of Chile and a possible Japanese attack on Chile's long, undefended coastline. Under U.S. pressure to join the Allies, Chile finally broke relations with the Axis in January 1943.

The succeeding president, Gabriel González Videla (1946–52), was once again a Radical. He accepted Communist support, but this modest throwback to the Popular Front did not last long. A call for a general strike in 1946 provoked strong police measures. Riots ensued, and a full-scale social conflict loomed. The government declared a state of siege and suspended civil liberties. Strikes continued into 1947.

González had by this time purged the Communists from his cabinet. The strikes gave the right its chance to mount an offensive. The rightists had been alarmed by the steady rise in the Communist vote, which came to 18 percent in the municipal elections of 1947 (up from 12 percent in the congressional elections of 1941). The Chilean government now decided to move against the left, and in this it had plenty of support from abroad. In these early years of the Cold War, the U.S. government was launching a major campaign in Latin America to isolate the left, especially the communist parties, and the U.S. embassy strongly encouraged the Chilean conservatives. The left fought back by attacking the González government and the United States. The climax came in 1948 when an act of Congress outlawed the Communist Party and banned its members from running for office or holding official posts. A witch-hunt followed. Together with the rightists, the centrist Radicals had again shown that they were prepared to use "legal" means to eliminate their most dangerous adversaries from the political game. For the left, the Popular Front became an object lesson, and they vented their anger on González Videla.

The Era of Party Politics

The final demise of the Popular Front ushered in a period of intense political competition based on party organizations. During this period, the Chilean political system displayed several identifying characteristics. First, elections were extremely competitive. There were many different parties, so it was rare for any one of them to receive more than one-quarter of the total vote. Second, the parties had to take part in coalitions in search of governing majorities. Alliances were fragile, however, and political leaders were constantly in quest of new arrangements and intent on mending fences. Underlying this was an increased tendency toward ideological polarization. Third, the system was highly democratic. The Chilean labor movement was closely identified with various parties, mainly on the left, so it did not form a separate power center. Measured as a percentage of registered voters, electoral participation was high (around 80 percent, compared to 50–60 percent in the United States), and registration grew rapidly in the early 1960s. Furthermore, almost all Chileans accepted election results as binding.

The 1952 presidential election brought back another figure from the past: General Carlos Ibáñez. Now in his mid-seventies, the former dictator proclaimed himself the only answer to Chile's many problems. This caudillo put himself forward as a true nationalist, but his appeal was really aimed at the right and center that were once again worried about the left. Socialists and Communists formed another electoral alliance, although the latter were hobbled by their illegality. The election results were indicative of the path Chile was to follow for decades: a deeply divided vote with no candidate or party getting a clear majority. Ibáñez took office with a plurality of 47 percent.

Ibáñez claimed to be the apolitical man able to solve all the political problems, but he failed to deliver on these promises. His prime economic problem was inflation, which hit Chile earlier and harder than most of Latin America. Because he faced a major deficit in the balance of payments, Ibáñez had to look abroad for help. The logical source was the International Monetary Fund (IMF). Unfortunately for the Chileans, this involvement did not mean simply arranging a foreign loan. In fact, it meant the IMF would oversee the borrowing country's economic policies. As a result, the Fund came to be seen by most Chileans (and by most other Latin Americans) as an extension of U.S. economic and political power.

Ibáñez was thus caught in the typical policy dilemma produced by inflation. His government had to act because it was running out of foreign exchange. Yet the sources of foreign financing offered their help only on the condition that they have a veto over basic policymaking. Ibáñez knew that the left would be in full cry against him if he acceded to the IMF terms. He decided to take the gamble.

His government soon paid the price. The initial measures called for austerity. Early targets were public utilities and transportation, which invariably charged very low rates in times of rapid inflation, since managers hesitated to pass rising costs on to customers and thus spark popular protests. An increase in bus fares provoked a furious response. Riots began in Santiago and spread to other cities. Given the strength of labor and the leftist parties, Chile was an inhospitable site for anti-inflation policies. In the end, Ibáñez, who had a modest political base and no solutions to the nation's problems, was unable to govern effectively.

