U.S. Intervention in Chile During the Cold War

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The promotion of capitalism and consumption by the opposition to President Allende and his socialist reforms played an important role in the fall of democracy in Chile but would also, in its neoliberal form, lead to the fall of the military dictatorship that championed it. The individuals who fared the worst during the transition from Allende's democratic socialism to Pinochet's dictatorial capitalism were workers like those of the Madeco Company. Unionized labor received a great deal of support prior to the coup especially, when Allende won the presidency. Madeco workers recalled the benefits they received from the collective labor environment including, union health, dental clinics, and consumer cooperatives that allowed them to have the comforts of modern appliances. "After the 1973 coup, management's erosion of those controls, wage and benefit reductions, massive lay-offs, and promotion of rate busting, radically limited workers' ability to achieve a satisfying standard of living."[1] These workers were the individuals not considered in the United States mission to topple the Chilean way to socialism and establish neoliberal capitalism regardless of the human cost. In discounting the voices of these workers, the U.S. participated in the creation of conditions of social and economic discontent that surrounded the demise of the Pinochet dictatorship similar to the conditions that surrounded the coup that had brought the dictatorship into power.

Scholarship on Chilean history during the presidency of Salvador Allende and the dictatorship of Augusto Pinochet focused on the heads of state. The trend in scholarship of the Allende period combines political history with a social, economic, or transnational lens that demonstrates how the Chilean way to socialism emerged and empowered the working class.[2] Similarly,

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[1] Peter Winn, *Weavers of Revolution: The Yarur Workers and Chile's Road to Socialism* (New York: Oxford University Press, 1986), 179-180.

[2] Winn, *Weavers of Revolution*. Tanya Harmer, *Allende's Chile and the Inter-American Cold War* (Chapel Hill: University of North Carolina Press, 2011). Jonathan Haslam, *The Nixon Administration and the Death of Allende's Chile:*

the scholarship on Pinochet examines the economic restructuring and social cost of repressive practices by the dictatorship, sometimes combined with transnational history.[3] The transnational approach present in the study of both Allende and Pinochet looks at U.S. involvement in Chile. While these approaches make sense for the study of U.S. relations with Chile, by combining the Allende-centered scholarship with the Pinochet-centered scholarship, it becomes easier to expose the differences and consistencies in U.S. policy towards each Chilean government.

Combining the scholarship of each Chilean government opens the possibility of extracting a fuller perspective on the differences between the regimes and the consistencies of U.S. foreign policy during each government. While combined studies of both governments exist, they are limited by narrow topical focuses.[4] Ultimately, this scholarly intervention seeks to answer the question: How did the United States participate in the creation of discontent under both Allende's presidency and Pinochet's dictatorship? In answering this, I will take a comparative approach with a specific focus on foreign involvement showing the consistencies in U.S. policies toward each government.

Declassified documents from the Central Intelligence Agency archive make up the primary source foundation of this study. During this period of time the CIA activities in general represented the bipartisan Cold War policies of the U.S. government. These documents provide a wealth of information both intended and otherwise through their detailed accounts of

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A Case of Assisted Suicide (New York: Verso, 2005). Kristian Gustafson, *Hostile Intent: U.S. Covert Operations in Chile, 1964-1974* (Washington, D.C: Potomac Books, 2007).

[3] Peter Winn, *Victims of the Chilean Miracle* (Durham: Duke University Press, 2004). Heidi Tinsman, "Reviving Feminist Materialism: Gender and Neoliberalism in Pinochet's Chile," *Signs* 26, no. 1 (2000), 145-188. Heidi Tinsman, *Buying into the Regime* (Durham: Duke University Press, 2014). Angela Vergara, "Writing about Workers, Reflecting on Dictatorship and Neoliberalism: Chilean Labor History and the Pinochet Dictatorship," *International Labor and Working-Class History* 93 (2018), 52-73.

[4] Ricardo Ffrench-Davis, *Economic Reforms in Chile* (Ann Arbor: University of Michigan Press, 2002), 11.

covert activities on behalf of the U.S. government and analyses of various on the ground conditions gained through those activities. The CIA took on the most direct involvement in implementing U.S. policy in Chile before and during the dictatorship.[5] As such the declassified documents contain an array of information on Chile, its governments, and especially the U.S. position/actions towards them. They provide information on the material conditions in Chile, the state of the economy, political opposition, as well as the activities and resources utilized by the U.S. to influence Chile. Indirect analysis of these documents highlights the U.S.'s acknowledgement of various human rights violations, economic mismanagement, and other information that contradict the U.S.'s public position on regimes and ideologies.

