

How \$ toppled Allende

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in Washington STAT

WHEN the late Salvador Allende, President of Chile, remarked defiantly in 1971 that the United States marines were not "going to impose their will here," he had misunderstood the strategy of the enemy.

For the Central Intelligence Agency, the Chile operation was not to be an old-fashioned military intervention as in the Dominican Republic, nor a blood and guts affair, as in the Bay of Pigs.

Money was to be the weapon in Chile. Too many dollars in the wrong places, so far as Allende was concerned; too few in the right places. The rest would be left to the pressures of an economic crisis.

The C.I.A., contrary to the impression left by various leaks of documents, was not responsible for everything. It conducted only the strictly political and internal side of the operation, while being involved in the overall planning.

Starving Allende of credit was primarily the responsibility of the State Department, which worked through Government organisations such as the Export-Import Bank and exerted influence on the Inter-American Development Bank and the World Bank, where the United States has veto power.

But what has been called the "invisible blockade" was a confused affair. Even if Dr. Kissinger had not been in the background pulling strings, bankers would have been unwilling to make loans to such a bad risk as Dr. Allende's Chile.

The strictly C.I.A. side of the operation was approved by former President Nixon and monitored by the Forty Committee, an inter-departmental body which is usually chaired by the President's adviser on national security affairs. At the moment Dr. Kissinger (who wears two hats as Secretary of State and security adviser) presides.

Allende became a target as far back as 1962 and between then and his death in 1973 nearly \$5 million was spent, first on trying to keep him out of office and later on toppling him.

In 1964 more than \$1m. went on subsidising Eduardo Frei's Christian Democratic party, the main opposition to Allende in the elections that year. In the same year alarmed American

companies in Chile suggested that they should provide money which the C.I.A. would then funnel into anti-Allende activities. The idea was rejected as unworkable. The same idea was put up by the multi-national corporation, International Telephone and Telegraph (I.T.T.) after Allende was elected.

Between 1970 and 1973 more than \$5m. was appropriated for anti-Allende activities. The basic tactic was to support the middle-class opposition, including the small businessmen, such as the lorry-owners. Thanks to Chile's soaring inflation the C.I.A.—and the middle classes—got excellent value through the currency black market. The inflow was the equivalent of about \$17m.

Allende's position was weak from the start. He had been elected with a minority of the vote in a country where the middle classes are exceptionally strong by Latin American standards.

Each move, each fresh burst of inflation, infuriated and consolidated his opposition. The C.I.A. money helped keep the middle classes opposition from collapsing amid the turmoil.

Money went to strikers, political parties and the media, principally *El Mercurio*, the main Santiago newspaper. In the 1973 municipal elections alone some \$650,000 was spent.

Allende—and doubtless the great majority of Chileans—knew what was happening, but was powerless to stop a process which he foresaw leading to his overthrow. The strike by impoverished lorry-owners in 1973 was kept going for a month and a half by C.I.A. funds, and in the summer of that year no less than 250,000 members of the middle class were on strike.

The C.I.A. and the present ruling junta claim that the agency had no part in the actual coup. However, the American military and the C.I.A. kept in close contact with the Chilean services throughout the Allende years. It required little in the way of reasoning power to deduce that a Right-wing coup by the military would overthrow Allende.

The Chilean President was unable to end the links which provided for joint manoeuvres by the two navies. Military aid continued to arrive from the United States, although in diminished quantities, at a time when the Chilean National airline could not obtain credit to buy new Boeings.

The "invisible blockade" was controlled by Dr. Kissinger, the pivotal figure in the campaign against Allende. He was responsible for the "short of a Dominican-style

intervention," as he told a Chilean businessman in London in 1970.

Chile's short-term credit with American banks shrank from \$95 million in 1970 to \$14 million in 1972. For openly political reasons arising from Allende's campaign against American interests, the Export-Import

Bank (a Federal institution in Washington) announced it would give no loans or guarantees to Chile.

The official lead was undoubtedly reflected in the general stifling of trade and commerce which took place. International institutions such as the Inter-American Development Bank and the World Bank took the hint or responded to American pressures. Only the International Monetary Fund declined to cut back on credit.

After the coup, the aid and the credit began to flow back to Chile—more than \$300m. from private banks and international organisations. For a modest investment there had been a high return, even if Chilean democracy had vanished in the process.