The 1958 election produced a new president with a familiar name: Jorge Alessandri, the son of Arturo. Although considering himself an independent, Jorge had run as the leader of the right, on a combined Conservative-Liberal ticket. His opponents were Salvador Allende, a medical doctor and longtime politician from the Socialist Party who represented the Socialist-Communist alliance (FRAP), and Eduardo Frei, an ambitious young idealist who headed the Christian Democrats (DC), a relatively new party on the national scene. Alessandri won a 31.6 percent plurality of the vote, as against 28.9 percent for Allende and 20.7 percent for Frei, with the remaining 18.8 percent split between the Radical candidate and a maverick priest. As required by the constitution when no candidate won an absolute majority, a vote for president then took place in Congress. Alessandri's plurality was readily confirmed. Once again, the Chilean electorate had shown itself to be deeply divided.

The new president was an authentic representative of conservative political and economic thought in Chile. He strongly believed in free enterprise economics, including monetary orthodoxy and an open door to foreign investment. His government attacked the serious inflation with an orthodox IMF-style stabilization policy: budget cutting, devaluation (to a fixed exchange rate), and an appeal for new foreign investment.
A bitter battle over copper policies undercut Alessandri’s stabilization efforts. The government tried to convince the U.S. copper companies to increase their investment. The idea was to complete more processing of copper in Chile. This would increase the economic returns to Chile, as well as make the country more self-sufficient in marketing the final product. But this merely incensed nationalists who wanted to expropriate the companies, not just encourage their investment. Government policy carried the day, but copper company investments did not increase, and Chile did no better at exploiting its only major asset in international trade.

Alessandri hoped that his orthodox policies could make progress against the mounting social problems being created by Chile’s slow and uneven economic growth. His government launched large-scale public works projects, financed mainly by foreign funds. A principal source was the United States, where the Kennedy administration’s worries over the threat of pro-communist revolution had led to hurried formulation of a major economic assistance program known as the Alliance for Progress (see Chapter 15). Alessandri even dared to tackle the agrarian question, long a forbidden subject in his political ranks. Although the law passed in 1962 was thought by the left to be ludicrously inadequate, in fact it did furnish the basis for an aggressive expropriation program.

Not surprisingly, none of the Alessandri policies did much toward solving the grave socioeconomic problems facing Chile. The steady exodus of the rural poor to the cities, especially Santiago, continued. There they were poorly housed, fed, and educated. Furthermore, there was little work. These “marginals” were the tragic underside of capitalist urbanization in a developing country.

Alessandri would have liked to govern a tranquil land. Events soon ruled out that dream. In the early 1960s the Chilean political scene began to change significantly. There was first the great growth of the electorate. Just over 500,000 in 1938, by 1963 it had reached 2,500,000—a fivefold expansion in twenty-five years. Second, a realignment of political forces had occurred. There were now four main groupings: (1) the right, including the Conservative and Liberal parties; (2) the centrist Radicals, long the masters of opportunism; (3) the Marxist left, composed primarily of the Communists and Socialists; and (4) the Christian Democrats, located in the center, a reform-oriented party now building its electoral following. In the 1963 municipal elections, each of these four won roughly equal percentages of the vote. The biggest advance went to the Christian Democrats, who were attracting votes from both the left and the right.

The 1964 presidential election loomed as a crucial one for both Chile and Latin America. The left once again ran Salvador Allende. FRAP’s strident criticisms of capitalism seemed all the more relevant, now that a classically conservative government had so recently failed. Concerned about the rising strength of the left, Liberals and Conservatives quickly decided that their only salvation lay in an alliance with the Christian Democrats. When the rightists decided to endorse the PDC candidate, Eduardo Frei, the Christian Democrats gained an enormous boost. It was made out of the fear that the FRAP might win a plurality victory, as almost happened in 1958. The rightists decided this despite their misgivings about the PDC’s reformist ideas, which many conservatives saw as dangerously close to the formulas of the left.

The PDC campaign was designed to convince the electorate that Frei could bring a “Revolution in Liberty.” In fact, however, the Christian Democrats were promising reforms, not revolution. The platform called for a more efficient capitalist economy, to be achieved by such measures as agrarian reform through the expropriation of underused land, increased public housing, and greater control over the U.S. copper companies through Chilean acquisition of part ownership.

