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“CAPITALISM OR DEMOCRACY?: EXPLAINING U.S. ACTIONS IN CHILE DURING THE ALLENDE ADMINISTRATION”

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HIST 495
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Explosions echoed across the entire city, debris fell from buildings, and people ran through the streets in a state of panic. While this sounds like 9/11 in New York City in 2001, this state of chaos actually happened in Santiago, Chile on September 11, 1973. During the first 9/11, a military coup, enabled by the U.S. government, ousted democratically elected President Salvador Allende. Within a few days of the coup, President Nixon communicated with his National Security Advisor Henry Kissinger. Nixon’s concern was not for the lives lost in Chile; rather, he worried how the U.S. government’s involvement would be perceived by the public and the press. He stated “‘We didn’t—as you know--our hand doesn’t show on this one though.’”

Nixon was more concerned with culpability than the bloodshed taking place in Chile.

Chile was not the first Latin American country to have its democratic government replaced by a military junta during the Cold War. However, Chile was one of the few countries with several decades of a stable democratically elected government. The United States’ covert actions in Chile fit into the larger pattern of American intervention in Latin America to prevent the spread of communism. In Guatemala, Cuba, Bolivia, the Dominican Republic, and Brazil the U.S. government either backed military coups or sent in U.S. troops to intervene and install a new pro-U.S. leader. This paper will answer why the U.S. government went to extreme lengths to influence Chilean affairs and how their actions combined with Allende’s public policies contributed to his demise.

In September of 1970, the upcoming election of socialist candidate Salvador Allende preoccupied the United States government. President Nixon, feared the psychological, political,

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and economic ramifications tied to the democratic election of a socialist leader. Allende called for a transition from capitalism to socialism -- moving away from a free market society. Under democratic socialism, the government or worker-run cooperatives would own property and resources, along with the means of production. Allende’s declaration threatened to cripple U.S. economic investments in Chile and weaken U.S. influence throughout Latin America. Nixon’s biggest fear was that socialism was a direct path to communism.

These fears led the U.S. to violate their own principles and interfere in a free and legal election. When that failed, the Nixon administration exploited vulnerabilities within the Chilean government to undermine newly elected President Salvador Allende. They destabilized the Chilean government through political, economic, and military interference. However, the U.S.’s hostile actions alone was not enough to topple Chile’s democratic government. Chile’s tumultuous climate combined with U.S. intervention paved the way for Allende’s downfall and the rise of a repressive military dictatorship.

This essay, “Capitalism or Democracy?: Explaining U.S. Actions in Chile During the Allende Administration”, builds on a long and contentious scholarship tradition determined to understand the end of democracy in Chile. Several scholars, including Radoslav A. Yordanov, delved into the unexplored role the Soviet Union played in Chilean affairs during Allende’s presidency. The Soviet Union played a large role in other Latin American countries, especially Cuba. However, in Chile, the Soviet government gave limited economic and military support, as they doubted the viability of Allende’s government.³ More importantly the Soviet Union wished

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to avoid a direct confrontation with the United States.\(^4\) I believe the Soviet Union’s actions did
not contribute to Allende’s downfall and primarily focused on sources covering the relationship
between the U.S. and Chile.

For this paper, the scholarship generally falls into three main strains. Historians Peter
Kornbluh and Mark Hove used primary recently declassified government documents to
demonstrate how the U.S. government undermined Salvador Allende. In contrast,
scholars Camilla Townsend and Peter Goldberg used Latin American journal sources to point
out what Kornbluh missed in his book. They reinterpret the events leading up to 9/11 history
by pointing to the importance of how domestic factors in Chile led to the fall of Allende’s
government. Finally, a group of scholars emerged in the early 2000’s and used scholarly
journals and Congressional records to demonstrate how governments can affect other
countries domestic affairs.

While previous scholars did a great job of showing each country’s perspective to the
causes of Chile’s 1973 coup, I contend that they do not present a full perspective of the
complex relationship between the United States and Chile. This essay corrects that by
using declassified archival government documents and scholarly journals to argue that both
domestic factors in Chile and U.S. interference contributed to the end of Chile’s democracy.

An early strain of scholars based mostly in the United States focused extensively on
the role of the CIA in undermining Salvador Allende. One example of this is Peter Kornbluh’s

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\(^4\) “Report on Interests of Foreign Powers in the Current Chilean Presidential Campaign”, 1970 Presidential
November 1970 container 1, Record Group 84, Chile; U.S. Embassy, Santiago; Classified Allende Files; 1968-1973,
National Archives and Record Administration, College Park, MD.
under the first category of scholarship by providing a deep insight to the U.S. government’s perspective, motivations, and actions towards Chile. He primarily relied upon recently declassified government documents to chronicle twenty years of American operations in Chile from 1970-1990. Through President Clinton Administration’s Chile Declassification Project, Kornbluh was able to have access to thousands of government records, cables, meeting minutes and documents from the CIA, State Department and the White House.