While a longer study would benefit from the inclusion of a more diverse array of primary sources especially from the subaltern, I have limited this research to predominately declassified CIA documents in the interest of focusing on one particular angle that sums up the overall U.S. government position towards Chile during the Cold War era. I have examined these documents through various methods of analysis to help explain how the U.S. influenced the circumstances of economic crisis and social upheaval that led to the demise of both, Allende's presidency and Pinochet's dictatorship.

This paper argues that the United States participated in creating similar conditions of economic and social discontent under both Allende's presidency and Pinochet's dictatorship despite maintaining different stances towards each Chilean government. The U.S. sought to subvert Allende's government by funding opponents of his presidency and boycotting trade, setting the stage for the coup against him. The U.S. also destabilized the Pinochet regime despite its strong support for it. The U.S. promotion of neoliberalism hurt the Chilean economy and damaged the regime's stability. As the stability of Pinochet waned and the international community increased its calls for a return to democracy the U.S. shifted its support to a stable democratic

[5] U.S. Central Intelligence Agency, "CIA Activities in Chile: A General Report," https://www.cia.gov/library/reports/general-reports-1/chile/. (Accessed December 10, 2019).

government that would retain the right-wing economics of the dictatorship. While the U.S. took very different actions toward each government in Chile, those actions brought the same result: destabilization and regime change.

U.S. influence and intervention in Chile during the Allende presidency and subsequent Pinochet dictatorship exemplify U.S. foreign policy during the Cold War era. From the end of the Second World War until the 1991 dissolution of the Soviet Union (USSR), the U.S. and USSR waged an ideological conflict between capitalism and communism. Each country sought to expand its influence around the world. The U.S. felt threatened by the USSR for a variety of reasons, including the closed markets of the Communist Bloc. In the post war period, U.S. prosperity relied heavily on the production and sale of commodities from around the world. U.S. manufacturing jobs required markets beyond the U.S. to expand into communist countries structured around a central planned economy. Responding to this and other fears, the U.S. adopted a policy of containment that often resulted in proxy wars in Korea and Vietnam as well as support for anti-communist dictatorships to prevent communist expansion. The U.S. utilized this approach around the world as part of the global Cold War, but especially in Latin America in which the U.S. saw within its sphere of influence since the Monroe doctrine in 1823.[6]

During the Cold War, the U.S. viewed any liberal movement by a nation as the result of Soviet interference and countered it by any means at their disposal. In Latin America, the U.S. utilized covert CIA actions to subvert or overthrow any government that fit their broad definition of Marxist or socialist. The U.S. exerted their hemispheric influence through a variety of undemocratic means that undermined many nation's sovereignty.[7] Two emblematic cases of U.S. interference that precede the Chilean case include Guatemala and Cuba. In Guatemala the democratically elected government of Jacobo Árbenz met his demise with a coup supported by the CIA. Árbenz's land reform, influenced by some socialist policies, proved sufficient

[6] Tinsman, *Buying into the Regime*, 2-3.
[7] Jerry Davila, *Dictatorship in South America* (West Sussex, UK: Wiley-Blackwell. 2013), 13.

justification for the U.S. to support his ousting and replacement with a military dictatorship. Cuba served as a visible icon of a Communist government in the western hemisphere. Following Castro's 1961 declaration of a Marxist-Leninist government the U.S. imposed sanctions and blockades on Cuba and supported coup attempts including the Bay of Pigs invasion that resulted in defeat at the hands of the Cuban Revolutionary Armed Forces. We will return to the Cuban example later in the essay but both examples show the willingness of the U.S. to use force to topple regional governments.[8]

U.S. Opposition to Allende

During the Cold War the U.S. saw itself as the dominant power influencing Latin America, opposing and destabilizing governments that did not abide by its economic influence. Even before his victory in the 1970 Chilean presidential election, the U.S. vehemently opposed Allende and portrayed him as a Soviet pawn. The U.S. had already made an enemy in the hemisphere, Communist Cuba, and did not want another government to follow suit. The CIA gave large sums of money to the campaigns of Allende's political opponents, even going so far as bribing members of the Chilean legislature in an effort to get Allende's successful election thrown out. These actions only increased once Allende came to power and began his reforms known as "The Chilean Way to Socialism." Through various actions, both overt and covert, the CIA and other elements within the U.S. government sought to undermine Allende's authority and topple his socialist Popular Unity government.[9]

The U.S. began its anti-Allende activities even before his election. The CIA funded Allende's opponents, bribed legislators in an attempt to keep him from accessing the presidency and further spent capital to destabilize his government once they had achieved power.[10] By following the trail of this money one can gain insight into what lengths the U.S. would go to oppose Allende. Declassified CIA reports claimed the majority of funding