Frei and the PDC wasted no time in branding FRAP a Moscow-controlled political front. Cleverly written campaign cartoons and radio jingles played on fears of “another Cuba” in Chile. The U.S. government, as well as Western European Christian Democrats, also took a strong interest in this contest between reformism and Marxism. The Central Intelligence Agency would later admit to contributing more than 50 percent of Frei’s campaign expenses.

It may have been a case of overkill. Frei won the election more handily than anyone had expected, with 56 percent of the vote. Allende got 39 percent, well over his share in 1958. The difference, of course, was that this time it was a two-way race. The triumph belonged to Frei, but the Revolution in Liberty owed its birth far more to the absence of a rightist candidate than to any sudden change of mind by Chilean voters.

Frei’s government began with high expectations. First priority was given to economic policy. One of the hottest issues was copper. Here, as elsewhere, the Frei strategists sought a middle way. Outright nationalization (with compensation) would be too expensive, they reasoned, since Chile would have to come up with enormous dollar payments. Simply encouraging the U.S. companies to increase their investment under the old terms was equally unacceptable, since it would be a backward step on the path toward greater national control. Their solution was centrist: the Chilean government would buy into part ownership of the companies, with the proceeds to be reinvested by the companies in expanded facilities, especially for processing. The goal was to double copper production by 1970. If successful, Frei’s plan for “Chilenization” would increase both national control and export earnings.

The left savagely attacked the proposal and branded it a sellout. With congressional support from Christian Democrats, Frei reached agreements with Anaconda and Kennecott, the two leading companies, but copper production increased by only 10 percent over the ensuing five years. Export earnings doubled, but that was because of a rise in the world price of copper, not because of expanding output. Furthermore, a big share of those higher earnings went to the companies because of technicalities in the new contracts. Frei had won a hollow victory.

The agrarian sector was another key policy area. Chile had long suffered under one of Latin America’s most archaic rural structures, with the marginalized rural masses daily becoming more desperate. The Christian Democrats pushed through a land reform act in 1967 that represented another compromise. The government made elaborate provisions to distribute land to 100,000 peasants by 1970. The program went more slowly than hoped, and by the end of Frei’s term there were only
28,000 new farm ownerships, a number whose significance was obscured by the high expectations the Christian Democrats had aroused.

The United States continued to take a strong interest in the fortunes of the Frei government. It had all the marks of the kind of reformist regime that the Alliance for Progress was designed to support. The United States, as well as such multilateral agencies as the Inter-American Development Bank and the World Bank, provided Chile with extensive financing.

In the political sphere, the Christian Democrats attempted to deliver on their promise of a new kind of popular participation. Rejecting the massive state role that the solutions of the left would inevitably bring, they pushed for a new kind of grassroots political activity. In practice it meant a mixture of shared community holdings, self-help, and cooperatives. Above all, it meant heading off the left, which had, through its unions and party structures (both communist and socialist), gotten a head start in organizing at the mass level. The net effect was a dogfight to win elections throughout the society: in unions, student associations, cooperatives, bar associations, and every kind of professional group. Politics was penetrating more and more deeply into Chilean society.

Time was running out on the Revolution in Liberty. The reformist gains had been substantial, if measured by past Chilean standards, but they were no longer enough. Because the constitution forbade consecutive reelection of the president, the Christian Democrats had to find a new candidate. Frei had been an overshadowing figure, but not without detractors within the party. In fact, progressive Christian Democrats had veered sharply in the direction of radical change.

Socialism via Democracy?
The 1970 presidential election in some ways resembled 1964. But this time the right decided to run its own candidate, Jorge Alessandri, the magic name in twentieth-century Chilean politics. The divided Christian Democrats nominated Radomiro Tomic, whose leftist stand precluded any possible electoral alliance with the right. The Communists and Socialists, now united under the rubric of Unidad Popular (UP or Popular Unity), once again chose Allende. The UP relentlessly attacked the Christian Democrats’ record under Frei, charging a sellout to U.S. imperialism and domestic oligarchs. Alessandri offered an old-fashioned conservative recipe. Tomic sounded remarkably like Allende. He favored radical change, including complete nationalization of the copper companies.