Kornbluh used these documents to reconstruct an investigative narrative of a disputed time period between the U.S. and Chile while acknowledging these documents do not tell the whole story. Kornbluh sought to revisit and answer lingering questions about U.S. involvement in destabilizing Chilean President Allende, President Nixon’s motivations, knowledge of the coup, and level of assistance provided to consolidating the Pinochet regime. However, Kornbluh does not extensively cite other historians in his book. He leaves out deep analysis of domestic factors in Chile contributing to Salvador Allende’s fall from the presidency. As a result, readers may come to the false conclusion the U.S. was solely responsible for Allende’s downfall. Kornbluh’s work at the National Security Archive, a non-profit dedicated to declassifying government documents, heavily influenced his research and approach to the topic.

Mark Hove, similar to Kornbluh, focused on the United States government’s, including the CIA, actions and hostile attitude towards Chile in his journal article “The Arbenz Factor: Salvador Allende, U.S. Chilean Relations, and the 1954 U.S. Intervention in Guatemala”. He contradicted other historians’ and scholar’s perception by arguing that America’s fear of communism threatening Chile began with their opposition to U.S. intervention policy in Guatemala compared to the Cuban Revolution. Hove used Chile as a case study to answer how

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the U.S. government responded to anti-American sentiment. Hove chronicled Chile’s deteriorating relationship with the U.S. in the early 1950’s and the rise of future President Salvador Allende.6

Most scholars implied through their work that the U.S. government only saw Allende as a threat once he ran for President in 1970. While Kornbluh brought up Allende’s struggle against U.S. interference in his failed bid against Eduardo Frei in 1964, Hove went further back in time to explain the significance of Allende’s actions. Hove instead believed Allende’s participation in protesting U.S. government Cold War policies, trips to communist led countries, and rapid rise through politics prompted U.S. government officials to view him as a threat. To support his argument, Hove cited government documents such as National Security Council Meetings and CIA Situation Reports on Chile, similar to Kornbluh. In addition, he cited several journal articles from Diplomatic History and Foreign Policy Journals. However, he also referenced Chilean and American newspapers to show how both countries attitudes towards each other changed within such a short period of time.7

The second group of scholars focused on how domestic Chilean factors contributed to the fall of democracy in Chile. Camilla Townsend falls into this category and uses Latin American journal sources to extensively explore women’s role in social, political, and economic factors in Chile. Her journal article “Refusing to Travel La Via Chilena: Working-Class Women in Allende’s Chile” argued that working class women’s opposition to President Allende’s socialist polices largely contributed to the breakdown of his coalition. She explained that Allende’s

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policies did not eliminate patriarchy or give enough support for women to improve their standards of living. Townsend organized the article with current information available about the decisions working-class women made during Allende’s presidency and suggested some motivations for the women’s actions. Historians, in addition to left and right Chilean political parties, frequently overlooked or misinterpreted working-class women’s participation in Chilean politics and their motivations for opposing President Allende. Many historians miss the historical significance of women’s protests in Chile.8

She cited a wide variety of journal articles, Chilean politicians and writers, and working-class women to show the complexities of women’s motivations and men’s lack of understanding of why women were protesting in the first place. Townsend’s journal article made almost no reference to U.S. involvement from the Nixon administration, despite acknowledging the foreign interference as a critical factor in facilitating opposition to Allende’s policies.9 Domestic factors in Chile, especially with women, remain an important approach to understanding the state of Chile before the 1973 coup. However, Townsend did not go into enough detail on how U.S. interference made the economic and political struggles worse for women.

Peter Goldberg falls into the second strain of historians by examining how the political and economic factors in Chile contributed to the 1973 coup. In his journal article “The Politics of the Allende Overthrow in Chile”, Goldberg argued Allende’s downfall happened due to his government public policies and the responses to those decisions by key groups within and outside Chile. Goldberg believed Allende’s constant political struggles to keep his government united stemmed from a lack of compromise with opposition parties, economic crisis, increased

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9 Ibid.
violence, and interference from the United States government rather than Allende’s leadership skills. He complemented Townsend’s argument by mentioning the impact of Chilean women’s March of the Empty Pots on eroding Allende’s support. In comparison to other historians, Goldberg clearly emphasized that while the U.S. did not cause these domestic issues or the 1973 coup in Chile; they did exploit Chile’s vulnerabilities to undermine Allende’s leadership. His focus on Chilean politics was influenced by his travels to Chile and job as a college professor.10

