

An Assessment of the Pinochet Regime in Chile

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‘The Pinochet regime brought Chile political stability and economic improvement, where before there had been political and economic chaos’. Discuss.

In the face of Chile’s economic, social and political problems General Augusto Pinochet ousted the democratically elected president Salvador Allende in 1973. During Pinochet’s reign he set out on radically reforming many aspects of Chilean society. Before discussing whether or not Pinochet was successful in bringing Chile political stability and economic success during his time in power between 1973 and 1990, it is necessary to begin this discussion by assessing Allende’s successful democratic appointment and three-year spell (1970-1973), as leader of the socialist Unidad Popular government, before Pinochet’s regime took charge. Looking at both the internal and external problems he faced we can garner an understanding of the eventual demise of Allende’s government and the impact it had on Chile’s political stability and economic growth. I will then discuss the success of Pinochet’s regime with regards to political stability and economic improvements during his 17-year reign. Initially, for example, economic improvements such as Gross Domestic Product (GDP) increased and inflation fell dramatically. Under Pinochet Chile also gained recognition in the international community, which increased foreign investment and economic growth. I will describe how political stability came about via constitutional changes alongside the obliteration of the polarization of Chilean society that was prevalent under Allende. However, I will go on to address that, although the Pinochet regime achieved a degree of political stability and economic improvement, it was immoral, unethical and ultimately ineffective. It was maintained through the violent oppression of the majority and the brutal eradication of opposing political ideals in order to transform the country’s political profile and economic system (Ensalaco, 2000, p. 55).

In 1970 Allende became the democratically elected, socialist president of Chile, he envisaged a ‘Chilean path to socialism’, in a country long organised to benefit the landowners, industrialists and financial elite. The Unidad Popular planned to redistribute wealth equally, a prospect welcomed by the neglected urban labour classes. Allende’s election came about despite a struggle as his socialist ideals were viewed with scepticism and feared both at home and abroad. It was the first free election of a Marxist head of government that brought about the possibility of a new socio-economic order constructed within the current constitutional systems. In the United States, Henry Kissinger became extremely concerned about the rise of socialism in Chile for fear it would set a precedent amongst under developed nations, especially in Latin America, of looking for and employing alternative societal structures that would upset the status quo. An enormous amount of money (\$20 million) was spent on anti-Allende propaganda to scupper his chances of election (The National Security Archive, 2013). Kissinger also instructed the CIA to ‘make the Chilean economy scream’ (Kornbluh, 2013). Thus it made it very difficult for Chile’s economy to flourish under Allende; rather it helped bring about a level of economic and political chaos.

Political stability was always unlikely because the combination of staggered elections and proportional representation made it difficult to get a stable majority for any programme, especially if it involved fundamental reforms (Sigmund, 2011, p. 175). Throughout recent Chilean political history (1932-1972) elected governments were successful by a minority vote. These were the circumstances in which Allende was elected in 1970 (36.3%). Allende’s failure to gain a majority of the vote raised concerns over his right to govern, this caused discontent, exacerbating polarisation. Discontentment was prominent among landowners and the business elite who felt Allende’s reforms were an attack on their economic and political interests. Large commercial houses and shopkeepers closed. Large landowners refused to plant their fields and owners of the means of transportation stopped their vehicles whilst some industries

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curtailed or halted production (Burbach, 2003, p. 14). There was permanent unrest as social inequality alongside political democracy meant Chile's party system was not only highly competitive but also highly polarised (Valenzuela, 1978, p. 4).

Allende's administration's economic policies involved a strategy of income distribution, expansion of government programmes and services, state control of key industries and extension of land reform (Valenzuela, 1978, p. 50). The process of income distribution exceeded governmental goals – 'the government raised the basic monthly salary by 35%' (Valenzuela, 1978, p. 51.). Initially, it seemed that the Unidad Popular government was carving a path toward a socialist society and it was having positive effects, on both the population and the economy. In 1971 the GDP increased by 8.6%. Unemployment declined and employment in areas such as construction, public utilities, manufacturing and services increased 11.7% 7.6% 7.1% and 5.1%, respectively. However these policies started to cause tension in 1971, where discontentment grew within society. Allende's economic reforms simultaneously froze prices of basic goods and services, and augmented wages by decree, eventually leading to a scarcity of goods, bringing about hyperinflation (Wenzel, 2010) with inflation increasing from 45.9% to 163.4% between July and December 1972 (Valenzuela, 1978, p. 55). The upper and middle classes felt that the government's economic policies were seriously affecting them negatively; '99% of the upper class felt that it was difficult to buy supplies' (Valenzuela, 1978, p. 51).

