

CHILE :

The State and Revolution

IAN ROXBOROUGH

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Preface

The overthrow of President Salvador Allende and the Popular Unity Government on 11 September 1973, and the massive repression of the Chilean working class and its organizations that followed were a major defeat for both the Chilean working class and for the international working class movement as a whole. The pogrom against the thousands of Latin American exiles living in Chile has been a great blow against all those fighting the oppressive dictatorships of Latin America.

It may seem churlish to analyse critically the events and policies leading up to the coup, when thousands of workers and left-wing militants are being exiled, imprisoned, tortured and executed. Many of those engaged in resistance and dying for it are members of political parties which we criticize. President Allende himself died fighting for his beliefs in a situation when a lesser man could have slipped quietly across the border to a life of comfortable and respectable ease. Nevertheless, although we pay tribute to the courage and sincerity of Allende and many members of his government, we feel it is necessary to criticize, and to criticize sharply, many of the policies followed by Popular Unity.

We believe an analysis of the three years to be of use not only for our Latin American comrades but also for comrades here in Europe. We hope that this analysis has not been carried out in a sectarian way or in a complacent 'I told you so' spirit, nor on the basis of an *a priori* judgement. We intend our analysis of the Chilean experience to be a contribution to an understanding of events which we regard as crucial for future debates on the tactics and strategies for achieving socialism. For we believe that the essential lessons of Chile are not peculiar to Chile (although of course many aspects were peculiarly Chilean), but that they yield general truths about the class struggle in capitalist countries. As such these lessons should be considered and debated as widely and as openly as possible.

Finally, let there be not the slightest doubt that we support all those fighting the military junta. We feel that all militants, regardless of their differences, should unite in solidarity with the Chilean people. This solidarity should be effective, and should carry on for the duration of the struggle of the Chilean people against capitalism and imperialism, and against bloody and barbaric repression. It is important that all those fighting and resisting the coup receive help in their struggle, help which should take the form, not only of material and moral assistance, but of an on-going political campaign that ensures that those now in power in Chile receive neither aid, trade, credits, investments nor

acceptance in any sphere of activity. Let it be not said that the military junta were able to consolidate their power thanks to the indifference of comrades in our countries. The struggle will be long and difficult. We must do all we can to help it succeed.

Each part of the book has been the result of collective discussions and mutual criticism. Mike Gonzalez wrote the chronology and edited, rewrote and reorganized the whole book to such an extent that his name should by rights appear on the title cover.

We would like to record our thanks to the Director of the Institute of Latin American Studies at the University of Glasgow, Peter Flynn, for his support. Many other people have given us assistance. We would like to thank especially members of the Chile Solidarity Campaign, Chris Kay for his help particularly with Chapter six, and all those Chileans who helped us to understand and appreciate Chile. In addition we wish to thank Paul Stiff and Paul Walton for their help in enabling this book to see the light of day.

Glasgow, May 1974

1 *Imperialism and Class Structure in Chile*

This book is essentially concerned with the story of Chilean politics between 1970 and 1973, under the government of President Salvador Allende: with the tragic history of the 'Chilean road to socialism'. But it would be wrong to begin such a story in 1970 or 1969, in an undefined landscape and with a set of protagonists which might belong to any country in the world. If challenged in 1970 about their faith in the 'Chilean road', most supporters of President Allende would have defended themselves by claiming that Chile was a unique country, with a unique set of social and political conditions which had to determine the choice of a 'road to socialism'. One can take issue with their belief that the Chilean road to socialism was unique - one can point to its close parallels in the 'British . . .' and 'Italian road to socialism', as advocated by their respective Communist parties. But like every other country, Chile really is unique in many ways. It has a peculiar economy and social structure, and its different classes and political parties have been through a unique, not-to-be underestimated historical experience. Every road to socialism must adapt itself to national conditions. And so we begin this book with two chapters on the national conditions prevailing in Chile when Allende came to power.

In the case of Chile, three important specific 'national conditions' spring to mind. First, Chile has one of the strongest working classes in Latin America. It is an industrial country, with more than 70% of the population living in urban areas: a revolution in Chile would not have to be primarily a peasant revolution. Chilean workers have a history of economic militancy and political struggle which goes back to the 1880's when the nitrate mines were opened up in the north, and the Chilean Communist Party has enjoyed mass support on a nation-wide basis since it was founded in the 1920's. By any measure, the Chilean working class is one of the two or three key working classes in the continent. Bolivia also has a strong revolutionary working class tradition, particularly in the mines, but the country is still predominantly a country of peasants: Argentina has a larger working class and a stronger industrial base, but the history of the Argentinian working class is closely tied with that strange and confusing political movement, Peronism. If socialist revolutions are to be made by a working class using Marxist principles, then Chile would be a logical place to expect the Latin American revolution to begin.