Peter Smith aimed to give a broad overview of Latin American relations with the United States in his book *Talons of the Eagle: Dynamics of U.S.-Latin American Relations*. Unlike other scholars who focused on a specific time period or topic between the two countries, Smith’s analysis looked at the bigger picture. He made a concerted effort to not fall into previous study of just U.S. foreign policy and highlighted the importance of understanding Latin American feelings, attitudes, and actions. Smith concentrated on the structural relationship between the United States and Latin America and the linkages between them. Focusing on nation-state for analysis provided a consistent framework to show historical comparison over time and substantively showed how governments affect economic policy, impose regulations, and shape contexts for transnational behavior. Smith gave a concise overview of America’s efforts to prevent and later sabotage Allende’s government. Smith’s coverage of U.S. relations towards Chile supported Kornbluh’s approach to U.S. intervention in Chile. However, Smith importantly acknowledged Chile’s domestic factors contributed to Allende’s downfall. Throughout the book, Smith cited a wide variety of political and foreign policy journals and government documents. With the section focusing on Chile, Smith referenced the 1975 Senate Report from the U.S.

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Congress, Select Committee to Study Governmental Operation with Respect to Intelligence Activities, “Alleged Assignation Plots Involving Foreign Leaders.”

Each of these scholars, except Smith, primarily focused on either U.S. interference or Chile’s domestic affairs leading up to the 1973 coup. My research work will tie together all the scholar’s work. However, my paper will complement Goldberg’s article and Kornbluh’s book the most to prove U.S. intervention combined with Chilean domestic crises ultimately led to the coup against Allende.

The foreign relationship between Chile and the United States has been historically complex. Relations between the two countries peaked shortly after the end of World War II as the United States shifted its focus away from Europe. Chile represented the model of democracy in Latin America with a strong tradition of a constitutional bound and democratically elected government. Many Latin American countries only briefly experienced democracy and at the time were run by authoritarian or military led governments. The United States government played a major role in Democracy in Chile, in stark contrast, went mostly uninterrupted for forty years until the end of Allende’s presidency in 1973. Despite some concerns over Chile’s political climate, the U.S. gave Chile millions of dollars through President Kennedy’s Alliance for Progress program. During the 1950’s and 1960’s, the U.S. government funded several candidates during Chilean elections who aligned with their interests. The most notable candidate who received considerable aid during this time was two-time President Eduardo Frei. However, the election of American President Richard Nixon and the looming possibility of socialist candidate Salvador Allende wining the Chilean presidential election, the relationship between the two countries changed forever. Over a five-year period (1968-1973), the United States engaged in

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drastic measures to influence Chilean elections and the country’s domestic affairs to destabilize the country in the hopes of ousting Allende.

The unprecedented democratic election of socialist Salvador Allende alarmed President Nixon’s closest advisors. These advisors included National Security Advisor Henry Kissinger, U.S. Ambassador to Chile Edward Korry, and CIA Director Richard Helms. Earlier reports from the State Department and the CIA to the White House all indicated that Allende was unlikely to win the election.12 Allende previously lost the bid for the presidency in 1958 and 1964. He lost his second bid to U.S. backed Christian Democrat candidate Eduardo Frei. Frei was constitutionally barred from running in 1970 which allowed Allende to narrowly win a three-way presidential race. Allende’s party, Unidad Popular Coalition, had support from both socialist and communist parties. Allende was sympathetic to far-left leaning leaders including Fidel Castro. Prior to this election, the U.S. held a long-standing conviction that with fair and democratic elections, people would always vote for a democratic government while rejecting communism. Allende’s presidential bid “presented Washington with its worst-case scenario—a free and fair election that gave power to the left. Cold War ideology constructed this as a logical impossibility.”13 While the United States believed communist leaders always used force and subversion to rule their citizens, Chile’s election of Allende threatened this belief. Not only did the citizens willingly vote for Allende, but he also gained legitimacy coming to power through a free and fair election.

Allende’s unexpected victory presented a moral dilemma for the U.S. government. If they supported this lawful election, they would have to acknowledge the legitimacy of a socialist led government. This conundrum set off a frantic exchange of correspondence between the White

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13 Smith, Talons of the Eagle, 173.
House, the State Department and the CIA. The crux of their communication was how to prevent
Allende from officially taking office. Ambassador Korry sent countless cables to the White
House with updates on the aftermath of Allende’s election. In one particular cable, the day after
Allende’s election, he lamented that the U.S. had “suffered a grievous defeat” and that the
election “will have the most profound effect on Latin America and beyond.” Korry suggested
ways to change the outcome of the election. Most notably, he proposed bribing members of the
Chilean congress to ratify the runner up rather than Allende. President Nixon and Henry
Kissinger feared the domino effect that Chile’s election set for elections across all of Latin
America. The real problem in their eyes “was not that Allende would establish dictatorial
control; it was that he would hold free and fair elections in 1976, thus confirming the proposition
that socialism could rise and govern through democratic means.” Chile would become a model
for free elections with viable socialist and communist candidates. The possible threat of an
emerging communist block of countries in the Western Hemisphere proved too big of a threat for
the U.S. to ignore.

