The Politics of the Allende Overthrow in Chile

PETER A. GOLDBERG

The violent overthrow of Chilean President Salvador Allende halfway through his term in September 1973 was the outcome of a three-year experiment testing whether political institutions can survive sharp transformations in their policies. Allende's downfall was the result of the choices of public policy made by his government and the responses to those choices by key groups and elites both within and outside of Chile, including the United States.

Unlike many countries in the developing areas torn by the clash of raw social forces or held together only by strong family ties, by the sheer force of personal leadership, or by brute militarism, Chile had over the last four decades developed strong civic institutions. That is, it was governed in good measure through the allegiance of Chileans—particularly the elites—to formal governmental procedures. Moreover, the organizations and procedures were those of constitutional, pluralist democracy, not of a single authoritarian party.

THE ADAPTABILITY AND DECLINE OF CHILE'S INSTITUTIONS

An institutionalized system of government consists of the decision-making structures which have come to be accepted and valued by the people under their jurisdiction. In Chile these were the presidency; the

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administrative bureaucracy; the Congress; the courts; the command of the armed forces; and the national political party organizations, particularly their top policy-making bodies. Each structure had its own particular governmental role, and also interacted with the others.

By the standard indicators of institutionalized democracy—a regularized method of changing political leaders, accepted formal procedures for making policy, respect for constitutional tradition, low levels of political violence, and long-established party organizations—Chile ranked as one of the most politically stable countries in the Third World. The scholarly judgment on the high level of Chile’s political institutions right up until Allende’s downfall is neatly expressed by Paul Sigmund’s comment in a review of a book on the Chilean Senate. Disputing those political scientists who too readily discount the influence of constitutional structures and procedures in Latin American political systems, Sigmund noted that in some countries executives, legislatures, and courts “are in fact institutionalized and play an important and permanent role in national politics” and that “Chile, as demonstrated by the astounding survival of its constitution and political structure in the midst of intense ideological polarization and social conflict, has the most institutionalized political system of all.”

Addressing the United Nations General Assembly in December 1972, President Allende expressed his own consciousness and approval of Chile’s high level of political institutionalization:

I come from a country where public life is organized around civic institutions, one whose armed forces have demonstrated their professional vocation and profound democratic spirit ... a land whose history, soil, and people have merged in a great sense of national identity.

The problem for political analysis, then, is to explain how Allende and the institutional structure within which he acted could have been overthrown and the Chilean constitution forcibly abrogated by the military coup. The simple post-facto answer that “Chile had weak institutions” will not do in view of the evidence to the contrary. Nor, as we shall see,

1 Paul Sigmund, review of Weston R. Agor’s The Chilean Senate, in American Political Science Review, LXVII, no. 4 (December 1973), 1384. On the strength of Chilean political institutions, see also Robert Kaufman, The Politics of Land Reform in Chile, 1950–1970 (Cambridge, Mass., 1972) and Martin Needler, Political Development in Latin America (New York, 1968). In his book Political Order in Changing Societies (New Haven, Conn., 1968), Samuel Huntington uses Chile as an example of a political system with a high ratio of institutionalization to participation (at a middle level of participation).

2 Speech Delivered by Dr. Salvador Allende, president of the Republic of Chile, before the General Assembly of the United Nations, December 4, 1972.
does another simple answer, namely that “Allende violated those institutions and so was overthrown to defend them.”

Traditional Institutional Practices

During the forty years prior to Allende, the system generally worked in the following way:

1. The president, either directly or through his party agents, bargained and compromised over policy and personnel with some or all of the opposition parties. Public policy decisions were the outcome of this bargaining process between president and opposition party leaders. This did not preclude either the president or opposition leaders from bargaining directly with leaders of organized social groups to promote a desired decision or shape its implementation. Nor did it preclude competitive efforts to mobilize public opinion on behalf of alternative policy positions.

2. Congress provided an arena for debate and logrolling on policy. Congressmen tended to be disciplined supporters of their party’s position in roll-call votes and statements to the press, although intraparty factional views could be legitimately expressed. In addition to their role as party supporters, congressmen acted as brokers between their constituents and the bureaucracy.

3. The bureaucratic agencies provided access to a variety of organized groups as well as to congressmen and party leaders. Some, such as the agrarian reform agencies, also served as organizing vehicles for new groups. Internal bargaining among bureaucratic agencies sometimes took place to coordinate policy, but often each bureaucratic unit would tend to go its own way, enjoying considerable autonomy from presidential control. One way in which presidents coped with this was to set up bureaucratic agencies of their own within the presidency.

4. The commanders of the armed forces were concerned primarily with the status, autonomy, and perquisites of their own military institutions. In this sense they were a powerful bureaucratic interest group, but remained subordinate to the president and not highly involved in bargaining over policy and positions outside the narrowly circumscribed military sphere. The president’s occasional use of troops to quell civil disturbances was considered consonant with the military’s institutional

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5 The official position of the military junta that ousted Allende includes the claim that he violated the Constitution and so lost his institutional legitimacy. But the junta states that it made the coup to defend the armed forces and the nation rather than the institutional framework which it gives signs of revamping altogether, rather than restoring.
responsibility when the job was too large for the national police alone to handle.

5. The courts, even more so than the armed forces, did not play a central role in setting national policy. There was no tradition of judicial review. Although they exhibited independence of the president, the policy consequences were small. Politically, then, the courts were important largely as symbols of Chile’s high value on legality and as sources of status and professional perquisites for the country’s lawyers.

6. All structures honored the results of presidential, congressional, and municipal elections. These elections were competitive and nonfraudulent, thus perpetuating the acceptance of the liberal-democratic civil liberties of speech, press, and assembly.

The development of Chilean political institutions preceded the broadening of their electoral base. While some broadening took place after 1920 and again after 1940, only in 1958—when liberalization of registration requirements encouraged expansion of the electorate—did the party-and-election system encompass more than 20 percent of the population. By 1970 the electorate had expanded to 40 percent.