[8] Davila, *Dictatorship in South America*, 13-15.
[9] U.S. Central Intelligence Agency, "CIA Activities in Chile."
[10] U.S. Central Intelligence Agency, "CIA Activities in Chile."

went primarily to propaganda efforts, such as "media placements in support of opposition parties and against the Allende regime."[11] The declassified CIA documents show the larger picture, with $500,000 aid to the campaigns of Allende's political opponents prior to his election, $350,000 to bribe the Chilean legislators to keep from ratifying Allende's election, and an additional $6.5 million for shadowy "destabilization activities," once Allende ascended to the presidency.[12] This spending to undermine Allende came to the public light in the period following the 1973 coup against Allende and provoked widespread condemnation. This spending shows the early opposition to Allende done largely out of fear that Chile could serve as another bastion for socialism and anti-imperialism in the region.[13]

The U.S. government sought to isolate Chile from its regional allies and subvert the Allende government by imposing sanctions and excluding Chile from multinational organizations. The U.S. modeled these actions against Chile on previous actions taken against Cuba. Documentation of this exists in a December 1970 declassified memorandum to Henry Kissinger, the National Security Advisor at that time who would later become U.S. Secretary of State. "The only precedent for excluding a member from participation in the OAS is the Cuban case."[14] The CIA did not distinguish between Allende's constitutional and democratic election and Fidel Castro's armed revolution. In order to achieve support for their opposition to Allende, the U.S. played up the more radical aspects of the Allende government to justify their position.

The U.S. took every opportunity to sow fears of Chile as a second foothold in the hemisphere for the Soviets. This included Allende's improved relations with nations from the Communist bloc. U.S. diplomat John Crimmins in his aforementioned memo

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[11] U.S. Central Intelligence Agency, "CIA Activities in Chile."
[12] U.S. Directorate of Intelligence, News Views and Issues, No. 14 (20 September 1974), 4.
[13] U.S. Central Intelligence Agency, "CIA Activities in Chile." U.S. Directorate of Intelligence, News Views and Issues, No. 14 (20 September 1974), 4. U.S. Department of State, Memorandum for Mr. Henry A. Kissinger, by John Hugh Crimmins, The White House (4 December 1970), 51.
[14] U.S. Department of State, Memorandum, 8.

to Henry Kissinger claimed that any such alliance with "Communist powers breaks the solidarity and collective security of the Inter-American system."[15] The U.S. mission to the OAS had more support for actions against Cuba because of its explicit association with Soviet style communism. Cuba had been excluded following Castro's 2 December 1961, declaration of a Marxist-Leninist government as well as for purportedly providing assistance to leftist rebel groups in the region. The support for rebel groups in other Latin American countries proved a crucial element for gaining international support for the imposition of sanctions as "Previous application of OAS sanctions… [were]…directly tied to interventionism."[16] The U.S. intelligence community had a much harder time garnering support for ousting Chile, as the democratically elected Allende government self-identified as a leftist-socialist coalition rather than a one party Marxist-Leninist revolutionary state and Chile had not intervened in any tangible way beyond supporting revolutionary rhetoric and taking in leftist refugees.[17] Ultimately, the implementation of official sanctions or the ousting of Chile from the OAS failed to gain international support forcing the U.S. government to find other means to implement its anti-Allende agenda.[18]

The economy became the primary battlefield for the U.S.'s covert war on Allende. In notes from CIA director Richard Helms, "Nixon and Kissinger …ordered steps to 'make the economy scream.'"[19] While the U.S. first attempted to impose sanctions on Chile in a similar manner to Cuba, it failed when regional governments hesitated to participate in what their constituents viewed as an act of imperialist aggression. The U.S. had attempted to influence other governments to act on its behalf in an effort to avoid the imperialist label already associated with U.S. policy towards Latin America. The U.S. Mission to the OAS sought to "Encourage the Latin Americans to take the initiative," including

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[15] US Department of State, Memorandum, 8.
[16] US Department of State, Memorandum, 15.
[17] Tanya Harmer, *Allende's Chile,* 5-6.
[18] U.S. Department of State, Memorandum, 8-14. Harmer, *Allende's Chile and the Inter-American Cold War*, 5-6.
[19] U.S. Central Intelligence Agency, "CIA Activities in Chile."