Secondly, in 1970, in stark contrast to such important countries in Latin America as Argentina and Brazil, Chile seemed to have a firmly founded bourgeois democracy and what conventional political scientists would no

doubt describe as a 'democratic culture'. While military regimes, torture and the violation of elementary human rights prevailed elsewhere, Chile thought of itself proudly as 'the England of Latin America'. A period of outright military dictatorship between 1924 and 1931 was virtually forgotten, and the occasional revival of more direct means of repression of the working class by bourgeois governments (the banning of the Communist Party in 1948, the periodic use of troops to break up strikes) was easily ignored. Since the 1930's, the working class movement in Chile had numbered its martyrs in ones and twos, until the September 1973 coup. Compared with the brutality of bourgeois rule in Brazil, Chile's record was something to be proud of. And even during the dictatorship of the 1920's, military men had generally used imprisonment and exile rather than torture and murder to control their opponents. One could say that violence was not the automatic first weapon of the Chilean bourgeoisie.

Thirdly, in 1970 (and since its emergence as a nation state) Chile was a dependent economy, an economy wholly organized in terms of the workings of the international capitalist market dominated by Europe and America. For the whole of its national history, Chile has been a country to which economic change happened because of conditions beyond its control. Even Chilean capitalists have had very little say in the occasional drastic shifts in the country's system of production, and very little control over the profound social upheaval which such shifts bring in their wake. The economic levers have always been controlled from outside the country, initially by colonial Spain, then by imperialist Britain, and since the 1920's by the imperialist USA.

Economic dependency has had far-reaching effects on Chilean society, and in many ways it is the most important 'national condition' for foreigners to grasp, for it is the one which differentiates Chile's historical experience from the experience of European countries with political institutions which are very much the same. There would never have been a military dictatorship in the 1920's for instance, if the European market for Chile's principal exports, nitrates, had not collapsed after Germany invented an artificial nitrate during the First World War. That single shift in world markets threatened the country's entire social structure, and forced a realignment of Chilean politics to take account of the increased pressure from urban middle sectors and the organized working class.

One can even trace the initial growth in political consciousness of the Chilean working class to dependency, for the fact that from the late nineteenth century, foreigners with a different language and culture so obviously controlled the mines, and could call on a supposedly 'national' government to suppress the strikes of Chilean workers on behalf of British interests, did a great deal to encourage the growth of Chile's first working class party. In 1970, this constant experience of national frustration at the hands of foreign interests seemed to be one of the 'Chilean road's' principal strengths. The palpable fact of imperialism, the visible resentment of American power, the alliance of local Chilean monopolists with all-powerful American companies, made it seem

relatively easy to put forward a programme for an electoral transition to socialism, based on the interests and desires of the majority of the population. It was thought that workers, peasants and most of the 'middle classes' - petty bourgeoisie, white collar workers and small or medium-sized capitalists without foreign connections - could be mobilized to defend their own interests against the tiny minority of wealthy Chileans and foreign businessmen who controlled the economic fortunes of everyone else. Under the guise of an alliance of democratic and anti-imperialist forces, the Communist Party of Chile has been putting forward such a programme since the 1930's. In 1970, the Popular Unity coalition allowed itself to believe that with such a programme revolutionaries would be able to use the language and instruments of bourgeois patriotism against the bourgeoisie itself.

The experience of Chile between 1970 and 1973 has shown that it is not so easy. The Chilean middle classes, in spite of their own conflicts of interest with monopoly capital, were not willing to accept socialism with a patriotic face. Given the threat of revolution, they turned back towards a nationalist ideology of the old kind, a nationalism whose primary function was to limit and suppress the advances of the 'subversive' working class.

But if the national condition of dependency did not do very much to strengthen the Chilean road to socialism, in practice, it was nonetheless one of the most important influences on the struggle of Popular Unity. For not only Allende himself was constrained by the limits which a dependent economy set on his economic policies, the degree to which Chilean socialism was made vulnerable by a fall in the world price of copper or the disappearance of American credits and American supplies of spare parts. At the same time, the very strengths of Popular Unity - for instance, its ability to make use of a State apparatus which has played a crucial role in the economy since 1891 - were also the result of a long history of attempts to balance a singularly ill-balanced economy and society.

Economic Dependence and the National Bourgeoisie

For a country with abundant natural resources (iron, copper, coal and good agricultural land, as well as natural fertilizer) Chile's industrial development came very late. Chile had a history of spurts of industrial growth whenever for some reason the sources of imported manufactured goods from Europe and the USA went dry - during periods of depression or war. But these spurts tended to come to an end once the first crisis was over, and the means of importing foreign goods was available again. Chile's national bourgeoisie showed very little interest in industrialization. The first conscious attempt to foster Chilean industrialization did not come until the election of a Popular Front government in 1938, which put forward a systematic programme of State investment and State protection for native industry, under the joint banner of the Radical, Communist and Socialist parties.

Until 1938, Chile was primarily a country which exported minerals and agricultural products to the industrial countries of the west, and for the previous eighty years the country's ruling élite had been committed to the practice of a *laissez-faire* economics which tended to favour British and American manufactured imports. Even today, after thirty years of industrial development, the whole Chilean economy balances precariously on the international price of one export: copper. For industrialization through the substitution of local manufactures for those which were previously imported, within the framework of a dependent capitalist economy, has proved to be an elusive road to economic development. Machinery, spare parts and technical skills still have to be imported from the imperialist countries at a high price. Furthermore, in spite of the fact that in the nineteenth century it was one of Chile's principal sources of exports, Chilean agriculture in the twentieth century has plumbed the depths of inefficiency. In spite of the potential of the land itself, Chilean farmers have not produced enough to meet the demands of the population. Much of the revenue from copper has to be spent abroad to secure food imports, if the population is to be fed.