Voting turnout increased sharply in the 1960s through the encouragement of competing party elites—Christian Democrats and Marxists—who had put the mobilization of “marginal” people high on the country’s political agenda. Expanding their campaigning and organizing activities for the 1964 presidential election, the parties reached beyond their traditional clienteles and cadres by recruiting votes among the broad lower-class strata. Until then, these people—peasants, rural workers, poor urban migrants—had either not voted or had supplied a traditionally deferential and manipulatable clientele for the conservative parties.

Chile’s political institutions, then, had evolved from the mid-nineteenth century acceptance of party bargaining and competition for political office by rival factions of the landowning oligarchy. These institutions had demonstrated their adaptability by persisting in the face of socioeconomic change (integration of the Chilean economy into the world market by the turn of the century, import-substitution industrialization since the 1930s); transfers of presidential power to new party coalitions (the Liberal Alliance in 1920, the Popular Front in 1938, and the Christian Democrats in 1964); and increases in organized mass participation throughout the last decade. By the 1930s the structural pat-

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4 I am indebted to Paul Sigmund for this point, made in a lecture at Haverford College in spring 1974.

tern described above had been fully formed, and Allende took office in a system that had provided the country with nearly forty years of uninterrupted institutional continuity.

*Allende Takes Office: Institutional Adaptability*

The transfer of power to Allende in September-October 1970 demonstrated how shared commitment to democratic institutions could induce cooperation among competing political elites.

The popular vote of September 4, 1970, gave Allende a narrow plurality (36 percent to 35 for the conservative Alessandri to 28 for Tomic, the Christian Democrat). Under the Constitution it was the responsibility of Congress to decide the outcome of a presidential election in which no candidate received a majority—the case in all but two of the last eight elections. In view of Allende’s avowed Marxist-Leninist ideology, some of the more radical planks in his election platform, and his organizational support in the Communist and Socialist parties, members of the political elite proposed swinging the election to Alessandri by forming a majority coalition of the National and Christian Democratic parties in Congress. While this would have been within the boundaries of formal constitutional provision (Congress could choose between the two top candidates), it would have broken the informal tradition set by past Congresses which had always picked the front-runner.

Institutional precedents and the democratic principle of choosing the top vote-getter prevailed, and the Christian Democratic party (PDC) entered negotiations with Allende’s Popular Unity coalition (UP). The resulting pact—later formalized as the Statute of Constitutional Guarantees—provided new constitutional backing for the pluralism of Chile’s institutional system, in return for which the PDC agreed to vote for Allende. Specifically, the agreement guaranteed the existence of opposition political parties, and of the armed forces as a nonpartisan and autonomous institution subject only to the president’s control in his role as chief-of-state. Organized social groups such as labor unions were guaranteed their autonomy and multiparty character, as were the key institutions of the university, the private school system, and the communications media. The liberal-democratic freedoms of speech, assembly, and religion also were affirmed.

This party bargaining led to Allende’s ratification as president at the joint session of Congress and to his subsequent inauguration. It demonstrates the value the party leaders placed in the institutionalized system and their desire to avoid a confrontation that could endanger its survival. The strength of the party bargainers’ commitment to the existing
institutional values was sufficient to overcome economic and political upheavals in the form of (1) financial panic in response to Allende's victory, indicated by a $90 million drop in bank deposits, a 60 percent decline in the volume of trade on the Santiago stock exchange, and a rush to buy dollars; (2) incidents of terror designed to provoke a military coup, the most spectacular being the assassination of the commander-in-chief of the army; and (3) the threat of civil warfare launched by mobilized partisans of Allende if he were denied the election. In the face of these difficulties, key members of the competing party elites hammered out an agreement on specific aspects of Chile's institutionalized system that were valued and to be preserved. Even Alessandri, the conservative candidate whose National party had not participated in the negotiated pact, formally withdrew his candidacy prior to the joint meeting of Congress so as to "contribute to Dr. Salvador Allende's assuming the supreme command in a climate of greater tranquility."7

Allende in Power: Institutional Decay

The preservation of institutional machinery is not tantamount to its effective functioning, nor is the orderly succession of presidents and cabinet ministers tantamount to effective government. Over the past forty years, as described above, the Chilean national political elites had depended upon bargaining and compromise between government and opposition parties for the general governmental stability and for some policy agreement. However, during the three years after the agreement between the Christian Democrats and the Popular Unity coalition on the terms of Allende's succession to the presidency, such bargaining behavior was almost completely absent.

A comparison of the behavior of political elites in 1971–1973 with the model we have presented of Chile's system of government based on the forty-year experience prior to that time, reveals that important institutional change did take place during the Allende period. The political institutions were increasingly divided and rigid in their inability to reach any accords in the exercise of their shared power.

The following specific changes in the relationships between the individual structures and the overall system can be observed in the 1971–1973 period:

* North American Congress on Latin America, New Chile (Berkeley, 1972), p. 27. The covert soundings by ITT to the CIA offering to finance the bribing of Chilean congressmen to withhold their votes from Allende constituted another potential upheaval, although presumably unknown to most Chileans at the time.

1. Bargaining between the government and opposition parties was suspended, or when attempted, was ineffective in arriving at a compromise.8 As a result, conflicts were not resolved by bargains struck between conflicting party elites, but were referred instead to neutral third parties, such as the courts, the administrative office of comptroller-general, and the army.

2. The army in particular gained a new and broader role as a conflict-resolving force between the government and the opposition.9 Increasingly it came to hold the balance of power between partisan forces that by themselves were unable or unwilling to reach agreement. As a result the previously narrow realm of military concern—essentially limited to maintenance of the armed forces’ professional status and budgetary claims—expanded to broader areas of substantive policy.