"feeding suggested initiatives."[20] When this proved unsuccessful, the U.S. shifted to "invisible sanctions," like leading trade boycotts and blocking loans. For example, the U.S. included OAS loans, "…From the Fund for Special Operations, where an affirmative vote by the U.S. is required for loan approval."[21] This showed the U.S. had a disproportionate amount of power in the OAS and could enact its own agenda without widespread support from fellow member states. These "invisible sanctions" of trade boycotts and loan blockades combined with inflation in the triple digits, government price control, and high wages resulted in the scarcity of consumer goods. U.S. pressure combined with the growing pains of restructuring the economy along socialist lines set the Chilean economy on a path to crisis.[22]

Economic Crisis and Allende's Downfall

Economic crises justified the positions held by Allende's opponents. Allende's socialist reforms combined with limited consumer goods led to a decline in purchasing power, especially for the middle and upper classes. While the socialist reforms increased wages for the working class, the inflation and price controls on goods created a decline in the real value of the currency affecting all levels of society. This meant more economic equality and less unemployment but more empty shelves in stores. While many in the working class did not worry about the lack of consumer goods, bourgeois Chileans felt a direct affront to their status and lifestyle. The U.S. seized on the bourgeois concern as an example of the failures of socialism and smeared Allende. The anti-Allende rhetoric of the CIA allowed the bourgeois Chileans and their allies in U.S. business in Chile to speak for the whole of the country. This set the stage for the coup that went unchallenged by the CIA despite their knowledge that it would take place in the days preceding the planned date of September 11, 1973.[23]

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[20] U.S. Department of State, Memorandum, 6.
[21] U.S. Department of State, Memorandum, 6.
[22] U.S. Central Intelligence Agency, "CIA Activities in Chile," U.S. Department of State, Memorandum, 5-15. Tinsman, Buying into the Regime, 65.
[23] Harmer, *Allende's Chile and the Inter-American Cold War,* 145-147.

While Allende found a strong ally in the working classes, elite Chileans saw his socialist values as a threat to their affluence and viewed him with contempt. This discontent increased when shortages of food and other consumer goods led Allende's Popular Unity government to implement rationing in an effort to equalize distribution of the products available. This led to protest from the bourgeois class, especially women who were the primary consumers for their families. The gender roles at this time expected men to provide money with which married women would use to purchase goods for the household. The rationing of consumer goods resulted in an excess of money but a scarcity of goods to buy with it. The ration lines induced stress in the bourgeois women of Chile who saw the inconvenience as an attack on their status. "Women often recalled the frustration of standing in line: 'I had boxes of money, but nothing to buy.'" The U.S. exploited this discontent along with those on the political right inside Chile to discredit Allende and his socialist policies as failures. [24]

The United States saw the discontent of the Chilean bourgeois over the lack of consumer goods as evidence to vilify Allende and his socialist reforms as disastrous. The U.S. knew that Allende's policies had improved the lives of many Chileans, as shown in a declassified 1972 CIA memo which admitted, "That many Chileans are better off [now] than before [Allende]."[25] Still the vocal minority of elite and middle-class individuals unhappy with their decreased status provided a visible justification for what the CIA saw as a major threat to their influence in the region. The U.S. quickly scapegoated socialism as a failure rather than acknowledge the natural growing pains of restructuring an economy to be more equal for all Chileans. The U.S. allied itself with the elite in Chile as their business interests were tied to that segment of the population.[26] The CIA exposed its allegiance to the bourgeois Chileans in the aforementioned 1972 memo that voiced concerns over "The shortages [of consumer goods] in recent

[24] Tinsman, *Buying into the Regime*, 64-65, 77.
[25] U.S. Directorate of Intelligence, "Allende's Chile: The Widening Supply-Demand Gap," (December 1972), 2.
[26] Harmer, *Allende's Chile and the Inter-American Cold War*, 110-111.

months," focusing on how "the living standards of the upper and middle classes have been hit harder."[27] Despite acknowledging the improved standard of living for subaltern Chileans under Allende, the CIA placed the elite complaints at the forefront of their memo and allowed their voice to speak for all of Chile.[28]

The CIA sought to exploit consumer discontent to undermine Allende's legitimacy. In a declassified CIA memorandum concerning the "Growing Problems and Narrowing Options" of the "Allende Regime" in 1972, they acknowledged the success in their economic warfare against Allende claiming, "The declining state of the economy…provided an issue to mobilize popular anti-regime sentiment."[29] These protests evoked the anti-Allende camp in Chile that the U.S. allowed to represent the majority of the nation as a show of lack of faith in Allende and his socialist reforms. The most notable form of these protests known as the "march of the empty pots," saw bourgeois women marching and clanging empty pots as a symbol of food scarcity. Tinsman's work on Chilean grape production highlights how these protests in effect made "female consumer satisfaction a litmus test for socialism."[30] Overall the U.S. effectively used complaints over a lack of consumer goods as justification for their anti-Allende rhetoric and practices, and continued to use it long after the coup into the years of the Pinochet dictatorship.[31]