The history of economic dependence in Chile goes back a long way: through the era of American imperialism (from 1920 to the present) and the previous era of British imperialism (from Independence to 1920), right back to the period when Chile was dominated, economically and politically, by colonial Spain.

Colonial Chile

With its conquest by Spain, Chile became integrated into the expanding capitalism of the sixteenth century. From that point onwards, the development of the colonial economy was restricted to the production of exports whose ultimate destination was the markets of western and central Europe. As was typical in the bulk of Spanish colonial possessions, the first export was gold. However, Chilean gold mines were poor, and from the seventeenth century onwards produced very little.

Yet Chile could and did play another role which was equally in keeping with the essential elements of a colonial economy tied to Spain. The three elements in the colonial economic system were (1) a series of mining cores in Mexico and Peru, (2) agricultural and ranching areas peripheral to the mining cores developed for the supply of foodstuffs and raw materials and (3) a commercial system designed to funnel silver and gold as specie and bullion to Spain to pay for goods produced by western Europe and funnelled through one Spanish port for distribution to the colonies.¹ Within this system, Chile's role was to furnish agricultural products and raw materials to Lima, capital of the Viceroyalty of Peru. In the early period, Chile exported tallow and a certain amount of wheat, and remained a predominantly pastoral economy.

In 1687 an earthquake destroyed Lima and Peru's wheat-producing areas, leaving Chilean wheat, which had already begun to make inroads on the

Peruvian market, as the market's only supplier. Wheat prices rose, and Chilean livestock producers turned their land over to the production of cereals in order to take advantage of the new market. This shift in the nature of Chilean agricultural production brought with it changes in the rural social structure, and in particular, the expansion and consolidation of the *hacienda* system. The *haciendas* quickly came to occupy the bulk of the best land in Chile's fertile central valley, incorporating a dependent peasantry which remained tied to the *hacienda* through various forms of tenancy, share-cropping, and more or less permanent indebtedness. This system, which ensured the continuing presence of a relatively stable and dependent labour force, socially isolated by the authoritarian paternalism of the great *haciendas*, was to provide a solid social base for the power of the great rural landowners throughout the eighteenth and nineteenth centuries, and well into the twentieth.

There were some rudimentary attempts during the eighteenth century to develop a domestic industry, particularly in textiles, rigging and hides. But as Spanish colonial power yielded, from 1778 onwards, to the direct imperialist penetration of Britain and France, all such attempts at independent development were arrested. At the same time, as trade between the Spanish colonies and the new imperialist powers increased, a growing antagonism appeared between the needs and interests of the colonists and the Spanish effort to maintain control over them. It was the wealth of the colonies which supported the declining metropolitan economy of Spain, but from the colonists' point of view, greater freedom of trade with the ultimate sources of western European manufactured goods was desirable. It was this fundamental conflict of interest which finally gave rise to the Wars of Independence.

Independence, British Imperialism, and the Local Bourgeoisie

The Chilean ruling class was formed in the period of colonial rule: a relatively cohesive ruling class dominated by Central Valley landowners from the region around Santiago, the oligarchy who made their living from the proceeds of agriculture and the exploitation of rural labour on the international market, meanwhile increasing the prosperity of the Central Valley itself by exploiting their control over State revenues from mineral exports.

From Independence until 1920, this small élite retained all the essentials of power within the new nation-state, using its control over the armed forces to suppress occasional challenges to its rule from landowners further south and mine-owners in the northern desert and the area around Concepción. It was a distinctly capitalist élite, dependent for its prosperity on the vagaries of the international market, with a marked preference for international standards of consumption, French furnishings and frequent visits to the 'civilized' atmosphere of Paris and London. Nevertheless, not all its economic and political importance was the result of the capitalist spirit: a good part of its importance as a ruling class must be put down to the benefits of a central geographical position and control over the army, for from a strictly economic point of view,

mining often contributed at least as much to the total national wealth. Even at this early date, too, British capital and British families controlled the export-import business.

Unlike many Latin American republics, Chile did not emerge from the struggle for Independence with a weakened central authority. Elsewhere the war against centralized Spanish authority led to an upsurge of *caudillismo*, rule by chiefs, the rule of more or less autonomous landowners who retained exclusive authority in their own private fiefdoms. Political alliances between chiefs were subject to rapid and sudden change, and the system was highly unstable. Chile, however, escaped the phase of *caudillismo* thanks in part to the strength of its armed forces, who remained obedient to Santiago. A strong and powerful State emerged, controlled by a succession of dynamic presidents and ministers (the key figure being Diego Portales) who represented at once the personal interests of the Central Valley landowners, and the interests of the bourgeoisie as a whole in maintaining order. The central authority established by the Spaniards remained intact, and so did the class structure. The responsibility for framing a Constitution which would serve the interests of the dominant classes fell to Portales, who created an authoritarian political system with a strong presidency, safeguarding the nation's political cohesion, and arrogating to the government the task of providing the economic policies and physical infrastructure which were necessary if the export sector of the economy was to continue its expansion. It was a mercantilist policy, rather than a policy of strict *laissez-faire*, and the landowners of the Central Valley were able to follow it with pleasure largely because the tax revenue for investments in infrastructure came from elsewhere: from taxes on mineral exports. Thus from the earliest post-Independence days, the Chilean ruling élite had a powerful State apparatus at its disposal, without having to shoulder any great share of the cost.