When the votes were counted, Allende had won a plurality, but it was far from a decisive result. His vote total was 36.3 percent. Alessandri got 34.9 percent, and Tomic only 27.8 percent. The left was jubilant, but their more sober leaders were aware of the fragility of Allende’s mandate.

The results of Chile’s election aroused intense displeasure in Washington, D.C. An outraged President Richard M. Nixon took the news as a personal affront, smashing his fist into his hand and repeatedly denouncing “That S.O.B., that S.O.B.,” then adding for clarity’s sake that he was referring to “that son of a bitch Allende.” Meantime national security adviser Henry Kissinger perceived a dire threat to American interests and darkly proclaimed, “I don’t see why we need to stand by and watch a country go Communist due to the irresponsibility of its own people.” Something would have to be done.

What could account for such a strong reaction? The first concern was geopolitics. Within the context of the Cold War, then at its height, a socialist triumph in Chile—or anywhere else in the Third World—would constitute a victory for international communism. This was not only undesirable; within the Western hemisphere it was unacceptable, since it had taken place within America’s “backyard.” This would tarnish the U.S. image as a superpower and, presumably, weaken its position in the global arena.

A second concern focused on ripple effects. One of the fundamental tenets of U.S. foreign policy during the Cold War was the “domino theory,” which held that one country’s fall to communism would lead to the fall of neighboring countries. It was therefore essential to hold the line. In Kissinger’s view, a socialist government in Chile would greatly increase the likelihood of communist takeovers in Argentina, Peru, and Bolivia.

A third concern was somewhat subtler. Events in Chile suddenly presented the United States with what seemed like an impossible prospect: the installation of a socialist government through a free and fair election. This contradicted a fundamental line of Cold War thought—the association of socialist ideology with brutal tyranny. Within U.S. policy circles, it was widely assumed that socialism (or communism) could come to power only through revolutionary violence (as in Cuba), and that it could remain in power only through repressive dictatorship (as in the USSR). Chile refuted this idea. Its citizens had voted for an avowed socialist through the exercise of democratic choice, in what came to be known as la via chilena (“the Chilean way”). Such an example would legitimize Marxist movements as democratic forces and broaden the path toward leftist and anti-American politics around the world.

Finally, Allende’s socialist orientation posed a threat to American economic interests. Prominent U.S. corporations—such as Ralston Purina, Ford, and ITT (International Telephone and Telegraph)—had major investments in Chile. Corporate executives understandably opposed any program of nationalization or government expropriation, and in any case they would insist upon satisfactory compensation.

In a word, Chile was dangerous. Nixon and Kissinger promptly formed a so-called Forty Committee to design policies to prevent Allende from coming to power. One idea was to reinstate Eduardo Frei as president. According to this plan, the Chilean Congress would snub Allende and cast its vote instead for runner-up Alessandri, who would then call for new elections—which Frei would be allowed to win. In keeping with long-standing tradition, however, the Chilean Congress ratified the results of the popular election and elected Allende president.

A second idea was to promote a military coup, either before or after Allende’s inauguration. A key obstacle came from top-rank Chilean officers, who tended to uphold the nation’s democratic traditions. A U.S.-approved plot to kidnap the army commander-in-chief (a strong supporter of the constitution) failed only when he fought off his assailants and was murdered instead. Nonetheless, the U.S.
Central Intelligence Agency relentlessly pressed the military option. According to one CIA cable, "It is firm and continuing policy that Allende be overthrown by a coup. We are continuing to generate maximum pressure toward this end utilizing every appropriate resource."

Once Allende was in office, the Nixon administration took steps to impose an "invisible blockade" against the Chilean economy. This policy went into effect before the nationalization of such major U.S. companies as ITT and Ford, but its legal foundation was strengthened by the Allende government's refusal (and/or inability) to reach agreements on suitable compensation. U.S. government measures included a shutdown of all economic assistance to Chile, opposition to international credits (from the World Bank and the Inter-American Development Bank), discouragement of private investment, and disruption of the world copper market. In Nixon's memorable phrase, the intent was to make the Chilean economy "scream."