3. Instead of bargaining with the government over issues, the opposition parties in Congress—the Christian Democrats and the Nationals in a working coalition—used their majority to impeach seven cabinet members and two provincial intendentes (governors appointed by the president) during this period. The use of such legal sanctions of removal thus became the remedy for unresolved differences over governmental policy; indeed, the avowed objective of the opposition coalition was to win sufficient seats in the March 1973 congressional elections to impeach the president himself. Short of the majority needed for presidential impeachment, they did pass a formal resolution in the Chamber of Deputies on August 22, 1973—little more than two weeks before the coup—accusing the government of constitutional violations.10 While

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8 There were only three formal bargaining sessions between the Popular Unity coalition and an opposition party, the Christian Democrats (who were in alliance with the National party): April 1972, June 1972, and July 1973. The first two dealt with the dispute over the status of a constitutional amendment pertaining to the social sector of the economy, and failed to resolve it. The submission of the issue to the Constitutional Court (itself created in a 1970 constitutional amendment) also failed to resolve it, since the court ruled in May 1973 that it had no jurisdiction in the matter. The third bargaining session between the UP and the PDC, in July 1973, took place at the urging of Cardinal Raul Silva Henriquez, as a means of restoring “social peace” during the crisis of the second truckers’ strike. The contacts were broken off after a single day, and no agreement reached.

9 The first major example of this expanded role was Allende’s appointment of members of the armed forces to his cabinet in October 1972 in order to expedite a resolution of the government’s conflict with striking truckers who were actively supported by the opposition parties. Subsequently, under a law passed to control the alleged spread of guns among the population, it was the army rather than the state bureaucracy that was assigned the job of enforcing the law. This new responsibility was justified on the basis of the armed forces’ position as a supposedly neutral party outside the partisan struggle between government and opposition.

10 In effect by withdrawing their constitutional legitimacy from the government, the opposition parties were indicating that they would have no quarrel with a coup
the impasse with Congress did not block all the social reforms sought by Allende—since he was able to use executive power to effect many of them—it did increase their illegitimacy in the view of the opposition parties who had withheld their consent. The reforms also had critical effects, which we shall consider below, on broad segments of the population and their relationship to political authority.

The deadlock and polarization between government and opposition continued as economic crisis and escalating street violence increased in the second and third years of the Allende government. Despite these serious problems, the institutions did not adapt but remained rigidly deadlocked and disunited. We can infer, then, a decline in the value of these institutions and in their capacity to induce efforts by political elites to arrive at agreement.

**Allende's Attempt to Shift Basic Policies**

For at least three decades before Allende, Chile's institutions were geared to satisfying popular demands in excess of the economy's capacity to finance them. Since 1940 the government had not only protected and subsidized the economic elite, but also had extended material benefits to a widening range of social strata. The first to win the benefit of automatic annual cost-of-living increases in their pay were the middle-class government employees and private white-collar employees in 1940. In 1956 blue-collar workers won the same benefit. In 1965 the Frei administration extended similar benefits to rural workers. Yet the resulting expansion of demand in the economy was not met with corresponding increases in supply, and during this period Chile incurred an average rate of inflation of 30 percent. Once import-substituting industries had been set up with the support of the state development corporation (CORFO) in the 1940s, little new investment was forthcoming, so that Chile's rate of economic growth was stagnant throughout the 1950s and 1960s. Per capita GNP rose only 0.7 percent from 1955 to 1970,11 precisely as broader strata came to make claims for material goods and the upwardly mobile upper-middle and middle classes demanded more luxury goods.

The reluctance of private businessmen to invest put an increasing burden of capital formation on the state, which by 1970 was already accounting for about 60 percent of total annual investment. This role, however, conflicted with simultaneous increases in government spending for salaries, pensions, and other immediate welfare-state benefits. When

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and were preparing public opinion to accept as legitimate a coup against the government.

inflation periodically approached runaway levels, the government would cut back expenditures—typically social programs benefiting the most deprived strata, which were organizationally the weakest.

The active mobilization of peasants and urban poor by the Christian Democratic, Socialist, and Communist parties during the 1960s might have constituted a severe strain on Chile’s stagnant economy if not for an increase in United States loans and direct investment during this period. Economic aid from the United States and multinational lending agencies totaled $1.1 billion from 1965–1970.12 (This left the nation’s foreign debt at nearly $4 billion, which at $600 per capita was the heaviest in the world except for Israel.) As Table 1 suggests, continued political stability under conditions of economic stagnation and increasing political mobilization, required a simultaneous increase in outside economic assistance.13

**Pre-Allende Scope of Conflict**

Political parties that are held together on a clientelistic basis keep the scope of conflict over public policy narrow; parties that utilize broad group loyalties to mobilize support expand the scope of conflict by involving more people in the attainment of a common policy. Chile’s political parties fell somewhere between these two categories—as is suggested by Arturo Valenzuela’s description of their “two-tier” nature. While the top leadership of the parties communicated in ideological-program-

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**Table 1**

*Simultaneous Increases in Mass Participation and External Financing*

<table>
<thead>
<tr>
<th>Year</th>
<th>Population Voting</th>
<th>Loans (in millions)</th>
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<tr>
<td>1960</td>
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<td>$54</td>
</tr>
<tr>
<td>1961</td>
<td>25</td>
<td>171</td>
</tr>
<tr>
<td>1962</td>
<td>–</td>
<td>208</td>
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<td>1965</td>
<td>36</td>
<td>238</td>
</tr>
<tr>
<td>1966</td>
<td>–</td>
<td>258</td>
</tr>
<tr>
<td>1967</td>
<td>37</td>
<td>228</td>
</tr>
<tr>
<td>1968</td>
<td>–</td>
<td>439</td>
</tr>
<tr>
<td>1969</td>
<td>38</td>
<td>639</td>
</tr>
</tbody>
</table>

12 Ibid.
13 Figures on voting from source listed in footnote 5; figures on loans from source listed in footnote 11.
matic terms using one or another class as their principal reference group, the local officials of each party were experts in delivering small favors to a somewhat heterogeneous range of small groups. Notwithstanding the fact that "certain sectors of society are more prone to identify with some parties than with others," according to Valenzuela, "electoral analysis shows that with the partial exception of the Communist party, all Chilean parties receive some support from a wide range of social groups."¹⁴