Under President Portales and his successors, post-Independence governments took some steps to further Chile's economic independence, though they did relatively little to disturb British control over trade. The transport of goods between Chilean ports was reserved exclusively to Chilean shipping, to encourage the development of a national merchant marine. Revenues from export and import duties were used to improve amenities in Santiago and provide railways and other infrastructural works throughout the Central Valley. Valparaíso was carefully promoted as the chief port on the west coast of South America. With government encouragement, a number of local industries were established, the most important being food processing, beer, footwear, soap and candles. Yet the export sector continued to be the key sector of the economy.

Between 1845 and 1860, foreign trade trebled. The first export boom was in wheat destined for the gold-mining areas of California and later Australia. Silver, copper and coal exports also increased rapidly: between 1850 and 1875, Chile was the world's main copper exporter. This export boom helped finance a growing urbanization, and gave the commercial bourgeoisie established in

Santiago and Valparaíso, increased power. Anglo-Chilean families such as the Edwards, later famous for their ownership of *El Mercurio*, ceased to think of themselves primarily as Britons abroad and began to take an active part in Chilean politics.

In the 1850's, mining capitalists, the new commercial bourgeoisie and the growing urban classes joined forces and began to agitate politically around a programme of liberal reforms – constitutional reform of the authoritarian State, administrative decentralization, a more democratic suffrage, and State supervision of education. This was the time of the foundation of the Radical Party. It signified the beginning of a successful rebellion by the rest of the bourgeoisie against the exclusive domination of the State apparatus by Central Valley landowners. The result was a compromise: existing ties between the oligarchy and mining and commerce, whether economic ties or the ties of kinship, were already becoming too close to make a civil war profitable, and no section of the bourgeoisie was happy at the growing radicalism which their own dispute seemed to be provoking among the miners and urban artisans. The result was a careful extension of the old élite's political control to new sectors of the bourgeoisie, and the imposition of a policy of *laissez-faire*.

Fundamentally, even the exporters in the Central Valley had very little to gain from a policy of heavy taxation on mineral exports in which they were beginning to invest themselves, or on imports which they consumed – less than they had to gain from reinforcing their own ties with the profitable mines and import-export businesses. In other circumstances, the proceeds of taxes on exports might have been used to accumulate funds for increased domestic investment and a State-sponsored development of national industry, as the proceeds of taxes on mineral exports had been used to build railways in the Central Valley. But there was increasing pressure from Britain to reinforce the demand for an introduction of free trade, as well as the pressure from mine-owners and importers for a reduction in their tax burden. From the 1860's, *laissez-faire* economic theories dominated the political scene. A banking system free from any State control was established (later to be an important source of perpetual problems with inflation) and from 1864, Chile adopted reciprocal free trade agreements with most of the leading industrial countries of the world. In the 1870's and 1880's, the authoritarian State was gradually weakened, other sectors of the bourgeoisie were allowed greater access to political power, State intervention in the economy was dismantled and the first effort to establish manhood suffrage was introduced.

Free trade weakened Chile's incipient industries decisively, for without State protection and encouragement they could hardly compete against competition from Europe and the USA. So the Chilean economy remained absolutely dependent on its capacity to pay for imported manufactures and luxury goods. One result of this dependence was periodic economic and social crises, whenever world demand for Chilean products declined, as happened for example with the closing of the Californian and Australian markets for Chilean wheat

from 1858 onwards, or later when Chile's technically unsophisticated mining industry was unable to compete on the world market. There was a particularly severe economic crisis between 1873 and 1878, when a decline in mining exports coincided with a rapid spurt in world competition in wheat, thanks to the opening up of virgin agricultural land in Canada, the USA and Australia.

Chile of the Nitrates

In an economy as totally dependent on a small number of exports as Chile's the whole fabric of politics and society depends on the fate of those exports. When a key export is threatened, society as a whole is also threatened, and new economic and political forms of organization have to be invented to take the place of the old. As a result, periods of collapse in the export market have also been, in Chile, periods of fundamental political and social change.

In theory, the Chilean bourgeoisie could have tried to overcome the crisis of the 1870's by improving their competitive position through the introduction of new techniques in mining and new methods of production in agriculture, by increasing their own economic efficiency. Instead, it found another solution. With British aid, the Chileans declared war on Bolivia and Peru in 1879 and annexed the Atacama desert, the world's source of nitrates. The war gave Chile a world monopoly over nitrates. It also revived the pattern of the authoritarian State in at least one respect: income from export revenues on nitrates became the fundamental source of income for the State itself, and through State channels, enriched the southern economy as a whole. The era of nitrates in Chile was an era of liberalism run rampant. By a curious irony, it also established the pattern of an economy in which the State was of supreme importance, a pattern which has endured to the present day.