The U.S. government worried that Allende would continue his path of "The Chilean way to Socialism," as the majority of the

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[27] U.S. Directorate of Intelligence, "Allende's Chile: The Widening Supply-Demand Gap," (December 1972), 2.
[28] U.S. Directorate of Intelligence, "Allende's Chile," 2. U.S. CIA Office of National Estimates, "The Allende Regime in Chile: Growing Problems and Narrowing Options," (28 January 1972), 5-6. U.S. Directorate of Intelligence, "Chile: The Economic Vulnerability of the Pinochet Regime," (July 1987), 16. Tanya Harmer, *Allende's Chile and the Inter-American Cold War*, 145-147.
[29]U.S. CIA Office of National Estimates, "The Allende Regime in Chile: Growing Problems and Narrowing Options," (28 January 1972), 5.
[30] Tinsman, *Buying into the Regime*, 65.
[31] U.S. Directorate of Intelligence, "Chile: The Economic Vulnerability of the Pinochet Regime," (July 1987), 16. Tinsman, *Buying into the Regime*, 65. U.S. Central Intelligence Agency, Office of National Estimates, "The Allende Regime in Chile: Growing Problems and Narrowing Options," (28 January 1972), 5.

population, the working class, supported his reforms. Recent documents made available by the CIA shows a covert two-track policy against Allende; with the first track to prevent his election and the second track to instigate a coup once he had taken office. The CIA provided arms and logistics to various groups of coup plotters in 1970 who proved incapable of successfully executing the coup plan. That plan included the need to kidnap, "Army Commander Rene Schneider, who felt deeply that the Constitution required that the Army allow Allende to assume power."[32] One of the subsequent failed coup attempts resulted in the death of Schneider. While less directly involved in the successful September 11, 1973 coup, the plotters notified the CIA and these earlier activities made that coup possible. Without the death of Schneider, the military would have less internal support for a coup against Allende at the level necessary for success. Ultimately, the CIA enabled the 1973 coup with the death of Schneider and failure to notify Chilean authorities of their knowledge of the planned coup.[33]

U.S. Support of the Military Dictatorship

With the establishment of the Pinochet-led military dictatorship in the immediate aftermath of the September 11, 1973 coup, the U.S. saw an opportunity to expand its influence politically and economically. Chile became an authoritarian, anti-communist dictatorship that committed state violence and human rights abuses including murder, torture, and forced disappearances. The U.S. excused the abuses of the dictatorship as necessary for the Cold War struggle against communism and continued to assist the Pinochet regime.[34] In the post-coup restructuring of the economy the U.S. destabilized the regime by promoting the adoption of neoliberal capitalism. The

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[32] U.S. Central Intelligence Agency, "CIA Activities in Chile: A General Report," https://www.cia.gov/library/reports/general-reports-1/chile/. (Accessed December 10, 2019).
[33] U.S. Directorate of Intelligence, "Allende's Chile: The Widening Supply-Demand Gap," (December 1972), 2. U.S. Central Intelligence Agency, "CIA Activities in Chile." Winn, *Victims of the Chilean Miracle,* 20.
[34] U.S. Central Intelligence Agency, "CIA Activities in Chile."

implementation of neoliberalism, with the help of economists trained at the University of Chicago, proved one of the most brutal examples of unrestrained capitalism. Ultimately, the U.S. chose to overlook the brazen human rights violations and other undemocratic aspects of the dictatorship, in order to maintain their economic and political influence in Chile.[35]

The establishment of neoliberalism in Chile deregulated private companies promoting business interests to the detriment of workers who already suffered under widespread repression.[36] Neoliberalism became a hallmark of the Pinochet Regime due in a large part to U.S. trained economists, known as the "Chicago-Boys." These Chilean economists who studied at the University of Chicago under Milton Friedman were instrumental in designing this extreme form of economic theory that encouraged the privatization of many basic services including healthcare, education, and the pension system. Pinochet identified with the "Chicago-Boys" as "technocrat … above politics and private interests."[37] The cementing of neoliberalism in Chile came with Friedman's 1975 speech in Santiago concerning the implementation of his free market economic ideas. This approach to economic restructuring marketed rapid privatization as the answer to the high levels of unemployment present in the wake of the coup. Friedman argued in his speech, "If Chile is going to have economic development, private companies must expand, which will allow them to absorb unemployment."[38] While such promises of low unemployment did not come to pass as high levels persisted, neoliberalism did generate wealth for elite Chileans and U.S. business interests.[39]