Allende's nationalisation of the foreign owned copper industry was viewed as a success in Chile, as copper provided three-quarters of the value of national exports. However, nationalisation of copper further cemented America's hostile policy of no aid; it resulted in harsh cutbacks in aid and credit. Between 1953-61 US economic aid was 339.7 million, in 1973 this went down to 3.8 million (Valenzuela, 1978, p. 56). US officials used their influence with international lending agencies such as the World Bank and the Inter-American Development bank to cut off aid (Valenzuela, 1978, p. 56). This had a big impact on Chile as the Chilean economy was vulnerable to international pressures – their dwindling international reserves put the country in a disadvantaged position and contributed to a spiral of worsening economic difficulties (Valenzuela, 1978, p. 56). The external environment proved to be unceasingly difficult for the government when in 1972-73 there was a blow to the nation's economy as international copper prices plunged (Bradford, 2013).

The political environment became increasingly unstable, affecting Allende's position. By April 1972 candidates were losing popularity, even losing seats among sectors of the faculties of universities that provided majorities to Marxist candidates. Allende's presidency had been tense and conflictive from the out-set now in his third year as president, attitudes hardened. Violence and political chaos were prevalent and it escalated as extremists on both the left and right bombed and assassinated. Further, the Independent Truckers Association went on strike taking action against Allende's takeover of the transportation industry (Ensalaco, 2000). Notwithstanding, the Unidad Popular did better than expected in the 1973 parliamentary elections and it increased its share of the vote. This indicated to many that the government could not easily be defeated by electoral means, and thus support for a military solution increased. Then on 11 September 1973 the situation came to a head and a military coup was enacted led by General Pinochet. Allende's Unidad Popular coalition was overthrown and the transition to socialism cast aside. A military government was installed.

In order to achieve a measure of growth and stability in Chile a brutal transition from Allende's democratic government to the military dictatorship of Pinochet ensued. It was bloody, murderous and deeply disturbing. The junta considered it necessary to control all executive, legislative and constitutive powers and congress was closed. Democratic institutions were beginning to lose all power and the military had 'Supreme rule over the nation' (Ensalaco, 2000, p. 50). Tens of thousands were arrested and detained without charge (Ensalaco, 2000, p. 46). The coup quickly converted into a state of siege that lasted until 1977. If there was inclination of a person supporting the Unidad Popular government they were murdered, tortured or imprisoned, as they were considered as the 'filthy people' who had brought about this economic and political instability in Chile. As a result thousands of people were reported missing. Through intense indoctrination and made cruel by rigorous training, soldiers were fuelled with hatred on their mission to eradicate communism. The army was used as means to end Communism, as Pinochet stated, 'when the army come out, it is too kill' (Pinochet, 1973).

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The new government, the military junta, became the force behind a new societal order. The junta de-politicised the state by eliminating Marxism and adhered to neo-liberal, free-market policies. The bureaucratic authoritarian regime repressed and controlled the population in order to carry out programmes of economic growth. Although copper remained nationalised, many state owned industries were sold and land returned to foreign owners (Hecht, 1999, p. 114). The regime was first confronted with high inflation, which had reached 505% in 1974. The Chicago economist Milton Friedman visited Chile in 1975 and advised that Chile adopt an extremely strict monetarist economic recovery, which Pinochet introduced (Hecht, 1999, p.111). This method became known as 'shock treatment' designed to quickly put a stop to inflation. The government dramatically increased the price of goods and drastically cut public spending; inflation fell from 375% in 1975 to 9.9% in 1982 (Oppenheim, 1999, p. 121 and p. 130).