Laissez-faire policies resulted in a number of lost opportunities when the war was over. Chilean industry had expanded rapidly during the war with Bolivia and Peru, and was able to produce all that was necessary for the war effort: but when the war ended, and the country was once again able to make use of export earnings to import manufactured and luxury goods, industrial growth slowed down once again. After the war, the Chilean government was left in possession of a number of mines which had been nationalized by the Peruvians, and whose owners had long since lost or sold their shares. Instead of keeping the mines and running them for its own profit, the government decided to hand them back to their 'original' owners. The result was that John North, an English adventurer, was able to buy up cheaply large numbers of shares using loans from a bank in Valparaíso, and thus using Chilean finance acquired a large part of the nitrate industry for himself. Over the next twenty years, most of the nitrate mines passed into the hands of foreigners, and Chile's economic prosperity came to depend on a mining enclave which was almost entirely in foreign hands.

There was one brief attempt to reverse this process, which collapsed because of the opposition of the national bourgeoisie to any State intervention in the

economy, and their sympathy with the foreign investors. In 1889, President Balmaceda made a strong appeal for the formation of a national bourgeoisie not tied to imperialist interests, to break up the growing British monopoly on economic activity in the nitrate areas, guided and helped by the State. In a speech in Iquique, centre of the nitrate industry, he declared: 'We must invest the surplus in productive works so that when the nitrate deposits are exhausted or lose their importance because of discoveries of new deposits or scientific progress, we shall have established a national industry and created with it and the state railways, the basis for new investments.'³ The bulk of the ruling class thought differently, and resented what seemed to them to be an attempt to increase presidential power once again, and return Chile to the days of Portales. Balmaceda was defeated in a brief civil war (1891) in which his opponents were financially assisted by the British nitrate owners. The mass of the population remained uninvolved and indifferent.

With Balmaceda died the last attempt for thirty years to impose a strong government capable of pursuing policies in the national interest, which ran counter to the interests of specific fractions of the bourgeoisie. After the civil war, came what is loosely known in Chile as 'the parliamentary regime': loosely, because the executive power remained in the hands of the president (there was no Prime Minister, and no system of party politics designed to give the executive an automatic parliamentary majority). Congress ruled supreme. No cabinet was able to pursue policies which offended in any way the shifting and largely unprincipled political alliances between members of Congress. Meanwhile, the business of politics became a matter of the equitable distribution of patronage from the State's enormous revenues, among different regional interests and the various competing political parties with their urban clientele, and politics itself became a prosperous business.

With the rapid development of the nitrate industry, under foreign ownership, came a boom in State expenditure of unprecedented proportions. State revenues doubled in every decade from 1880 onwards, with 97% deriving from taxes on foreign commerce. Before Balmaceda's death, a State railway system was established; the armed forces were modernized, with the help of imported German and British experts and a great deal of subsequent expenditure on European armaments; a national system of public education was founded, also with the help of German experts. The numbers directly employed by the State grew to about 50,000 by 1925, expenditure on public works and infrastructure boomed and the population of the urban areas grew very quickly.

The nitrate boom gave Chile, for the first time, a substantial middle class of professionals, white-collar workers employed in finance and commerce, and State employees. Political parties with a secure mass base in the urban areas emerged for the first time. The oligarchy was able to counterbalance their strength for a time by relying on its own control over the rural electorate, but the days in which family connections and tradition could ensure its hegemony were clearly numbered. The new urban classes, however, were not a partic-

ularly violent strain on the existing system of politics. Political parties like the Radical Party won much of their support among the middle classes through the dispensation of State patronage, and the edge of politics everywhere was blunted by massive corruption. The urban clientele of the politicians provided a useful counterweight to the growing militancy of the working class, especially in the mining areas (there were 53,000 nitrate miners in 1915, more than the contemporary number of State employees). The politics of the parliamentary regime was straight-forward, when it came to any compromise with the lower classes: the 'social question' – the question posed by an aroused and politicized working class – was a question for the police and the troops. In 1907, 3,000 striking miners and their families were massacred by troops after a demonstration in the nitrate port of Iquique.

The era of the collapse of nitrates

Balmaceda's prophecy came true. With the invention of synthetic nitrates during the First World War, the bottom fell out of the market for natural nitrates and the Chilean economy entered a profound crisis. It had not yet managed to recover when the collapse of the world market in 1929 and the ensuing world crisis dealt it another heavy blow.

The parliamentary regime collapsed with this new and profound social upheaval. Suddenly, its middle class base in the urban areas became unreliable: large sectors of the middle class began demanding fundamental social reforms, better wages as a protection against inflation, social security, and the legalization of trade unions – which State employees and white collar workers were quick to form. The threat of a combination of these sectors and a working class with strong left-wing traditions was very grave. In spite of President Alessandri's attempts to capitalize on the sentiment for social change in 1920, and effect a subsequent programme of reform legislation, the politicians of the old regime could not adjust to the new situation and were unwilling to make any sacrifices in their old privileged position. The result was military intervention in 1924. The stability of the system required an end to the politics of simple repression and the beginning of a new political system, which would combine some repression with a number of important concessions to the lower orders. When the political representatives of the bourgeoisie proved that they were unwilling to take the necessary steps, the military moved in to do it for them. Between 1924 and 1931, Chile was governed by a classic 'Bonapartist' regime.

The collapse of nitrates was followed by the fortunate rediscovery of copper as the main base of the Chilean economy. Partly because of the failure of Chile to develop technical skills adequate for its exploitation, partly because of a new alliance between the Chilean government and the USA (based on large American loans), control over the rich copper deposits went to American companies using a new mining technology. Once again, Chile's main production sector became a foreign enclave, and the 'reformist' military government took no steps to bring it under national control. The fundamental

alliance between the ruling sectors of the Chilean bourgeoisie and foreign capital, which had been characteristic of the nitrate era and very largely characteristic for the period before as well, was continued in the twentieth century with a new ally – the USA.