The promotion of export growth in Chile reflects earlier practices of the U.S. in Latin America, such as the "banana empire" model in Central America where the U.S. United Fruit Company took on the role of the de facto colonial power.[40] This

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[35] Tinsman, *Buying into the Regime*, 14-16.
[36] Vergara, "Writing about Workers," 55.
[37] Winn, *Victims of the Chilean Miracle,* 26.
[38] Milton Friedman, "Chile: Bases for Economic Development," (speech, Santiago, Chile), (March 26, 1975), 29.
[39] Winn, *Victims of the Chilean Miracle,* 26. Friedman, "Chile: Bases for Economic Development," 29.
[40]Tinsman, *Buying into the Regime*, 34-36.

neocolonial project allowed the U.S. to control a nation's economy as the main consumer of products specifically produced for export. In promoting the production of a limited variety of consumable goods intended for sale in the U.S., export-led growth increased U.S. influence over the Chilean economy. The CIA noted this investment with a warning found in a document from 1982 which stated for "U.S. commercial interests…any substantial shift from market-oriented policies," would have detrimental effects.[41] This economic model served to extract wealth for U.S. business interests. A similar CIA document from 1986 when U.S. banks owned the majority of Chilean debt, reiterated the point stating, "Export growth will help U.S. banks."[42] To protect their investments in Chile, the U.S. provided economic assistance to prop up the economy and the regime, maintaining the balance of power which allowed wealth and power to flow into the hands of the few and out to the U.S.[43]

Rhetorically, the U.S. praised Pinochet and the neoliberal economy established under his regime as a miracle that brought stability and opened up Chile to unfettered free trade. From the establishment of the military dictatorship in Chile the CIA provided support for propaganda activities. "[The CIA] continued some ongoing propaganda projects, including support for news media committed to creating a positive image for the military Junta."[44] This downplayed the negative qualities and built up the image of the regime as bringing economic progress and increased prosperity to Chile. "The Chilean Miracle," the term for the economic restructuring under Pinochet, received praise from the U.S. for avoiding "a rigidly statist or nationalistic approach that would stifle private-sector initiative and work against foreign

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[41] U.S. Directorate of Intelligence, "Chile: Challenges to the Free Market Model," (August 1982), 9.
[42] U.S. Directorate of Intelligence, "Chile: Embarking on Trade-Led Economic Expansion," (September 1986), iv.
[43] U.S. Directorate of Intelligence, "Chile: Embarking on Trade-Led Economic Expansion," (September 1986), iv. U.S. Directorate of Intelligence, "Chile: Challenges to the Free Market Model," (August 1982). U.S. Directorate of Intelligence, "Chile: Prospects for Pinochet," (May 1983), iii-iv.
[44] U.S. Central Intelligence Agency, "CIA Activities in Chile."

participation."[45] While the U.S. government ignored the perspective of working-class Chileans who made up the majority of the population it championed the opening up of Chile for private industry consolidating wealth into the hands of Chilean elite and U.S. business interests. This rhetorical support continued even toward the end of the dictatorship. This rhetoric promoted U.S. interests in Chile particularly the stability and longevity of the neoliberal economic system that had become intrinsic to the Chilean economy under Pinochet.[46]

Economic Crisis and the Downfall of Pinochet

The neoliberal economy proved advantageous for the Chilean elite and foreign investors and detrimental to Chilean working class. Over the course of the dictatorship the neoliberal economy ultimately led to widespread unemployment, increased cost of living, and a decline in workers' wages. This furthered widespread unrest especially among the working-class segments of the population. Conflict emerged between the economic and political goals of the regime especially in terms of gender. The stability of the Pinochet regime waned as the economic crisis continued. This crisis caused further anxiety for the U.S. and other nations that had previously aided the regime. With stability as a primary U.S. concern their support for the dictatorship weakened.[47]

According to CIA sources high rates of unemployment, at 30% in 1983, and more seasonal temporary jobs pushed many women out of the home and into the workplace in order to make ends meet.[48] The predominantly rural working-class women who became "temporeras" or temporary wage workers represented a conflict between the export-led growth promoted by the U.S. and the conservative patriarchal values of the Pinochet regime. Families, especially poor rural families were unable to survive on

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[45] U.S. Directorate of Intelligence, "Chile: Embarking on Trade-Led Economic Expansion," (September 1986), iii.
[46] CIA, CIA Activities in Chile: A General Report. U.S. Directorate of Intelligence, "Chile: Embarking on Trade-Led Economic Expansion," (September 1986).
[47] U.S. Directorate of Intelligence, "Chile: Challenges to the Free Market Model," (August 1982), 9.
[48] U.S. Directorate of Intelligence, "Chile: Embarking on Trade-Led Economic Expansion," (September 1986), 1.