The CIA, under the direction of Henry Kissinger, implemented a two-track strategy to
prevent Allende from taking office. The first track involved bribing members of Chile’s
Congress to block the certification of Allende’s presidency while simultaneously advocating for
a coup within the Chilean military. As part of Track I, Korry convinced the 40 Committee, to
“allocate a contingency slush fund of $250,000 to bribe members of the Chilean Congress.”
The 40 Committee, chaired by Henry Kissinger, consisted of the chairman of the Joint Chiefs of

1969 THRU Transition Period October-Early November 1970 container 1, RG 84, Chile; U.S. Embassy, Santiago;
Classified Allende Files; 1968-1973, NARA, College Park, MD.
15 Kornbluh, The Pinochet File, 11-12.
16 Smith, Talons of the Eagle, 175.
17 Kornbluh, The Pinochet File, 12.
Staff, the Deputy Secretary of Defense, Under Secretary of State for Political Affairs, and the CIA Director. They reviewed and approved all covert operations carried out by the U.S. government. The slush fund would target nineteen members of Chile’s Christian Democrat Party. By certifying the runner up Jorge Allesandri, rather than Salvador Allende, the election could be overturned. Ultimately, the United States planned for Allesandri to resign so new elections would be held during which the U.S. would financially back outgoing President Frei. By September 14, 1970, the CIA abandoned the bribery plan. They feared a potential leak would trigger fierce anti-American backlash in Chile. The CIA then focused all their efforts on the military solution. Secret CIA cables revealed the plan for Eduardo Frei to authorize a military coup using the Chilean military. The new plan “called for Frei to order the (1) resignation of his cabinet; (2) formation of a new cabinet composed entirely of military figures; (3) appointment of an acting president; and (4) Frei’s departure from Chile, leaving the country under effective military control.” This approach seemed unattainable because the Chilean military was apolitical and unlikely to carry out extreme measures against Allende. In fact, despite pressure from the CIA, Frei refused to cooperate. He was unwilling to betray Chile’s long-standing tradition of civil and constitutional rule. Ultimately, Frei lost support of the U.S. government. Korry went from openly supporting Frei to angrily disparaging him as a man “‘with no pants on.’” Due to Track I’s failure, the U.S. government committed their resources to the inordinately extreme approach found in Track II.

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19 Document 7. CIA Secret Cable from Headquarters [Blueprint for Fomenting a Coup Climate], September 27, 1970 (page 1), as cited in *The Pinochet File*.
21 Ibid., 13.
22 Ibid.
Track II, codenamed Project FUBELT, attempted to create a coup climate to provide the Chilean military with the pretext for seizing power from the constitutional Chilean government. Nixon and Kissinger believed this option was the only viable way to permanently remove the threat of an Allende run government. The 40 Committee raised concerns regarding the potential consequences of direct U.S. intervention, but their arguments were pushed aside. Henry Hecksher, the CIA station chief in Santiago, Chile, received orders to initiate “the operational task of establishing those direct contacts with the Chilean military which… could be used to stimulate a golpe.”

Golpe, a Spanish term, in politics refers to a coup d’état. The CIA targeted any Chilean military officers “active duty or retired, willing to lead a violent putsch, and providing whatever incentive, rationale, direction, coordination, equipment, and funding necessary to provoke a successful overthrow of Chilean democracy.” On September 15, 1970, President Nixon met with CIA Director Richard Helms, Attorney General John Mitchell, and Kissinger. During the meeting, Nixon expressed his desperation to prevent the election certification. Helms recorded Nixon stating:

“1 in 10 chance perhaps, but save Chile! worth spending not concerned risks involved no involvement of embassy $10,000,000 available, more if necessary full-time job --best men we have game plan make the economy scream 48 hours for plan of action”

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24 Ibid., Document 6.
25 Ibid., The Pinochet File, 14.
This meeting highlighted Nixon’s strenuous efforts to instigate a regime change in Chile. Director Helms called a meeting of key CIA officials the very next day. Helms shared Nixon’s urging “to prevent Allende from coming to power or to unseat him.” The meeting memorandum not only referenced the ten million dollars but indicated “the Agency is to carry out this mission without the coordination with the Departments of State or Defense.” With no outside involvement from other government agencies, the CIA maintained tight secrecy and full control to carry out Nixon’s demands.