Between 1924 and 1940, however, Chilean governments rediscovered an interest in the encouragement of national industry. The first signs of a return to old mercantilist policies came with the military dictatorship of Ibáñez in 1928, when an Institute of Industrial Credit was established using revenues from the newly set up social security banks. Supposed concessions to the middle class served the dual purpose of providing national industry with a source of savings.

Chilean exports were recovering from the nitrate collapse when the Great Depression arrived. Between 1929 and 1932 the value of Chile's exports fell by 88% – the steepest decline in the world. The expansion of industry stopped, and the military dictatorship fell.

It was only with the Popular Front governments of the late thirties and early forties that economic growth began again. This time it was based on import substitution industrialization, and a concentrated government effort to speed up the industrialization process, both indirectly, by creating inducements which made domestic industry more profitable (e.g., tariff and exchange controls) and directly via the State Development Corporation (CORFO) which created or contributed to the expansion of a number of important industries. Yet much of the import substitution industrialization took the form of creating final consumer goods industries based on existing demand patterns, i.e., on the demands of the wealthier classes for high quality luxury goods. Production continued to be geared to a grossly unequal distribution of wealth and income. This method of industrialization could not solve the fundamental problems of the Chilean economy. Rather, it created a high cost, inefficient industry dependent for its survival on the import of intermediate goods (machinery and spare parts) and State subsidies. Taxes and foreign exchange from the unstable export base, copper, were essential. When revenue from copper was insufficient, the Chilean government relied on the inflow of foreign capital, in the form of private investment or public loans, to cover its foreign exchange deficit; and on inflationary deficit financing, printing money to cover a gap in resources, to cover the State's commitments at home. In the new economic order, the government could not afford a drastic cut in State expenditure to match State income, without risking a dangerous industrial and social crisis. As a result, inflation became a perpetual problem, one which grew worse whenever there was a sharp fall in the international price of copper. One of the greatest misfortunes of Popular Unity was that the price of copper fell between 1970 and 1972.

By the end of the nitrate era and the beginning of the copper era, Chile's economic pattern was firmly fixed. A great deal of the country's prosperity depended in one way or another on the revenue from foreign companies who

controlled the export of Chile's mineral wealth. Much of this revenue, if not all, was funnelled through the State apparatus into the rest of the urban economy. The State was of vital economic importance, first as a source of employment, then after the Popular Front as a source of funds for investment in industry. It was also the State which guaranteed the economic environment in which private industry could operate – tax concessions for manufacturers, tariff protection against foreign competition, a legal machinery for dealing with the problem of working class militancy in the face of inflation. In 1971, an economist in the Communist Party was to estimate that 50% of supposedly private investment in 1969 was subsidized by the State, and total State expenditure in the same year amounted to 46% of Gross National Product.⁴

Growth of Working Class Organization

The predominance of agriculture in the Chilean economy of the eighteenth and nineteenth centuries meant that the working class remained very small until the latter half of the nineteenth century. Its beginnings lie in the various mining industries of Chile: copper, coal, silver, and at the turn of the century, nitrates. This mining proletariat was poorly organized at first, but it was not lacking in combativity. The first workers' uprising is recorded in Chanarcillo in 1834 and from then on, the history of the working class is studded with demonstrations and uprisings followed as a matter of course by repression.

Protest by the working class at their conditions of work and pay during the period from 1850 to 1880 was sporadic, since it lacked a coherent form of organization. The first forms of class organization developed by the Chilean working class were the mutualist associations, a primitive form of trade unionism dominated by utopian socialist and liberal ideas. Despite their inadequacies, the mutualist associations grew rapidly, and by 1879 there were more than seventy throughout Chile.

The real qualitative jump in the development of the Chilean working class came after 1880, with the development of the nitrate mining industry. In 1880 there were 2,848 workers engaged in nitrate production, according to one estimate; by 1890, this figure had jumped to 13,060. The development of the nitrate industry was accompanied by a corresponding boom in railways, public works, and coal mining. A conservative estimate of the number of industrial workers in Chile in 1890 would be 150,000, and according to the same source, by 1900 there were between 200,000 and 250,000, many of them recent immigrants from the countryside.⁵ This rapid growth of the working class brought with it a dramatic increase in the number of strikes and demonstrations from 1890 onwards. Nevertheless, the working class continued to be dominated by an essentially bourgeois ideology and was consequently unable to develop a viable trade union organization.

The key role in the development of independent working class organizations was played by the Democratic Party. Founded as a splinter group of the Radical

Party, it was essentially a liberal, parliamentary party with a substantial following among the petty bourgeoisie; but it organized centres for workers, artisans and members of the liberal professions where current problems could be discussed, and thus contributed a great deal to the development of working class political consciousness. Nevertheless, in time, its petty bourgeois orientations became a constraint, as the working class developed more solid forms of economic organization.