the husband/father's income alone, if he could find work at all. Under the dictatorship women went to work in new temporary jobs, largely in the fruit packing industry, that were intrinsic to the export agriculture economy of Chile. While this fit well with U.S. business interests desires for cheap labor regardless of gender, women's employment had unintended results that undermined the patriarchal elements of the Pinochet regime. Employment meant that women gained some improved power dynamics in the domestic sphere. In creating this atmosphere where "women and men needed to share the burden of …making ends meet, and identify with each other's common experiences of abuse,"[49] women gained autonomy and power that could then be turned against the state.[50]

As women workers played an increasingly important role in the politics of organized labor the labor movement re-emerged to participate in the transitional push for a return to democracy. Protests over the economic instability and inequality increased as the economic crisis worsened. These protests faced heavy crackdown by the military under its anti-terrorism laws that effectively prohibited free speech against the regime. The once great force of the Chilean labor unions had been dismantled and replaced with a few neoliberal economists and the elites who benefited from them. In response to their numerous losses under the dictatorship, Chilean workers grew fed up and accepted the status of enemy of the regime.[51] Despite the challenges the Chilean labor movement faced, it used all means available to undermine the dictatorship.[52]

With knowledge of the human rights abuses perpetrated by the Pinochet regime, the U.S. chose to overlook them for political and economic motives. CIA documents championed Pinochet's repressive tactics claiming his "Brutally effective governmental

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[49] Heidi Tinsman, "Reviving Feminist Materialism: Gender and Neoliberalism in Pinochet's Chile," *Signs* 26, no. 1 (2000), 161.
[50]Tinsman, *Buying into the Regime*, 84-95.
[51] Vergara, "Writing about Workers," 55.
[52] U.S. Directorate of Intelligence, "Chile: The Economic Vulnerability of the Pinochet Regime," (July 1987), 13. Winn, *Victims of the Chilean Miracle,*10-11, 22, 41, 100, 113.

repression have instilled political apathy in much of the populace."[53] This exemplified the U.S. standard of upholding consumer democracy over political democracy. Political apathy served as an intrinsic goal of the neoliberal project with consumption as a replacement for actual political participation. The U.S. accepted the repressive means of inducing that apathy as long as those means achieved the desired effect. Many other nations around the world who condemned the human rights violations did not share the same sentiment. This put Chile and the U.S. on the defensive forcing the U.S. to justify Pinochet's continued rule to the international community.[54]

The repressive crackdowns and brazen human rights violations resulted in a condemnation from the international community with the U.S. trying to persuade other nations to not impose sanctions and other measures against Pinochet. The military regime had been able to maintain some degree of support, at least from the political right inside and outside Chile through the justification of the "Economic Miracle" and increased consumer democracy. While the U.S. sought to dissuade the imposition of sanctions, to avoid playing into the hands of leftists in Chile, other nations did not agree. CIA documents warn that, "Refusal of the regime to liberalize or reduce human rights violations has already caused creditor countries to consider citing against or delaying multilateral bank loans to Chile."[55] As the Chilean economy failed to improve the Pinochet regime grew less worried about the opinions of the international community and more concerned with obtaining money. With stability of the neoliberal economic system as the major concern of the U.S., Pinochet's control of Chile became less of an asset and more of a liability.[56]

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[53] U.S. Directorate of Intelligence, "Chile: Challenges to the Free Market Model," (August 1982), 8.
[54] U.S. Directorate of Intelligence, "Chile: Embarking on Trade-Led Economic Expansion," (September 1986).
[55] U.S. Directorate of Intelligence, "Chile: Embarking on Trade-Led Economic Expansion," (September 1986), iv.
[56] U.S. Directorate of Intelligence, "Chile: Challenges to the Free Market Model," (August 1982), 9. U.S. Directorate of Intelligence, "Chile: Embarking on Trade-Led Economic Expansion," (September 1986), 12-13. Winn, *Victims of the Chilean Miracle*, 10-11, 22, 113.

Transition to Democracy and the Continuity of Neoliberalism

As the dictatorship became less and less justifiable to the international community and proved less stable than previously portrayed, the U.S. supported a return to democracy along with the continuity of neoliberalism in a democratic Chile. While the U.S. had long been an ally of Pinochet as a strong opponent of communism, the negative light of his authoritarianism and human rights abuses ultimately made him more of a liability than an asset in terms of stability for the free market economy. Recognizing the odds against him Pinochet took some conciliatory measures in a bid to maintain his rule as long as possible.