In response to this meeting, the CIA developed a blueprint to “foster a ‘coup climate’ in Chile” to force Chile’s military to act. The CIA’s plan was outlined in a seven-page secret cable sent on September 27, 1970. It included directions to wage economic, political, and psychological warfare. The U.S. government enlisted the help of several major U.S. companies with operations in Chile to weaken Chile’s economy. They did this by delaying orders, restricting credit lines, downgrading credit ratings, and deferring loans. The CIA systematically waged a political smear campaign against Allende including “negative statements by political and civic leaders, anti-Allende rallies, and hostile media through CIA owned or -supported newspapers, radio Stations, and television assets.” The goal was to erode public support of Allende. The September 27 cable made it clear they should “exhaust every possible means for doing this… no matter how large or small.” Lastly, the CIA stressed the need for a psychological shift within Chile. People were complacent with Allende’s election. He was not

28 Ibid., Document 2.
29 Document 7. CIA, Secret Cable from Headquarters [Blueprint for Fomenting a Coup Climate], September 27, 1970 (pages 1-7), as cited in The Pinochet File.
30 Ibid., The Pinochet File, 17.
31 Ibid., The Pinochet File, 18.
32 Ibid., The Pinochet File, 19.
33 Document 7. [Blueprint for Fomenting a Coup Climate], 4.
viewed as evil. The CIA wanted to change that perception. In order to ignite a coup, the public needed to believe that the election of Allende was not only nefarious, but he must be stopped. The tactics for the psychological warfare remain somewhat unclear due to redacted documents, but included creating a rumor campaign and funding terrorist acts. Some of the strategies were carried out by false-flag officers, Spanish speaking undercover agents with the ability to pose as Latin Americans. False flag officers were used to protect CIA operations from exposure. They blamed their actions on leftist extremist groups to undermine Allende’s campaign. Despite all these efforts, the desired coup did not occur.

There were several obstacles to the CIA’s plan: Frei’s lack of cooperation, failure to recruit a coup leader, and General Schneider’s support for a democratic election. Eduardo Frei, the most obvious candidate to orchestrate a coup, stayed resolute in his refusal to betray the Chilean constitution. The CIA attempted to find an alternate military leader with the skills to back the coup. The only man they deemed capable, retired and disgruntled military commander Roberto Viaux, previously failed a coup attempt against Frei. General Rene Schneider, respected commander-in-chief of the Chilean military, represented the biggest obstacle to the CIA’s plan. Any significant military action against Allende required his full support. However, he publicly advocated for the peaceful transfer of power and Frei refused to eliminate or exile Schneider.

To deal with Schneider, the CIA paid a group of Chilean military officers, under the leadership of Viaux, to kidnap Schneider. The CIA assumed the kidnapping of Schneider “would be blamed on leftist extremists, undermining Allende’s integrity.” Public outrage over the

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34 Ibid., Document 7, 4-5.
36 Ibid., The Pinochet File, 15.
37 Ibid., The Pinochet File, 16.
38 Ibid., The Pinochet File, 23.
kidnapping of this respected leader would help the CIA foster an environment ripe for a coup.39 To ensure success, the CIA sent submachine guns through diplomatic pouch and paid the group 50,000 dollars. Rather than carryout the abduction themselves, Viaux paid an unidentified team of abductors to carry out the kidnapping. They botched the plan and ended up killing Schneider instead. Schneider became a martyr and received a hero’s funeral. Instead of a demanding a coup, the citizens urged Congress to certify Allende’s election on October 24, 1970.40 Schneider’s death ended any chances of a military takeover. On November 3, 1970, Allende was inaugurated and assumed the presidency.41

Nixon’s inability to stop the inauguration of Allende intensified the U.S. government’s unresolved tensions between protecting democracy or capitalism. In the past, Chile was viewed as a strong ally of the United States. They were a model of democracy. However, beginning in 1954, Chile began openly protesting the United States’ intervention in Guatemala’s political affairs. At that time, Allende was a member of the Chilean senate. He led anti-American protests critical of the United States for their direct involvement in overthrowing Guatemala’s democratically elected President Jacobo Arbenz.42 President Eisenhower authorized the CIA to recruit, fund and train rebel forces to oust Arbenz to protect U.S. economic investments in Guatemala. Allende spared no punches when he consistently pointed out the United States’ hypocritical nature. While the U.S. promoted policies that were respectful of democratic elections and self-determination, Allende declared that these same policies “‘did nothing against the ignominious dictatorships of the Americas.’”43 Chilean protesters took to the streets

39 Ibid., 23.
40 Talons of the Eagle, 174.
41 The Pinochet File, 79.
43 Ibid., 652.
throughout Santiago including directly in front of the American Embassy. They even burned the American flag and an effigy of President Eisenhower. Initially, the U.S. government tolerated these protests, but quickly grew frustrated by a lack of support from Chile on their Cold War policies to protect Latin America. Within a few years, the protests and strong rhetoric convinced the U.S. government that communism jeopardized Chile’s democracy.

In addition to being critical of the U.S., Allende was perceived as having questionable alliances with some of the United States’ most feared adversaries. He sympathized and openly admired the Soviet Union, Cuba, and communist China. In 1954, he spent six months traveling to the Soviet Union, China, and throughout Europe. He was realistic in his view of the Soviet Union, but was impressed with their rapid industrialization. He stated those “‘who think that the USSR is a paradise are mistaken, as well as those who affirm that it is a hell.’” In China, he respected Mao Zedong’s ability to mobilize his people for national development. After his trip, the U.S. government officials labeled Allende as a “‘Communist, ‘commie-liner’, and ‘dupe.’” It was unthinkable that this ‘commie’ became President despite the Nixon administration’s best efforts.