The period after 1890 saw a confused struggle between different forms of trade union and different political tendencies: liberalism, anarchism and socialism. Socialist trade unionism really began with the founding of the Chilean Workers' Federation (FOCH) in 1911, though the nitrate miners had evolved a militant form of mutualist society which was keenly conscious of the fundamental role played in society by manual labour. Then in mid-1912, a breakaway faction of the Democratic Party led by a printer turned journalist, Luis Emilio Recabarren, established the Socialist Workers' Party (POS). Recabarren became the father figure of the Chilean working class, its most important political leader in this century. Immediately, he turned his attention to encouraging trade unionism and politics among the nitrate miners of the north.

The Chilean working class, then, was formed in the first place in the nitrate fields, an imperialist enclave in the far north of the country. Conditions of work were harsh, and the miners could scarcely fail to see themselves as exploited. They worked under conditions where mortality was high; they suffered from the companies' attempts to introduce forms of super-exploitation, such as the infamous 'truck' system – where miners were paid in tokens which could only be exchanged at the company store. Union organization was difficult and often illegal; organizers were persecuted, and the army was regularly brought in to suppress strikers. There were, in fact, a number of massacres, the most notorious the slaughter of three thousand men, women and children in the schoolhouse of Santa Maria de Iquique.

It took decades of ideological and organizational struggle to develop autonomous organizations of the working class. Once they were established, revolutionaries in the Chilean working class waged a ceaseless struggle throughout the subsequent years to maintain the independence of the class and protect it from attempts by the bourgeoisie to reassert its ideological and political control over the workers' organizations. That this struggle for the political independence of the working class has not always met with unlimited success is eloquently demonstrated by the fact that the bourgeoisie did establish control over sections of the labour movement in the nineteen-thirties and forties, during the Popular Front and the Radical governments which followed.

The Essentials of a Stable Political System

Pick up almost any book on Chile written before 1973, and you will find a

reference to Chile's long history of constitutionalism and democracy, to its impressive record of political stability and democratic change.⁶ Chile used to be held up as a model to other Latin American countries. The logical culmination of this tradition of constitutional development, in many eyes, was Popular Unity's attempt to initiate a peaceful, constitutional road to socialism.

The road to socialism proved less peaceful than planned. Because of the limitations of the bourgeois State, even a State like Chile's, the peaceful road to socialism had necessarily to stop short of the goal of socialist transformation, or become an armed road. Sooner or later the historical choice, Revolution or Restoration, Socialism or Barbarism, had to be posed. It was posed in 1973, and the outcome decided by a military coup with a violence and degree of bloodshed for which there has been little precedence in Chilean history. Yet the tradition of discussing Chilean politics in terms of liberal democracy and constitutionalism dies hard, as may be seen in the British Communist Party's call to defend Chilean 'democrats' against the military junta. It dies hard because it has a certain foundation in fact.

One should not understate the violence which has occasionally accompanied the class struggle in Chile, or the degree of repression employed by the ruling classes in defence of their interests. The Chilean Left had a kind of litany of working class massacres in the first three decades of the twentieth century, used to illustrate the scale of working class struggle on Popular Unity's various ceremonial and political occasions - Santa Maria de Iquique, San Gregorio, La Coruña, all of them strikes by nitrate miners in which the troops were brought out, with the consequent loss of hundreds and at least once, thousands of lives. One could construct a modern litany to match: the massacre of the Plaza Bulnes in 1948, when troops shot two demonstrators, the massacre of El Salvador in 1965, when troops were brought out to repress a strike of copper miners and killed six miners and miners' wives, the massacre of Puerto Montt (the subject of one of Victor Jara's songs) when police dislodged a camp of squatters at the cost of twelve dead and more wounded, in 1969. But still, it is noticeable that from 1930 - and until 1973 - the Chilean bourgeoisie was able to rely on more skilful political solutions to its social problems than the straightforward and costly application of brute force. Christian Democracy and the so-called 'Revolution in Liberty' was not based on the notion that the 'social question' was a question for the police, however much in practice President Frei may have been willing to rely on the troops when he had no better or more beguiling tricks up his sleeve.

What were the essential elements in this stable political system? A key factor, perhaps, was the relative unity of the ruling class itself. There has never been a revolutionary war in Chile between those whose wealth was originally based on the land and those whose wealth was based on industry - for a variety of reasons, perhaps, for the Central Valley oligarchy of the 1850's was as much in favour of capitalism as any mining or commercial interests of the day, and in any case a real industrial bourgeoisie did not develop until very late, perhaps

not until the 1920's. But whatever their potential divisions, the various industrial, commercial, landed or mining fractions of the bourgeoisie have always been able to maintain an essential unity in the face of a potential threat to the bourgeois order as a whole. They did it in 1850, when for a brief moment it looked as though the liberal ideology of the mining families might spark more rebellious notions among the miners and urban artisans. They were quite capable of doing it again in 1970, whatever their momentary quarrels when Allende came to power. Unity, too, has a solid economic foundation. Since 1850, the Chilean oligarchy has shown a noticeable ability to diversify its economic interests and make connections with other wealthy families through marriage, just as other fractions of the bourgeoisie have shown a noticeable tendency to try to buy their way into the ranks of the élite by acquiring landed estates. In 1964, in spite of the decline in the importance of agriculture as a profitable economic investment, a survey of big businessmen showed that almost half of them owned farms or had relatives who owned farms.