This two-tiered structure of the parties reflected the nature of organized groups as well. Many organized groups existed in Chile, but they were generally narrow in scope.¹⁵ Ranging from professional and business associations to labor unions and neighborhood councils (the latter having formed during the Frei administration), each group was typically small and sought access to government individually rather than by linking up with other similar small groups in broader organizational units—although national confederations did exist. The success of each small organized group in attaining the material benefits it sought (e.g., particular pay or price increases, exemptions from general regulations, favorable implementation of a distributive policy) depended on its individual party activists having access to government patronage. Groups elected their officers largely on the basis of which political party they thought was in the immediately most advantageous position to secure such patronage. The annual wage and salary readjustment bill was testimony to the effectiveness of such small groups, since over and above the general income and price policy authorized in the bill, provisions were made for a multitude of small-group claims for special privileges.

The real stakes of Chilean politics, then, were not broad policy alternatives, but the maintenance and extension of pork-barrel patronage to small groups. When a political conflict took place, it involved most intensely only relatively narrow and/or local groups. While broader class and ideological claims were articulated by parties and organized federations, this was usually the relatively passive posturing of bystanders to the actual conflict. The key actors were heterogeneous coalitions of small-group clienteles identifying first with one party, then another.

Pre-Allende Content of Conflict

The essential function of politics is one of selecting from among the innumerable possible conflicts in a society the significant ones to be


¹⁵On labor union fragmentation, see Maurice Zeitlin, "The Social Determinants of Political Democracy in Chile," in James Petras and Maurice Zeitlin (eds.), Latin
politicized. Since even among the politicized conflicts it is "reasonable to suppose that the more intense conflicts are likely to displace the less intense," there forms "a system of domination and subordination of conflicts." Conflicts thus compete with one another for attention, and the role of activists is critical in reinforcing or shifting the content of the most salient conflict.16

It has already been suggested, in our discussion of scope, that the dominant concern of Chilean politicians and their constituents was to obtain and protect small-group shares of material reward in a generally stagnant economy. The annual attention given by parties and groups to the income readjustment bill was indicative of this concern. One close student of Chilean politics concludes that "the fundamental issue around which much of the politics of conciliation [i.e., Chilean politics before Allende] revolves is wage readjustment."17 Demands by Marxist and left-wing Christian Democrats that the consumption of better-off strata be curtailed—whether for redistributive or productive purposes—were given short shrift in the Chilean conflict system.

Another indication of what constituted the central issue in Chilean politics, among politicians and voters alike, was the recurrent pattern in which the party (or coalition) controlling the presidency suffered a loss of electoral support in mid-term elections. This political tendency closely paralleled cyclical changes in the economy and in government economic policy. New presidents typically entered office with the economy operating at below capacity as a result of previously deflationary policies designed to dampen inflation. Increased government spending would stimulate the economy to reach full capacity, but beyond that point the rate of inflation would rise sharply since no new investment would be forthcoming to raise productive capacity. At this point the dominant direction of conflict would prompt the political elite to cut back on social programs so that inflation would not reach runaway levels. The impact of these austerity measures was the decline of the government parties' share of the vote in mid-term congressional or municipal elections (thus precipitating a realignment of parties).

While the presidential party lost support, popular discontent did not go so far as to jeopardize the institutionalized system itself. The government limited discontent by retaining the capacity to provide patronage on a selective, particularized basis—even while overall programs aimed

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18 Valenzuela, "Political Constraints."
at benefiting broad sectors of the population were cut back. Broad class-based opposition thus was fragmented as particular groups from a variety of social strata continued to jockey for the dwindling supply of patronage. In short, the dominant concern of Chilean politics reinforced established consumer patterns and their resulting inflation and inequalities.

Allende's Policy Changes

Allende's commitment to achieving what he called the "transition to socialism" in Chile consisted of three main objectives: extending the area of public ownership by expropriating private domestic and United States owned enterprises; redistributing income and government services to the lowest-paid 60 percent of the population (urban marginals, rural workers and peasants, and lower-paid workers); and providing mechanisms for rank-and-file worker participation in management and community affairs. In pursuit of these objectives his government made the following policy decisions:

1. Full nationalization of United States copper companies, in effect without compensation because of deduction for excess profits
2. Nationalization of 90 percent of the banking system through the state's purchase of bank stock
3. Expropriation of virtually all large and some medium-sized farms so that by 1973, 35 percent of all agricultural land was in the reformed sector
4. Expansion of the state sector of the economy and curtailment of the private sector through the administrative takeover of some 300 factories
5. Recognition in some of the socialized enterprises of some workers' control

These policies were new departures in a country where state economic activity had traditionally been supportive of, rather than competitive with, private capital. Moreover, the pace of the public sector's expansion was set by politically mobilized groups of workers and peasants who took over factories and rural estates counting on a favorable response from the government. By encouraging such direct action, the Popular Unity parties (particularly the Socialists) and the Movement of the Revolutionary Left (the MIR, formally outside the coalition but maintaining informal contacts) effectively quickened the pace of the economy's socialization.

While the Allende government eventually sought to restrain such direct takeovers, it refused to use police or military force to evict the poor "invaders" of large estates. In the case of labor-management disputes in factories, the government intervened by appointing state ad-
ministrators to replace the private owners under an obscure forty-year-old statute authorizing state intervention to resume production in paralyzed enterprises.

Allende's government also encouraged the formation of local mass organizations to provide a more mobilized popular base of support (as well as defense) and to serve as vehicles for "mass" involvement in specific administrative programs—especially those directed toward the poor and working-class citizens to whom the government gave priority. These organizations—many of which were formed in response to the October 1972 producers' strike—included Committees of Direction for the Social Area of the Economy, Communal Campesino Councils, Juntas of Price and Supply, Industrial Cordons, and Communal Commands.