Working mainly through the CIA, the Nixon-Kissinger team attempted to exert direct influence on Chilean politics. The U.S. government provided substantial support for the anti-Allende media, most notably the conservative newspaper El Mercurio, and for opposition parties in local and legislative elections. CIA funding also supported strikes, lockouts, and other actions designed to destabilize the Allende government. (It was not until the year 2000 that the CIA officially confirmed its activities in Chile, finally acknowledging the disbursement of $6.5 million "for Chilean political parties, media and private sector organization opposed to the Allende regime."

This included, of course, constant efforts to provoke a military coup.

Countdown to a Coup

Allende's three-year presidency was rich in significance, for both the history of Chile and that of Latin America, although the nature of that significance is still bitterly argued. The president and his advisers decided that despite the narrowness of their election victory, they would seek radical change—but by legal means. Was such a course of action possible? Could socialism be introduced in a genteel fashion?

Allende's initial economic strategy was quintessentially populist: freeze prices and raise wages. The result was an immediate boom in consumer buying. This caused a significant short-term redistribution of income. Merchants' inventories were quickly depleted, while producers put a hold on all orders until they could see how long price controls would last. Here Allende designed economic policy in order to expand his political support.

Allende's other economic policies flowed from campaign promises. Top priority went to the complete nationalization of the copper companies. Most significant, the congressional vote on this issue was unanimous. That spoke volumes about the growth of nationalist sentiment in Chile and the perceived failure of Frei's Chileanization policy. Later, the Allende government argued that no compensation was due the companies because of what the president charged were their previous illegally high profits. That aggressive stand furnished U.S. government

hard-liners with "proof" that Chile had declared war on private property in the hemisphere.

The UP government also extended state control into other economic sectors. It nationalized the coal and steel industries, along with 60 percent of the private banks. As the "transition to socialism" continued, the government took over more and more firms and businesses. Often workers forced Allende's hand by occupying management offices and refusing to leave until the president announced an expropriation. Foreign firms were a favorite target, including such well-known names as ITT and Ford.

In the rural sector the Allende government moved with speed. The expropriations came faster than the government's ability to ensure the services (credit, access to supplies, equipment) that new small owners needed. Furthermore, peasants, often organized by leftist radicals, seized land on their own and increasingly outflanked the government. Landowners hired armed guards, tried to fight back legally, or simply fled the country. The long-standing agrarian problem was being met by radical means.

In its overall management of the economy, the Allende government took an early chance. Facing a majority opposition in the Congress, Allende's political strategists decided to go for a constitutional amendment that would create an assembly of the people in place of the Congress. The populist policies of 1970–71 (freezing prices, raising wages) were intended partly to build support for the amendment. It was a risk because the populist measures were bound to be inflationary. A great deal was riding on the gamble to win increased constitutional power because Congress could block so much of the program.

Congress rejected the amendment in 1972. At that point, Allende and his advisers decided to pause in order to consolidate their political gains. They planned eventually to submit the amendment to a popular plebiscite—thereby bypassing the opposition-dominated Congress. The proper moment never came, or at least they could never identify it. As 1972 continued, the government was preoccupied by the enormous economic dislocations. First, there were the distortions resulting from the attempt to enforce price controls. Second, there was extensive sabotage or deliberate diversion by producers, landowners, and merchants who either wanted the UP experiment to fail or wanted to make quick profits, or both. Finally, there was the inefficiency of an inexperienced government trying to take over and run huge sectors of the economy. New and often untrained bureaucrats, frequently appointed for political rather than technical qualifications, could hardly master tasks that still bedeviled their counterparts in tightly controlled societies.

The Chilean economy was falling into a shambles. Monetary authorities were pumping out money to cover huge budget deficits, thereby provoking inflation. An overvalued exchange rate was encouraging imports, while low world copper prices depressed export earnings. Foreign credits and investments had virtually disappeared. Partly under the pressure of the Nixon administration's "invisible blockade," Chile's gross national product declined by 0.8 percent in 1972 and by nearly 5 percent in 1973.