At the start of the experiment there was initial economic success, with 'the boom'. Chile's GDP grew by 8% in both 1977 and 1979, and then by 10% in 1989; the highest growth in the region (Valdes, 1995, p. 266). A market mentality was imposed in all areas of life, through an intense free market approach. The government also instituted policies to deregulate the economy and encourage trade, reducing tariffs drastically to 10%, and thus opening up to foreign capital. Chile's experiment with neo-liberalism has been cited as a success story (Hecht, 1999, p. 113). Milton Friedman dubbed this the 'Chilean Miracle' and although Chile was regularly condemned by the United Nations for its human rights offences, the 'Chicago Boys' economic strategy helped the regime gain some legitimacy in the international financial community (Hecht, 1999, p. 112). It gained vast support among the rich, bourgeois groups of society who had felt victimised by the Popular Unidad government. It was also backed by the US, which provided economic and military assistance that helped to stabilise Chile's economy (Ensalaco, 2000, p. 157).

However the 'boom' period of the late 1970s soon came crashing down when an economic crisis hit Chile in 1982. The recession of 1982 damaged Chile more than any other Latin American country. Pamela Constable and Arturo Valenzuela argue that many of the same policies that contributed to growth including deregulation and elimination of borrowing limits made Chile's economy particularly vulnerable to the impact of the international recession, arguing that 'the 'Chilean miracle' was partly an illusion. In 1982 GDP growth was negative by 14.1% (Hecht, 1999, p. 115), bankruptcies tripled and the price of copper fell from US\$0.99 to US\$0.67 per lb. Constable and Valenzuela explained 'It was highly susceptible to world market downturns and excessively dependent on the fortunes of a few conglomerates' (Wickham & Stone, 2013). Huge losses were registered in the private financial system and in 1983 effective unemployment reached 30 percent (Wickham and Stone, 2013).

The constitutional reforms introduced by Pinochet in 1980 were widely regarded to have improved political stability in Chile and eventually led to a return to democracy in 1990. It removed some of the problems that Allende's government faced, such as the staggered elections and was replaced with the simultaneous election of the president and Congress. It also introduced a two-round runoff system where if none of the candidates received a majority there would be a second round of elections (Sigmund, 2011). The favourable 1980 plebiscite on the new constitution gave the military a continuing presence in the institutions of the state. Pinochet's vision was of a protected democracy with very limited popular participation, and this allowed him to retain the presidency until 1989. During the Chacarillas speech in 1978, Pinochet outlined a process of political transition that would be extended to civilian hands under new political rules. These reforms were arguably necessary as discontent and political instability was beginning to surface (Hecht, 1999, p.116). During 1983-86 organisations and networks developed to deal with issues such as daily survival, food, housing, jobs as well as human rights started to mobilise against the dictatorship (Hecht, 1999, p. 113). The process Pinochet outlined would eventually lead to democracy, stating that by 1985 'constitutional norms' would return and civilians would rule with elections every eight years.

It is evident that Allende had clear and ambitious objectives; he strived to achieve his socialist ideals through democratic constitutional means, however internal and exogenous factors led to an inevitable demise. In contrast Pinochet used his power to install a military dictatorship, controlling the masses and introducing a neo-liberal economic structure, whilst also reversing the changes Allende implemented. Under Pinochet's rule, the growth brought on by free-market reforms did not improve the standard living among Chile's lower class (Wickham, & Stone, 2013). Whereas under Allende the majority of the population, were beginning to experience a new socioeconomic order where the lives for ordinary people were improving. The measures of Pinochet's economic success are presented to us via higher GDP and decreased inflation, which tells us nothing about non-economic factors such as

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literacy rate, life expectancy or public health. Higher GDP does not mean an increase of living standards and quality of life; therefore policies aimed at maximising GDP are ill conceived. Using ambiguous terms such as 'political stability' and 'economic improvement' it can be acknowledged that Pinochet brought about some improvements. However, the repression and human rights violations, in my opinion reveal that any successes are ineffective, as they have no real positive impact on the lives of the majority. Chile is now being described as the most unequal country in the OECD with 0.1% of Chileans owning 10.1% of the country's wealth (Henao, 2013).

It is arguable that even though Pinochet tried hard to eliminate Allende's legacy from society, they are beginning to resurface. 'Forty years later, he is more prevalent than ever. Today's youngsters flood the streets campaigning for free, quality education' (Isabel Allende in Henao, 2013). Presently, Chileans are becoming more politically active and are focusing their anger at the unfair university system and the problems that Pinochet's free market economic policies have caused. 'This new generation is remembering that there are things that are far more important than the economy' said Patricio Fernandez (quoted in Henao, 2013). The Pinochet regime has brought further polarization to the country, between those who justify the dictatorship and those who trust in democracy (Henao, 2013).

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