More important still, when it has been in its own class interest, the Chilean bourgeoisie has always been able to combine concessions to workers or the middle class with a certain degree of repression of the most militant elements, when some concession had to be made in order to preserve the domination of the bourgeoisie as a whole. The most painful period of transition of the bourgeoisie was perhaps the period of military dictatorship between 1924 and 1931, when the end of the parliamentary regime itself and all sorts of bitterly feared social concessions were forced on an unwilling congress - legal limitations of the rights of property, legalization of the right of workers to form trade unions and under certain circumstances, the right to strike. But when in 1927 it became clear that the alternative to military rule (with all the feared changes) was a growing Communist Party and a dangerously broad united movement of the urban working class and the middle sectors, prominent political opponents of military rule publicly invited Colonel Ibáñez to establish himself as president.

Between 1920 and 1973, one could say, the bourgeoisie returned again and again to a single basic political strategy: the strategy of a reformist alternative to Communism, the promise of fundamental change without a real revolution, coupled with periodic suppression of political parties or workers who would not submit. This was Ibáñez's strategy in 1927, when he coupled a vicious attack on Communists and anarchists with appeals to the urban middle class trade unions and the implementation of 1924 legislation which made trade unions legal. Divide, and rule. In spite of the Communist Party's resolute opposition to the legal unions (which involved State control over finances, and the registering of names of officials with the government bureaucracy) there were more than 300 legal unions by 1930.

Given the class structure of Chile, this kind of political strategy could count on several potential sources of strength, besides its chances of dividing the organized working class. One was the fact that Chile had a relatively large

middle class, for an underdeveloped country. The middle classes are always more ready to believe a reformist bourgeois politician than to trust a revolutionary or working class one, and the Chilean State could offer the powerful extra inducement that reformist parties were an excellent source of State jobs. The persistence of clientelism has been characteristic of Chilean politics because of the economic importance of the State itself. Another strength of reformist politics was the fact that import-substitution left the Chilean proletariat relatively weak in numerical terms, and the urban lumpenproletariat relatively strong.

Still, one would conclude that Chilean politics from 1930 to 1970 was in a precarious state of balance. The control of the bourgeoisie over large sectors of the salaried middle class could not be guaranteed, because the nature of Chile's economic system encouraged persistent inflation – and inflation led very quickly to the emergence of white collar trade unions with close ties with the labour movement and a persistent tendency to confront bourgeois governments whenever there was an attempt to impose a freeze on wages in the hopes of reducing inflation. Inflation, too, made it very difficult to envisage a stable compromise with the working class: the pressure on bourgeois governments to try to hold back price increases by imposing a cut in workers' real incomes was too strong.

Reformist political projects in Chile have had a relatively brief life span, in spite of the natural advantages which bourgeois politicians have had in controlling access to jobs in the State apparatus. The Radical Party was a successful reformist party in the first two decades of the twentieth century, with a perfect combination of clientelist politics and crusading ideology, but the nitrate crisis almost ruined its relationship with white collar workers and State employees who provided its mass base. The Party was revived because the intervention of a military dictatorship threw all political forces into disarray, and even more important, because of the Communist Party's own decision to press for the formation of a Popular Front. Even so, from its second chance at power in 1938 to its second defeat as a party capable of ruling Chile in 1950 (when the party's white collar base rebelled at an attempt to impose a wages freeze), the Radicals' political hegemony only lasted twelve years. The heyday of any particular Chilean reformism has always been short.

2 *Class and Party from Popular Front to Popular Unity*

Dependency and bourgeois institutions

The central theme of this chapter will again be the dependent nature of the Chilean economy, the consequences of which largely explain the economic and social developments of the period 1920 to 1970. The growth and changing consciousness of working class organization during this period, and particularly during the crises of the nineteen-twenties and thirties, will be set against the background of a situation of dependency which not only determined the tempo of the class struggle in Chile, but which also contained the source of the long term economic crisis which politicians tried without success to solve between 1952 and 1970, when Salvador Allende assumed the Presidency.

As we have shown, one of the historical peculiarities of 'Latin America's most stable democracy' was the development of a strong State apparatus and a democratic political system which was, paradoxically, to provide Popular Unity with some initial advantages in putting its programme into operation when Allende came to power. The political system inherited by Popular Unity provided the president, for example, with a certain margin of political independence from a parliament still controlled by the Right, as well as the power to initiate executive action without first submitting it for parliamentary approval. Further, Chile's Constitution allowed the State to limit the rights of private property in the interests of social need and to provide every inhabitant with a minimum standard of living. In fact the State had done very little since 1925 to guarantee that minimum living standard for all; yet this populist and on occasions anti-imperialist and anti-capitalist ideology was ingrained in the rhetoric of both the principal multi-class parties of the period – the Radicals and the Christian Democrats – and was clearly influential within the ranks of the salaried white-collar middle class.

These initial advantages, a strong presidency and widespread support among significant sectors of the middle class for a radical-sounding ideology, were to foster UP's most characteristic illusions. They led to the belief that there was a natural political alliance between working class and middle class, and to the conviction that the working class could capture the existing State institutions through elections. Yet these institutions had been constructed by the bourgeoisie in order to fulfil one prime function; to provide the ruling classes with the kind of institutional flexibility which would enable them to contain and neutralise the rising militancy of the Chilean working class. The relative