain parts of these secret documents.

The documents will do no more than whet the appetite; this research has achieved what it has achieved and nothing else. But, despite its fragmentary nature, censored and incomplete, it does make it possible to

evaluate the type of links the Chilean Communist Party had with the Soviet Union Communist Party.

For example, there are extracts from the diary of Soviet Ambassador A.V. Basov written in January and September 1972, an extremely interesting report from the Latin American Institute of the USSR Academy of Sciences written in July 1972, and documentation that verifies economic contributions from the CCCP to the Communist Party of Chile signed by top dignitaries, including Soviet Premier Leonid Brezhnev himself⁷.

What conclusions can be drawn from this research into the USSR's secret archives? Firstly, what has always been assumed and now becomes a proven fact: the Communist Party of Chile constantly and regularly received Soviet financing for its political activities. This financing was sent through various channels: travel, invitations and scholarships, training and propaganda material, donations in kind and in money. Contributions to the union movement are not counted here, nor support of an educational or cultural type, nor, of course, anything related to trade links. In this sense it is not comparable with the overall contribution made by the United States, according to Ambassador Korry's data. The documentation published here relates exclusively to donations in money from the Soviet Union Communist Party Central Committee to the Communist Party of Chile.

According to our researchers, the evidence suggest that contributions were mainly earmarked for financing leaders and making propaganda. If the corresponding monetary adjustments are made, it can be proved that these were amounts sufficient to finance a nucleus of leaders coming from the world of labor and the world of intellectuals (journalists, teachers, etc.) which constituted the basis of communist leadership. As early as 1963 the Communist Party was receiving US\$ 200 thousand (equivalent to US\$ 1.46 million in 1997), and it is estimated that at least the same amount arrived in 1964. In 1970 the USSR channeled US\$ 400 thousand (equivalent to US\$ 1.655 million in 1997) and in 1973 the figure was US\$ 645 thousand (equivalent to US\$ 2.331 million in 1997)⁸.

As regards propaganda, the bulk of this was made through their own newspapers and radios, and the like, for which presumably they did not charge. The wall painting, so characteristic of the left of that time, was carried out by brigades of volunteers for whom it became an art form.

⁷ See the documents in "Chile in the Archives of the USSR (1959-1973)", *supra*.

⁸ Olga Uliánova and Eugenia Fediakova, "Some Aspects of Financial Aid from the USSR Communist Party to Chilean Communism during the Cold War", Table Nº 1, p. 127, *supra*.

Analysis by the USSR Academy of Sciences, using information of that time (July 1972), concluded that there would probably not be a *coup d'état* in Chile and that Allende would become constitutional President in 1976. This prediction rested on one assumption: the bulk of the soldiers in the Army as well as the Police were not hostile to the *Unidad Popular*. Many of them, it is even argued, were supporters or at least passive spectators. Was this really the situation at that time and it subsequently changed, or were the Soviets simply wrong? The other assumption is the loyalty of the high command to the Constitution and the law, which apparently tended to be interpreted as loyalty to the President⁹.

Some months later, in September 1972, Ambassador Basov gives an account in his diary of a conversation with Communist leaders Luis Corvalán and Volodia Teitelboim¹⁰. "L. Corvalán", Ambassador Basov notes, "stressed that in these conditions there is a real danger of attempts at *coup d'état*". He points to a series of "factors" as causes of such "states of mind": "rising prices, supply problems, assassination of policemen, the discovery of ill-fated activity among ultra-leftist groups and links between them and the Chilean Socialist Party, the carrying out of military training by socialists. All of this led to an abrupt fall in the Allende government's prestige".

The information comes from the Socialist Party, but Volodia Teitelboim gives an account of a conversation he had "with the head of army counter-intelligence, General Sepúlveda", in which "an agreement is reached on coordination between the security forces and parties in the popular bloc (...). It was also decided to mobilize forces loyal to the government" ... Reading between the lines, one understands this was to prevent and counteract a military coup.

Corvalán and Teitelboim do not seem to doubt the "loyalty of the high military command", as well as the "officer corps and (...) General C. Prats". However, Teitelboim "reported attempts by ultraleftist groups to infiltrate Army ranks, provoking growing concern in military circles", "the increasing pressure that reactionary forces are exerting on the Army", identification of the Armed Forces with the "middle class" way of thinking, and the economic problem. "The worsening of the economic situation does not escape the notice of the Armed Forces", Teitelboim had stated. All of this before the October 1972 strike.