Once Allende became President, his behavior continued to alarm the U.S. government. He re-established diplomatic relations with several communist led countries including North Korea and Cuba. Fidel Castro paid a historic visit to Chile in November of 1971, and expressed his support for Allende’s socialist policies. Both Allende and Castro shared similar views surrounding American imperialism. Both men believed the expansion of American influence

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44Ibid., 636-637.
46 Ibid.
threatened the sovereignty of Cuba and Chile.\textsuperscript{49} Castro’s visit further cemented America’s belief that Allende supported the expansion of communism. The looming political ramifications made it impossible for the U.S. to accept Chile’s election. Charles Meyer, Assistant Secretary of State for Inter-American Affairs, warned Kissinger and CIA Director Helms that the U.S. should “refrain from taking any hostile action against Allende for at least the traditional 100-day honeymoon period or Allende would immediately receive at least double the support.”\textsuperscript{50} As a result, Nixon and the CIA shifted their strategy. Instead of trying to provoke a quick military coup, they focused on long-term efforts to undermine Allende’s presidency by exploiting vulnerabilities within Chile.

Allende’s government had several weaknesses that allowed the U.S. government to exacerbate political unrest. From the beginning of his presidency, Allende struggled to maintain widespread support within his government and the public. Right wing politicians, from the Christian Democrats and the Nationals, feared that Allende moved too quickly to implement socialism. They refused to cooperate and stonewalled Allende’s policies.\textsuperscript{51} At the same time, Allende’s own party, Unidad Popular, felt he was not moving fast enough. The political gridlock made it nearly impossible for Allende to pass meaningful legislation. Chile’s citizens quickly grew frustrated by their government’s inability to address their needs. They began openly, and sometimes violently, protesting in the streets. Government authority “was besieged to the point where the government found itself increasingly unable to govern.”\textsuperscript{52}


\textsuperscript{51} “The Politics of the Allende Overthrow in Chile”, 107.

\textsuperscript{52} “The Politics of the Allende Overthrow in Chile”, 108.
Despite growing concerns, right wing politicians believed they would regain power by winning seats in Congress during the 1973 midterm elections. A majority in Congress would enable them to remove Allende from office. To their dismay, Allende’s party gained more seats. The disappointing election results convinced right wing politicians “that elections could no longer be considered a reliable political resource for preventing threatening programs of social change.”\(^{53}\) The president of the National Party declared “the struggle now is not in the ballot box, but in the streets.”\(^{54}\) With a deteriorating political landscape, protests became more widespread throughout the country. Allende was determined to adhere to democratic principles and refused to use the police or military force to quell protesters. He declined to censure the media. The continual protests and negative media coverage was another visible sign that Allende had lost control.

The Nixon administration took advantage of the political turmoil within Chile by financing far right-wing political parties and media outlets. Allende’s resolve to maintain democratic elections and his refusal to censure the media played right into the U.S. government’s efforts to undermine his leadership. Between 1970-1973, Kissinger authorized the CIA to covertly fund Allende’s political opponents. In total, the CIA funneled over 3.5 million dollars to opposition political parties to influence elections and bolster opposition to Allende’s government. The U.S. government also allocated a total of 2 million dollars to the major right-wing newspaper El Mercurio. Initially, members of the 40 Committee waivered on the risks and benefits of sending the first installment of 700,000 dollars to the newspaper.\(^{55}\) Kissinger, unwilling to wait for an answer, went over the Committee’s heads and asked for President Nixon to authorize the funds.

\(^{53}\) Ibid.
\(^{54}\) Ibid.
\(^{55}\) The Pinochet File, 92.
In a rare example “of presidential micromanagement of a covert operation, Nixon personally authorized the $700,000—and more if necessary.”\textsuperscript{56} The covert funds enabled the newspaper to carry out an unrelenting anti-Allende propaganda campaign. El Mercurio advocated for the overthrow of Allende’s government and became a prominent factor in ending Chile’s democratic government.\textsuperscript{57} While the United States government was not solely responsible for the crumbling political environment in Chile, they certainly took full advantage of the precarious climate to accelerate a coup against Allende.