To counter the government's legal basis for appointing state administrators to run factories taken over by workers, the opposition parties passed a constitutional amendment limiting the executive's authority to nationalize any firm without specific legislative authorization. Allende vetoed the amendment; the opposition majority overrode his veto; but the question of whether the simple majority was sufficient or whether a two-thirds majority was required, remained unresolved. Pending efforts to resolve this constitutional impasse, the government after June 1972 slowed the pace of socialization. Deteriorating economic conditions, however, reactivated and intensified the issue of the desirable extent of the state sector, and in 1973 the government sought greater control of the wholesale distribution system.

Effects on the Scope and Content of Conflict

By linking the takeover of each factory or farm to the broad goal—favored by the government, opposed by the opposition—of a socialist economy, the scope of conflict was widened beyond the individual workers and owners involved. The issue at stake also changed, from that of which small group would bear the costs of a particular labor-management conflict, to which sector of the economy—private or public—would prove more productive and efficient.

In addition to raising the issue of the structure of the economy, the government shifted the priorities of Chilean politics by accepting runaway inflation as a lesser evil than curtailing its commitment to maintain the flow of benefits to the poor and to proceed with structural change. The state expanded its social services and subsidized food

18 See the statement of a government member of the Central Bank, Sergio de la Cruz, in Chile Economic News, vol. 21/43 (June 2, 1973): "A government that is making structural changes and faces internal and external aggression [i.e., the U.S.
supplies to poor neighborhoods; by pushing ahead with agrarian reform it incurred new expenses for administration, payment to expropriated owners, and technical assistance to the new owners. In the face of opposition refusal to vote new taxes,19 and insufficient revenue from the export sector to meet the new expenditures, this amounted to increased deficit spending and rates of inflation—as Table 2 indicates.20

By early 1973 the hyperinflation was widely expected to result in an increase in the opposition parties’ share of the vote in the March congressional elections, compared with their combined total in the 1970 presidential election. (As we have seen, it was a normal pattern for the government parties’ vote to drop once they had been in office for more than a year—because of voter disenchantment with either inflation or austerity measures to curb it.) Contrary to the anticipated decline of the government at the polls, however, the Popular Unity coalition actually increased its total from the 36 percent it had won in 1970 to 44 percent, largely because the number of low-income citizens voting their approval

credit blockade] has the following options: reduce the speed of societal change; detain the redistribution of income; lower the level of employment; reduce the growth rate; decrease the level of capital accumulation—or increase inflation. The [Allende] Government [by 1972], with much regret, had to opt for sacrificing monetary stability.” He goes on to say that “it was the lack of financial backing for the laws approved by the majority opposition in Congress that compelled the Central Bank to issue currency emissions, which resulted in rampant inflation, compounded by international inflation.”

19 In his annual State of the Republic message to Congress on May 21, 1973, the president noted that in 1972 the opposition-controlled Congress “passed approximately twenty laws which represented expenditures of almost 60 billion escudos, while at the same time providing for only 12 billion in backing—barely one-fifth of the expenses called for by the respective laws.” Nevertheless, Allende continued, “expenditures will not be reduced to the point that they endanger compliance with the aims of the Government's program.”

20 Deficit figures from IMF, International Financial Statistics, XXVII, no. 4 (April 1974); consumer price index figures from New Chile and Chile Economic News.

<table>
<thead>
<tr>
<th>Year</th>
<th>Government Deficits (millions of escudos)</th>
<th>Increase in Consumer Price Index</th>
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<tbody>
<tr>
<td>1967</td>
<td>-220</td>
<td>22%</td>
</tr>
<tr>
<td>1968</td>
<td>-374</td>
<td>28</td>
</tr>
<tr>
<td>1969</td>
<td>+244</td>
<td>29</td>
</tr>
<tr>
<td>1970</td>
<td>-681</td>
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<td>1971</td>
<td>-10,648</td>
<td>40</td>
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<tr>
<td>1972</td>
<td>-24,154</td>
<td>163</td>
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for the benefits Allende’s government had provided them, more than offset the loss of middle-income voters to the opposition attributable to inflation.21

By this time (early 1973) it had become apparent that, despite the Popular Unity’s relatively strong showing at the polls, the authority of Allende’s government was in increasing jeopardy. The new policies it had adopted changed basically the political conditions underlying Chile’s institutions. Those institutions had rested on the government’s capacity to maintain a minimum level of support in all strata by selective distribution of rewards on a particularistic, small-group basis. Now, however, this was no longer a viable political strategy because of three identifiable changes pertaining to the scope and content of conflict: (1) increasing and broadening group consciousness, reflected in coordinated protest activity and greater organizational capacity, particularly among middle- and lower-middle-class groups; (2) increasing saliency for these groups of basic value or ideological differences with the government, and increasing attention to broad general policy directions rather than to the flow of material rewards per se; and (3) increasing levels of activity and assertiveness, encouraged by Allende’s determination not to rely on police or military force to contain protest, as all previous governments had done.

Allende’s new policies thus transformed the latent class consciousness of Chile’s fragmented middle-income groups into a full-blown identification with the economic elite. This identification was manifested by broad organizational solidarity, coordinated political action, and articulation of ideological critiques of Marxism and appeals to tradition and order.

The contributions of specific groups and elites—international as well as national—to the deinstitutionalization process remain to be discussed.

THE RESPONSE TO POLICY CHANGE

“New policies have inevitably produced new kinds of politics,” as E. E. Schattschneider has pointed out.22 In Chile the response to Allende’s reforms was the transformation of stable civic institutions into nothing but stakes in a power struggle. Governmental authority was besieged

21 A public opinion poll published in the Chilean news magazine Ercilla in 1972 revealed that 75 percent of lower-income households said essential goods were easier to obtain than in the past, while 77 percent of middle-income and 99 percent of high-income households said they were harder to obtain.
to the point where the government found itself increasingly unable to
govern. Groups formerly “tolerant” and supportive of institutional con-
tinuity acted to obstruct Allende’s programs, to force his ouster, and ul-
timately to bring down the institutions themselves. Since the liberal-
democratic regime was no longer associated with policies these groups
considered desirable, they acted in various ways to destroy it.