⁹ Document 2-9, "Chile in the Archives of the USSR", pp. 424-440, *supra*.

¹⁰ Document 2-10, "Chile in the Archives of the USSR", *supra*. The following quotes correspond to pages 441, 442 and 443, *supra*.

It was already pretty clear to communist leaders that the power deciding the fate of the *Unidad Popular* project was fundamentally the Army and the Police. At the same time, their position was determined firstly by their constitutionalist tradition, which was weighty, and the attitude of the high command in this regard. A CIA report is mentioned according to which 85% of the Armed Forces would be loyal to the Constitution (did the CIA made a mistake?). On the other hand, the “worsening economic situation” also made itself felt.

If army loyalty was linked to the economic situation, what solutions did the communist leaders propose to improve it? The internal measures to which Ambassador Basov’s diary alludes, are nothing like enough: raising company productivity, changing the tax system to tax wealthier sector more heavily and ensure income redistribution, controlling increases in the prices of prime necessity goods...To believe that measures of this type were sufficient would have been absurd. Their gamble was another. All of this of course, was being proposed by the communists. But at the same time, as we shall see, they had a plan, a hope. If it had materialized, maybe the outcome of the process would have been different.

The authors of the report of the Latin American Institute of the USSR Academy of Sciences¹¹ state that “the successful carrying out of the *Unidad Popular* bloc’s program must lead to a socialist society”. “However”, they add, “the means to achieve this objective are not yet clear”. The Chilean case posed “complex problems of a theoretical and practical nature”, with which “until now the Chilean and international revolutionary movement have not been confronted”.

Some elements of the Chilean political situation which the confidential Academy report summarizes are interesting. These include, firstly, the fact that the government “implements its policy relying on close contact and support from the Labor Union Congress (CUT)”, which “has great influence among Chilean workers”. However, reforms aimed at electing leaders “by direct vote of all union members” will favor “the ‘economistic’ influence”, ... of workers supporting the Christian Democrats.

Secondly, the fact that Eduardo Frei “promotes a hard line towards the government and seeks an alliance with the right”.

Thirdly, the fact that due to legislated amendments related to the project to differentiate the three areas of the economy, nationalizations had

¹¹ Document 2-9, *op. cit.* The quotes that follow correspond to pages 424-425; 427-429, *supra*.

been suspended, as they required legislation and thus approval by Congress.

Fourthly the fact that the amendments approved “will lead to an even greater aggravation of the struggle in the country”, for “the CUT will never support handing firms back”. Allende himself had argued that “the destiny of expropriated firms will be decided by the workers themselves”. This is a fundamental point because it put the President and the CUT in conflict with the law. The report’s authors do not seem to notice that this might affect the loyalty and obedience of the Armed Forces —loyalty that is not owed to the President, but to the law.

Fifthly, the fact that “Allende, despite some of his declarations regarding the MIR, threatening them with reprisals, aspired more to bringing this organization under his control than weakening or destroying it”.

Sixthly, the fact that there were basically two strategies for the future. The Communist Party proposed “transforming the economy as much as possible before 1976, so as to close the way back, independently of who comes to power in a new presidential election”. Unfortunately, the report does not go into detail. How were they thinking of doing this? There are indications —for example, the non-return of firms despite the law to the contrary. It seems to have been a strategy that meant that economic power, once conquered, could not be lost even if the election were lost. It is not easy to understand how they wanted to reconcile an attachment to democracy and the alternation of power, with “the irreversibility of the process”, proclaimed everywhere, and which these reserved documents confirm.

The other strategy is the socialist one, consisting of “remaining in power after 1976”. The problem is that “they do not know how to do so”, the Soviets assure us.

Seventh, the fact that Allende, “demonstrating his confidence in the Army” increasingly often used “declarations of a state of siege and handing control to the military in the whole country and in certain provinces”. But “that, without any doubt, has a very dangerous aspect: army officers learn to govern the country (...) and the experience will create the background to a *coup d’état*”.

This, according to these sources, was the dramatic scenario in mid-1972, after less than two years of *Unidad Popular* government. We know that the Chilean communist leaders already saw the Army Forces as the key factor, and that they in turn were being affected by “the worsening economic situation”.

What, then, was the solution to the urgent economic problem? Nothing more or less than a very generous loan from the Soviet Union. Its motivation can only have been political. This was, in a word, the plan, the hope, the fatal illusion.