Allende’s socialist policies had unexpected consequences that deepened Chile’s economic crisis. Once again, the U.S. took advantage to further destabilize Chile’s economy. Allende campaigned on the popular concept of nationalizing foreign owned companies. A primary example involved copper mining. Two major U.S. owned copper corporations, Kennecott and Anaconda, controlled eighty percent of Chile’s copper industry.\textsuperscript{58} Initially, expropriation took into consideration the book value of the mines. However, the Chilean government calculated that the copper companies made 774 million dollars in excess of reasonable profits which they then deducted from the book value. In essence, the U.S. companies were to receive almost no compensation for their properties.\textsuperscript{59} The President of Anaconda complained that President Allende’s “‘accounting theory is nothing more than a thin pretext for confiscation.’”\textsuperscript{60}

In response to the dramatic seizure of American companies, and the overall threat of nationalization, Nixon continued his efforts to make Chile’s “economy scream.”\textsuperscript{61} He pressured private investors, banks, and economic aid programs to slash their economic activities within

\textsuperscript{56} Ibid.

\textsuperscript{57} The Pinochet File, 93.

\textsuperscript{58} The Pinochet File, 82.

\textsuperscript{59} The Politics of the Allende Overthrow in Chile”, 108.


\textsuperscript{61} CIA Director Richard Helms Notes as cited in The Pinochet File.
Chile. The World Bank previously gave 31 million dollars in loans to Chile from 1969-1970 during Frei’s presidency. They approved no loans to Chile while Allende was in office. The Agency for International Development (AID) provided loans and investment guarantees reaching 110 million dollars between 1968-1970. AID’s support plummeted to 3 million dollars between 1971-1973. Between 1967-1970, the U.S. Export-Import Bank committed approximately 280 million dollars in commercial loans and credits. They provided zero financing in 1971. This economic blockade impacted Chile’s ability to import major equipment for key industries including agriculture, mining, trucking, and infrastructure.64

While Allende assumed nationalization would inflame relations with the U.S., he did not anticipate the rath of Chilean miners. Under American ownership, miners successfully negotiated for increased wages and improved benefits and working conditions. However, Allende clashed with mine workers when they demanded a forty-one percent wage increase. Allende’s unwillingness to negotiate provoked a strike lasting several months.66

In addition to nationalizing U.S. owned companies, Allende pushed to nationalize Chilean owned farms, banks and trucking companies. Chilean business owners feared nationalization would strip them of their family-owned businesses and destroy their livelihood. Allende’s proposal to create a state-owned trucking business infuriated Chilean truck owners. They feared unfair competition would significantly reduce their profits if not obliterate their

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62 Kornbluh, *The Pinochet File*, 82.
63 *The Pinochet File*, 84.
64 Kornbluh, *The Pinochet File*, 83.
businesses. In addition, truck owners grew increasingly frustrated by the government’s inability to import replacement parts for their trucks. With financial support from the CIA, truck owners organized a strike which lasted several weeks.\footnote{“The politics of the Allende Overthrow in Chile”, 110.} These strikes helped paralyze Chile’s economy. While copper mining provided Chile’s main export, truck drivers were crucial to every industry. The flow of critical supplies dramatically decreased. The U.S. State Department estimated the combined mining and trucking strikes cost Allende’s government an estimated 60 million dollars.\footnote{“Economics, Politics and the Chilean Military”, Allende Government April-June 1973, Allende Government October-December 1972 THRU Allende Government July-September 1973 container 4, RG 84, Chile; U.S. Embassy, Santiago; Classified Allende Files; 1968-1973, NARA, College Park, MD.}

While Allende battled with the negative effects of nationalization, he lost further support by allowing inflation to grow out of control. The government’s transition to socialism, the nationalization of key industries, and Allende’s commitment to social programs for the poor contributed to hyperinflation. Instead of curbing inflation, Chile’s government passed the costs of inflation to upper and middle-class citizens. Hyperinflation made it difficult for Chileans to obtain basic consumer goods. Middle- and upper-class housewives were especially angry as the burden to find supplies for their families fell upon them.\footnote{Townsend, “Refusing to Travel La Via Chilena: Working-Class Women in Allende's Chile”, 50.} This struggle to obtain necessary goods caused massive protests in the capital. Allende’s response was to ration goods, so products would be fairly distributed. However, the middle class “refused to accept any restrictions on their standard of living and began to coordinate their activities to defend it in mass mobilization campaigns of protest against the ‘totalitarian’ government’s encroachments on ‘freedom.’”\footnote{Ibid., 110} The public had lost any faith in the government’s ability to regulate the economy. Their protests
against economic policies increasingly turned violent. Protesters demanded changes to
economic policies. However, as conditions in Chile grew worse, they demanded that the
government stop the transition to socialism, calling for a regime change and the removal of
Allende.

Allende’s loss of control eroded the military’s trust in his leadership leaving the armed
forces susceptible to U.S. influence. In the beginning of Allende’s presidency, the Chilean
military maintained political neutrality. As the economy failed and protests became increasingly
violent “Chile’s armed forces…began to see themselves as the nation’s truest patriots and
potential leaders.” Rather than fearing outside forces, the military believed Allende and his
socialist policies posed the biggest danger to the country’s survival. They became convinced the
only way to save Chile “from the brink of collapse” was for the military to assume control over
the government. Near the end of Allende’s term, he appointed several military leaders to his
cabinet. The high-ranking military leaders loathed Allende’s push to politicize the military. They
feared the armed forces would become Allende’s next political project which would undermine
their independence.