We have already discussed the uncompromising, nonbargaining be-
behavior of the opposition parties—the Christian Democrats and Nation-
als—toward virtually all government-sponsored policies. After they had
failed to win sufficient seats in the March 1973 congressional election
to impeach Allende, many opposition politicians believed that elections
could no longer be considered a reliable political resource for prevent-
threatening programs of social change. The president of the National
party commented that “the struggle now is not in the ballot box, but in
the streets.”

Besides the opposition parties, the actions of the United States, the
army, business and professional elites, small businessmen (notably the
independent truckers), and even some factory workers, peasants, and
Popular Unity functionaries constituted sources of resistance whose
collective effect was to plunge the society into near civil war.

The response of United States government agencies and corporations
to Allende’s policies was critical to his success—or lack of it. The
only Popular Unity initiative that obtained the support of all Chilean
political parties was the full nationalization of the Anaconda and Kenne-
cott copper mines in June 1971. The Chilean Congress approved the
nationalization bill unanimously, leaving the executive the right to as-
sess and deduct “excess profits” from the amount of compensation to the
two United States companies. (The UP government deducted all profits
above 12 percent that the companies had extracted from Chile since
1955—$774 million—from the book value—$500 million—of the ex-
propriated assets.) Thus in effect the corporations were said to owe
the Chilean government an indemnity for their net capital outflow.

In retaliation for this policy decision, the United States vetoed Chile-
an applications for loans from the U. S. Export-Import Bank and from
the multinational institutions of the World Bank and the Inter-American

23 NACLA’s Latin America & Empire Report, VII, no. 8 (October 1973), 3.
24 In addition to NACLA’s reports already cited, for the following paragraphs I
have drawn on Federico G. Gil, “Socialist Chile and the United States,” Inter-American
Economic Affairs, 27, no. 2 (Autumn 1973); Paul E. Sigmund, “The ‘Invisible Block-
ade’ and the Overthrow of Allende,” Foreign Affairs, 52, no. 2 (January 1974); and
Times, November 11, 1973. (While Sigmund tries to refute the notion of a credit
blockade, much of his own data bear it out.)
Development Bank. Even more important, American commercial banks cut off virtually all short-term credits to Chile. Such bank loans had risen from $50 million to over $300 million a year from 1955 to 1970, as consumption demand, and demand for the importation of intermediate goods, increased. Whereas under previous Chilean administrations the country had received an average of $220 million in credits, by the middle of 1973 they had dropped to about $30 million. In effect, then, the response of the United States government and financial community was a credit blockade, forcing Chile to dip into her foreign currency reserves. By 1972 the scarcity of dollars had forced a reduction in non-agricultural consumer goods imports by 58 percent. Whereas about 40 percent of Chile’s imports had come from the United States, in 1972 no more than 20 percent did so. One account sums up the economic impact in Chile this way:

People found it hard to get certain food stuffs (like chicken, beef, pork, and potatoes); some consumer items like yarn, textiles, and medicine; and more expensive items like radios, tires, cameras, film, and photo lab chemicals. . . . The credit blockade seriously affect[ed] the Chilean transportation sector where a large percentage of all buses and trucks are General Motors or Ford models. A source in Chile estimate[d] that around 30 percent of the privately owned “microbuses,” 21 percent of the taxibuses and 33 percent of the state-owned buses are immobilized because of lack of parts or tires. The truck owners who precipitated the October “walkouts” cited as a reason for striking their inability to obtain needed replacements for their trucks.25

It should also be noted that the American credit blockade had a widespread psychological as well as economic impact. Although Allende tried to rally support to the government on the basis of the need for national unity in the face of economic imperialism, the credit blockade raised the specter among many middle-class Chileans that the country would become completely dependent on Soviet and other socialist-bloc credits in the future, which could easily be regarded as part of a government plan to justify a socialist dictatorship at home.

The United States credit blockade aroused intense consumer dissatisfaction which the opposition parties succeeded in mobilizing against the government, despite Allende’s attempt to mobilize it against the United States and for a needed “battle of production.” Producers whose imports were also curtailed joined newly deprived consumers in protest strikes and demonstrations against the government. The impact of these protests caused a serious erosion in the government’s authority, particularly in its perceived capability of managing the economy. The

United States resistance to Allende’s reforms, then, was a major factor in the transformation of Chile from a civic to a disintegrated polity.

Not all United States money was cut off or reduced, however. The armed forces continued to receive substantial aid. In addition, the Central Intelligence Agency covertly funneled some $8 million into the hands of striking Chilean truckers and opponents of the government to sustain the organized resistance to Allende.26

The growth of a widespread and well-organized black market constituted another response to Allende’s reforms. In the face of escalating inflation, the government took measures to assure supplies of foodstuffs and necessities at subsidized prices to the poor by organizing neighborhood supply committees in poor districts. At the same time, government regulations restricted the consumption pattern of the better-off by limiting the amount of purchases by distributors catering to middle- and upper-class clienteles. The rampant black market, however, undermined such attempts at rationing and triggered an intense struggle over distribution of goods. The middle classes 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.” The opposition parties refused to support a bill on economic crimes that would have given the government authority to take stern action against speculators, hoarders, and newspapers that promoted panic buying situations. The government saw this as part of a pattern in which the opposition engaged in deliberate attempts to discourage the production and distribution of goods and thus promote the further deterioration of the economy.

A critical response to Allende’s policies was the emergence of class-based organizations to supplement and replace the small-group ones. This, of course, was precisely Allende’s goal with regard to workers and peasants, but it occurred most dramatically among merchants, small businessmen, professionals, and white-collar employees. These groups formed organizations in broadly coordinated actions of protest and “civil disobedience.” The objectives of these protests became increasingly broad, moving from the demand that the government make specific concessions to their economic interests, to the demand that it halt the transition to socialism altogether, to the demand that it resign or be removed.