In response to pressure mounting from the Chilean public, Pinochet allowed for a plebiscite that ultimately required elections and a restoration of democracy, albeit with various caveats. Pinochet hoped to use this plebiscite to extend his rule while validating it as the will of the Chilean public. These concessions established by the 1980 Chilean constitution outlined the holding of a plebiscite in 1988 with the options to vote "Yes" to extend Pinochet's rule into the 1990s, or "No," to call for democratic elections. The "No" vote won with 55% support against the 43% that voted "Yes" to continue Pinochet's rule. The results did not concern the U.S. intelligence that saw the anti-Pinochet camp as a pieced together coalition that would have difficulty forming a government. The U.S. intelligence community reported it easier for the Pro-Pinochet candidate "to obtain the support of those who previously voted 'No' than vice-versa," purportedly as a testament to the successes of the free-trade economy and the memory of the chaos that had preceded the 1973 coup. In effect the changes made under the dictatorship that restructured the economic and political cultures of Chile would remain intact.[57]

As the return to democracy loomed nearer the U.S. transitioned support from Pinochet to candidates on the center right who would uphold the economic systems of the dictatorship in a democratic context. CIA analyses in the mid 1980s warned that "Because of its heavy $22 billion debt load, foreign financial support is a major factor in Chile's economic performance and

[57] U.S. Central Intelligence Agency, "Whats Next for Chile?" by José S. Sorzano, (3 November 1988), 3-5.

ultimately in Pinochet's political prospects."[58] With the large amount of foreign debt and the decreasing fears of communism on the world stage, more international pressure against the dictatorship clearly caused concern from the U.S. The U.S. position held during the demise of the Pinochet regime highlights the imperialist nature of its foreign policy at this time when support for a regime hinged on its usefulness.[59]

The military dictatorship in Chile ended with the return to civilian rule in 1990 under Christian Democrat Patricio Aylwin. This transition had limitations in the sense that Pinochet remained Commander-in-Chief of the Chilean Army until 1998 and then as "Senator for Life" until 2002. Despite the transition to democracy the economic system of neoliberalism in Chile remained in place as predicted by the U.S.[60] Chile remains one of the most heavily privatized countries in the world and still utilizes the 1980 constitution imposed by the Pinochet dictatorship. The current president, a conservative, Sebastián Piñera has upheld the legacy of the neoliberalism imposed under Pinochet. The inequality and privatization of basic services intrinsic to the neoliberal economic system continues to exist in Chile and have recently caused widespread unrest and a reimplementation of repressive laws that have not been used since the dictatorship. With activists calling for a new constitution Chile appears at a turning point forced to deal with the economic policies of the past that never fully went away.[61]

Conclusion

Ultimately, the U.S. valued its goals of toppling socialism and implementing neoliberalism in Chile over the stability of any

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[58] U.S. Directorate of Intelligence, "Chile: Prospects for Democratic Transition," (December 1985), 4.
[59] U.S. Directorate of Intelligence, "Chile: Challenges to the Free Market Model," (August 1982), 8. U.S. Directorate of Intelligence, "Chile: Prospects for Democratic Transition," (December 1985), 4-5.
[60] Angela Vergara, "Workers and the Struggle for Social Justice in Neoliberal Chile," The Labor and Working Class Historian Association, (November 20, 2019), http://www.lawcha.org/2019/11/20/workers-and-the-struggle-for-social-justice-in-neoliberal-chile/, (December 4, 2019).
[61] Vergara, "Workers and the Struggle for Social Justice."

Chilean government whether left or right, democratically elected or tyrannical. Allende threatened the U.S. domination of politics and economics providing a democratic worker led alternative to capitalism. The U.S. succeeded in halting Allende's Chilean Road to Socialism with their complacence in the coup launched against him. With Pinochet, the U.S. found an ally willing to embrace capitalism in its most unregulated form, neoliberalism. The U.S. showed that its true interest lay not only in the dictatorships anti-leftist politics but in economics and wealth extraction. By promoting the neoliberal "miracle" of Chile under Pinochet the U.S. disregarded the negative impact it had on the majority of Chileans. The amounting pressure left unreleased radicalized the majority of the population against the regime that furthered inequality and violently repressed dissenting voices. Ultimately the Pinochet regime fell as the U.S. refused to back down from their support of neoliberal capitalism that only worked for the elites. With Pinochet out of office Chile continues to deal with his legacy still repressed by the same authoritarian constitution and neoliberal economic system.