Nixon perceived that the rift between Allende and the military as a great advantage for a
future coup. While Nixon eliminated most aid to Chile, the U.S. government substantially
increased military sales and assistance to Chile’s military. The sales of U.S. military equipment
increased from 6 million dollars between 1967-1970, to a staggering 19 million dollars from

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72 “Continued Street Violence”, Allende Government April-June 1973, Allende Government October-
December 1972 THRU Allende Government July-September 1973 container 4, RG 84, Chile; U.S. Embassy,
Santiago; Classified Allende Files; 1968-1973, NARA, College Park, MD.
73 Goldberg, “The Politics of the Allende Overthrow in Chile.”, 110.
74 Tanya Harmer, “Fractious Allies: Chile, the United States, and the Cold War, 1973-1976”, Diplomatic
75 Harmer, “Fractious Allies”, 115.
76 Ibid., 115.
1970-1973. Training and military aid programs rose from 1 million to 2.3 million dollars between 1971-1972. Nearly 7,000 Chilean officers, including future Chilean military dictator Augusto Pinochet, attended the United States School of the Americas in Panama. They received training in concepts of counterinsurgency. The school taught these officers “that the military’s prime concern had to be its capacity to fight a total revolutionary war against communist subversives.” The training school heavily influenced the Chilean military to adopt the U.S.’s strong anti-communist ideology. The political shift within Chile’s military was a primary motivator for deposing Allende.

In addition, the CIA kept in constant communication with military leaders to gather intelligence on those who were involved in coup plotting. While the CIA did not directly participate in the coup planning, they frequently reminded Chilean military contacts of the U.S. government’s displeasure towards Allende. Intelligence identified General Pinochet as a potential leader of a military overthrow. At the time, Pinochet was responsible for the Army garrison and emergency crowd control in Chile’s capital Santiago. His key leadership roles within the Army caught the CIA’s attention. Once Pinochet became more involved in coup plotting, the U.S. told him they “will support coup against Allende ‘with whatever means necessary’ when the time comes.” Plans for the coup, garnered wide support from all three branches (Army, Navy, and Air Force) of the Chilean military by the end of August 1973. However, a major obstacle to the coup was current commander in chief of the Chilean Army General Carlos Prats. Prats, similar to General Schneider, remained committed to upholding the

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77 Kornbluh, *The Pinochet File*, 84.
78 Harmer, “Fractious Allies”, 117.
79 Harmer, “Fractious Allies”, 118.
constitutional role of the Chilean military. Keenly aware of the disaster to remove Schneider, the United States government made no direct efforts against Prats. Instead, the U.S. government continued to fund El Mercurio and other right-wing media outlets which allowed them to instigate a smear campaign against Prats. Prats resigned from his position on August 23, 1973. His resignation, caused by the intense propaganda crusade, removed the final obstacle for the military to act. Allende’s promotion of Pinochet as the new Chilean Army’s commander in chief sealed Chile’s fate.

On September 11, 1973, within a month of his promotion, Pinochet fulfilled President Nixon’s wish to “bring down” Allende’s government. The Chilean military bombed the presidential palace and by the end of the day Allende was dead from a self-inflicted gunshot. Reports vary on the number of Chilean citizens who died during the coup. The CIA estimated approximately 1,500 Chileans died during the 6 weeks following the coup. In addition, during this same time period, an estimated 13,000 people including political activists and members of Allende’s government were arrested. Chile’s democratically elected government dramatically ended and was now under military control.

Nixon’s administration sincerely believed the coup liberated Chile from communism and that new elections would be held in 1976. A U.S. naval officer in Chile referred to the takeover as “Our D-Day” as well as ‘that day of destiny’ for Chileans.” However, Pinochet’s new regime quickly dispelled this naïve belief. Within weeks of the coup, Pinochet stamped out any
remnants of democracy. Pinochet’s military junta “quickly banned all political activities, closed Congress, suspended political parties, … and shut down all but the most right-wing, pro-putsch media outlets” in an effort to impose a military dictatorship over Chile. Pinochet became notorious for his blatant human rights violations. Democracy would not be restored in Chile until nearly two decades later.

While it is clear that the U.S. violated their own policies regarding interference in democratic elections, the role that Allende played in his own downfall cannot be overlooked. In hindsight, Allende’s unpopular public polices and failure to shore up Chile’s economy would likely have ensured his downfall without any U.S. involvement. At the end of his first term, another democratic election would have sealed his fate. The U.S. government’s radical interference in a democratic election directly led to a dictatorship lasting seventeen years rather than preserving the democratic principles they touted.

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87 Ibid., 154.
Bibliography