Mass protest under Allende had its first sources in the middle- and upper-class housewives of Santiago who in December 1971 protested that their customary food supplies were becoming difficult to obtain. In October 1972 the Confederation of Truck Owner-Operators—a aided by the

CIA—struck against the government’s plan to create a state trucking enterprise, and masses of sympathetic merchants and professionals joined the strike. The Confederation of Small Merchants, the Confederation of Small Industry, the Chamber of Commerce, and the National Front of Professionals all backed the strike, and drafted a ‘Petition of Chile’ addressed to the government and signed by each local organization. The strike, which lasted twenty-six days and severely aggravated supply shortages, was symptomatic of the belief of much of Chile’s lower middle class and small businessmen that they would be put out of business by the government just as the economic elite with larger businesses had been. It was also a demonstration of a new class solidarity and organizational capacity among these people. In July 1973 the truckers’ confederation began a second strike which by September 1973 had strangled Chile’s flow of supplies to the breaking point, a major contribution to the crisis atmosphere in which the coup took place.

This crisis atmosphere was intensified during the last few months prior to the coup by a series of acts of sabotage against bridges, factories, radio transmitters, the homes of prominent government and loyalist army officers, etc. In August a nationwide broadcast by President Allende was blacked out by the bombing of electric pylons in Santiago. This violence increased the insecurity of many Chileans and must have contributed to the feeling that the government had lost the capacity to provide basic security. Military figures favorable to the president came under increasing pressure from their subordinates to end their association with the government. One, the president’s naval aide, was assassinated in July 1973.

The response of the armed forces to Allende’s policies had at first been in accordance with the Chilean military’s forty-year tradition of constitutional support for the elected president. While the top officers continued to give their loyalty to the president, a group of colonels in the army began conspiratorial planning in November 1972 to overthrow the government. The conspiring colonels shared the opposition of the United States and the middle-class protestors toward Allende’s policies. Once the conspiracy was launched, it follows that the conspirators—as well as the civilians with whom they consulted—lost all interest in working toward any accommodation between the government and the opposition parties. In the words of one officer after the coup, “we [the colonels] would have acted even if Allende had called a plebiscite or reached a compromise with the political Opposition... [since] we felt

87 Jonathan Kandell, “Chilean Officers Tell How They Began to Plan the Take-Over Last November,” The New York Times, September 27, 1973. The quotation in this paragraph is from this article.
that no politician could run the country and that eventually the Marxists might be even stronger."

Even among the government’s main sources of support there was some behavior that contributed to economic difficulties and deinstitutionalization. The government hoped to increase production—particularly in the newly nationalized industries, including the copper mines and the agrarian reform cooperatives—so as to be able to meet both the customary expectations of the middle-income groups and the unmet needs of the poor. In this they relied heavily on the political solidarity of the workers and peasants in the reformed socialized sector of the economy. While these people did indeed tend to support the government with their votes (as did the urban poor employed in public works programs), they tended to be more interested in their pay than in participating in a revolutionary process.28 Interviewing workers and peasants in the expanded state sector, James Petras found ample evidence of particularistic and “economist” attitudes, but scarcer evidence of “socialist consciousness” or strong commitment to support the government by producing more and asking for less. He suggests—as was advocated by more radical groups in Allende’s coalition—that greater provision for workers’ control in the management of the nationalized firms would have deepened their ideological commitment to the success of the government’s program, increased their production, and encouraged their willingness to make material sacrifices.

The officials of the state enterprises, moreover, were apparently not always immune to diverting some of the goods produced within them to the black market; while this added to their personal upward mobility, it increased the scarcity of goods by reducing the government’s capacity to ensure their wide distribution, and added to price inflation. The general claim by the opposition of Marxist mismanagement was no doubt distorted, but self-criticism by the Communist daily El Siglo suggests that the problem of black-market corruption was not altogether absent from the government’s own cadres:

Any all-out offensive against the enemies of the people would be quite

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28 James Petras, “Political and Social Change in Chile,” in Petras (ed.), Latin America: From Dependence to Revolution (New York, 1973), pp. 29–34. While the Central Labor Confederation (CUT) supported the government by calling a one-day work stoppage (June 21, 1973) to counter the antigovernment strike of the truckers and other middle-class groups, Petras found that “paradoxically the growing number of radical voters among the working class and peasantry have become increasingly apathetic.” He attributes this to their limited role in the revolutionary process; with few serious attempts at workers’ control, he says, all that is left to the broad mass of the population is “the chore of voting and occasional rallies to support the government’s legal standing.”
pointless if it were not accompanied by a determination to put one's own house in order. Some Popular Unity militants are working hand in hand with the worst reactionary elements. They have no scruples about organizing a black market with the "momios" [the reactionaries], cornering all available products, and living it up. Whatever the political party they belong to, membership cannot be a passport to dishonesty or inefficiency.²⁹

In sum, by 1973 it became increasingly legitimate to disobey the government's regulations, ignore its pleas, discount its threats, and sabotage its programs in wide areas of the middle class from well-to-do professionals and businessmen to modest merchants and small businessmen. As for the government's supporters and primary beneficiaries, they had demonstrated considerable loyalty at the polls in the March 1973 congressional elections and had worked impressively to keep the economy going during the October 1972 massive producer boycott, but in general they were less actively and broadly mobilized than the antigovernment forces. The decline in governmental authority among the latter was not sufficiently redressed by an increase in governmental authority among the former. This net decline in public authority, the deadlock between government and opposition, the mass demonstrations of protest, the increasing economic crisis, the active plotting within the military—all signaled by 1973 the downward spiral of civic politics into anarchy and authoritarianism.