The Academy's report presents a brief account of the increase in trade relations between Chile and the Soviet Union during the recent period: from 0.8 million rubles in 1970 to 7.8 million rubles in 1971. Mention is made of upgrading a loan from US\$ 15 to 55 million of that time, and its rescheduling, for the purchase of machinery and Soviet participation in industrial fishing, in port construction projects, in an oil and lubricant factory, and even an industrial plant for the manufacture of pre-fabricated blocks.

The report does not comment on the offer of a Soviet loan to the Army Forces. According to Ambassador Korry, this occurred after the visit of General G. Pickering, who was in the USSR in August 1971¹². Subsequently President Allende visited the USSR (December 1972) and General C. Prats (May 1973). The loan was for US\$ 50 million, of that time, with a 50-year payback term at 1% annual interest, destined for weapons purchase. According to Ambassador Korry and Paul E. Sigmund, the offer was rejected due to the opposition it aroused within the Armed Forces¹³.

The report later moves on to comment on the Chilean proposal. During the visit of "the vice-president of the USSR's State Planning Committee, Comrade M. A. Pertzev" emphasis was placed on "Chile's special interest in importing wheat, meat, butter and some other food products, as well as cotton, crude oil, etc. from the USSR, amounting to a total of US\$ 100 to 120 million per year" (at current prices). Also "the Chilean side spoke of its interest in importing machinery and equipment (for the construction of highways, the energy sector and drilling installations, as well as tractors, trolley buses, etc.) for a total of approximately US\$ 30 million per year". It is immediately clear that this was solving the problem of the scarcity of basic products by importing them from the Soviet Union for distribution through the "National Distributor" (DINAC) —to be set up on January 23rd 1973— and through "Supply and Prices Boards" known as (JAPs), which were already in

¹² See E. M. Korry, "The United States in Chile and Chile in the United States", Appendix 1, pp. 53-55, 106, *supra*.

¹³ E. M. Korry, *ibidem* and Paul E. Sigmund, *The Overthrow of Allende and the Politics of Chile, 1964-1976* (University of Pittsburgh Press, 1977), p. 194.

operation by September 1971. The next problem was how to pay for these imports.

“However”, the report continues, “the Chilean side would like to start the first payments for the respective supplies only after 1976. This meant importing Soviet products, mainly food and raw materials, under long term-credit conditions to be repaid after the 1976 elections, i.e. by the next Chilean administration, whereas transactions in such products, under international practice, was normally carried out in cash or on the basis of short-term loans (up to one year)”. The Chilean side hoped that the USSR for its part, would pay for Chilean exports “approximately US\$ 150 million per year (...) in cash and hard currency”.

If these documents are correct, the Chilean proposal was based on “big constraints of monetary and financial nature”, on the one hand, and “political reasons” on the other.

Needless to say, the Soviet Union rejected the Chilean proposal: “The Chileans expected the USSR each year to provide large consignments of basic products, such as wheat, meat, butter, cotton etc., which are scarce in the USSR, on the basis of long-term loans. In return it assumes that the Soviet Union would have to import products for it which has no great need, with payment in hard currency”.

Put another way, the Chilean side wanted to set up a new Cuba for the Soviet Union, but that was not now good news for the Soviet economy. For many of the Marxist leaders of that time, for a Communist Party that publicly supported the entry of Soviet tanks in Prague, for a President Allende who had called the Soviet Union our “big brother”, this perhaps could not have been foreseen. But the Soviet lifeline did not arrive, and the future of *Unidad Popular* government, which at that time was quite uncertain, darkened decisively.

The failure of these negotiations left President Allende’s government in a desperate quandary. The dramatic scenario which the Academy report outlines was to worsen very quickly. A few months later, the October strike broke out, and Allende only managed to suspend it by bringing the military into his government. Issues which are now seen as crucial, such as the return of firms in workers’ hands, the scarcity of food and other basic goods (such as machine parts), as well as terrorist violence by extremist groups on both sides, and the infiltration of extreme leftist groups in the Armed Forces, became even more pressing. Now the military were openly the referees. As the Soviet report predicted at the time, this tactic of President Allende had a risk: “Army officers learn to govern the country...”

These documents accredit the influence achieved by the big powers in countries like Chile during the Cold War. A power to magnify conflict, to build up certain groups and sectoral leaders compared with others in that sector, at times using intellectual and political magnetization to create a propitious environment for the chimeras that reality would so painful break into pieces. It also shows their limitations, their inability to mold events. For in the end neither Frei nor Allende nor Pinochet turned out to be what the United States or the Soviet Union hoped they would be. These texts show that, in the long run, others have the power over us that we are willing to give them. ☐