THE QUALITY OF ALLENDE'S LEADERSHIP

While the government of Salvador Allende did achieve substantial reforms, their impact was not the movement toward a new political community that he desired, but rather the breakdown of institutions, community, and civic politics.³⁰

Allende failed to achieve his goal of a peaceful transition to socialism not because he lacked the skills of political leadership. On the contrary, he and most of his cabinet were skilled players in the game of politics in Chile,³¹ and his performance in office included many well-estab-

³⁰ The number of people killed in the coup and its immediate aftermath is conservatively estimated at 2000, and the number of political prisoners is many times that. During the Allende period less than 100 people were killed in political confrontations of one kind or another, there were no political prisoners, and no newspapers were closed or censored.
³¹ Allende was a founder of the Chilean Socialist party in the early 1930s, a minister of health in the Popular Front government of the early 1940s, a three-time presidential candidate before winning in 1970, a successful vote-getter and long-time senator, and president of the Senate during the Frei period. In 1970 his defeated op-
lished institutionalized political patterns. While we have noted that the government generally avoided bargaining with the opposition parties, it did make several attempts to negotiate agreements with them, including Allende's last-minute call for a dialog with the Christian Democrats in an attempt to restore social peace shortly before the coup. While it is true that he was overly sanguine about the strength of the Chilean middle-class commitment to legal procedures and constitutional legitimacy as a means of reconciling them to his reforms, he did more to gain middle-class support than merely lecturing them on the responsibilities of constitutional opposition. Perhaps his most important effort in this direction was his decision to reorganize his cabinet in June 1972, which marked a halt in the nationalization process, restraint of his more radical supporters who urged workers' control and further takeovers, and an emphasis on labor discipline and production rather than labor militancy and revolution.\(^{32}\) He also made important efforts to keep the loyalty of the army by attending to their various material, professional, and status claims, by the tactical shifting of commanders allowed by the prerogatives of the presidency, and by his repeated public praise for the loyalty and constructive role of the armed forces in Chilean development.

A cogent explanation of his ultimate failure in leadership lies in his very determination to shift basic policies, and the consequent change in the conditions of political groups, already described, which made ineffective many of the conventional tools of Chilean presidents to maintain, broaden, and solidify their base of support. He failed precisely because he had succeeded in changing the conditions on which the stability of Chile's institutionalized system rested—fragmented small groups obtaining short-run material rewards through competing patronage parties and open credit lines to the United States. Under the new conditions he could have obtained sufficient support only on terms incompatible with his socialist ideals, such as by outlawing and crushing the MIR, dropping his efforts to subsidize the poor, or returning all industrial property seized by the state. All of these, however, were policy shifts precluded by his commitment to basic change, and thus inconsistent with his sense of obligation as a political leader. That he also had assumed an obligation to preserve Chile's constitutional democracy might make his suicide (if indeed it was suicide and not murder) the tragedy of a man who realized, as the military planes bombed La Moneda, that

ponent Alessandri referred to his "long and proven democratic conviction, reflected in attitudes of constant respect for the Constitution and the laws (that) are well known."

\(^{32}\) The government did, however, push for a bill to nationalize the wholesale distribution and marketing system in 1973.
TABLE 3
Percentage of People in Greater Santiago Agreeing with Four Alternative Views of Social Classes

<table>
<thead>
<tr>
<th>Views</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The existence of social classes is a natural fact that cannot be changed</td>
<td>15.0</td>
</tr>
<tr>
<td>The problem of social classes is not resolved by stripping the upper class of its wealth, but by elevating the economic and social level of the lower class</td>
<td>50.3</td>
</tr>
<tr>
<td>The problem of social classes is resolved by stripping the upper class of its wealth to elevate the standard of living of the lower class</td>
<td>25.0</td>
</tr>
<tr>
<td>Inequality between classes is resolved definitively only through class struggle</td>
<td>9.7</td>
</tr>
</tbody>
</table>

his competing obligations had proved to be irreconcilable, and that neither would prevail.

While Allende tried to persuade the middle classes to bear a more equal share of the burden of national development in a time of imperialist pressures from abroad and right-wing extremist reaction at home, the opposition succeeded in persuading them that the issue was one of defending their hard-won material life-styles against the government’s pressures to install a revolutionary dictatorship. The conflict between the government and the opposition, then, was between alternative ways of defining the dominant stake of Chilean politics.

Why was the large Chilean middle-class relatively impervious to Allende’s way of defining the issue? The economic elite in Chile enjoyed considerable legitimacy historically, and in the late 1960s began to organize to defend this legitimacy when it came under attack by the left-wing faction of the governing Christian Democrats. The organizational ties with small and medium business established at that time were the basis for the increasingly militant class consciousness of the middle classes in the face of the Allende government’s policies designed to isolate the elites; they were also the basis for organizing the black market. The legitimacy of the rich and the predisposition of middle-class strata to identify with them is suggested by the survey data in Table 3 on the public’s attitudes toward social classes in 1966.\(^\text{33}\)

Finally, the ultimate failure of the Allende government was to convince the middle classes that a long-term economic and social crisis ex-

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\(^\text{33}\) Centro de Estudios de Opinion Publica (CEDOP) as reported in El Mercurio, January 8, 1967. The same survey revealed that 42 percent of all Chileans considered themselves middle class, 22 percent “popular” (or working) class, 28 percent “humble people,” and 5 percent gente acomodada (upper-middle or bourgeoisie).
isted in Chile, and that the government’s policies were a response to that crisis. Instead, most regarded the only crisis as the shortage in consumer goods and the runaway inflation, both of which they blamed largely on the incumbent government.

Basically, the middle classes were simply not dissatisfied enough when Allende took office to convince them that his policies were justified if any sacrifices were involved. Competing with the claims and actions of the opposition, the government was at a disadvantage because of the conservative, consumptionist, and status-conscious predispositions of many middle-class Chileans. Only if the United States had helped to ease the economic strain—rather than intensify it—or if Allende could have established a revolutionary dictatorship—a means he regarded as essentially contradictory to the ends he sought—was it likely that he could have succeeded.*

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