Chile: A difficult Revolutionary Model

ONE YEAR AFTER THE VICTORY of the Left in the elections in Chile, and a little more than eight months after the establishment of a people's Government, it is useless to make an estimate however summary of the advances, achievements, and reverses registered by the complex Chilean revolutionary phenomenon. First of all, we should describe the economic, social and political background which made possible the rise to power of the Left coalition, Unidad Popular, and then analyse its exercise of power throughout this period of eight months, in order that we then may offer a few interpretative outlines of the possible paths that the Chilean revolutionary process could take in the near future.

Chilean Development until 1970: The Chilean economy has been characterised over recent decades by its strong tendency to stagnation together with a high rate of inflation. The most notable elements in this state of economic crisis embraced the agrarian sector, the industrial monopolies and the international consortia, especially US-based ones, which occupied the commanding heights of the Chilean economic order. In the agrarian sector, cattle and crop-raising, based on feudal relations of production, has been in constant decline. Thousands of toilers have thus been condemned to a life of semi-slavery. The latifundist system, as the centre of economic and political power, restricted domestic demand, placing outside the consumer market large sections of the toiling people. Chile up to 1970 was obliged to spend one million dollars annually on the import of foodstuffs, because of the inability of the agrarian-latifundist sector to satisfy domestic demand. The process of industrialisation, fostered by strong policies of government intervention, which was the product of the militant mobilisation of urban masses, underwent from 1955 onwards a marked deformation, due to the massive penetration of foreign capital. In fact, the principal sources of raw materials and even those required for

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the most petty manufacturing activity were under the control of foreign capital, which used its control as a function of its worldwide interests and not as something serving Chilean national industrialisation. This deformation was also based on monopolistic structure.

Taking advantage of the small domestic market in Chile, and of their influence in the political structure, the big commercial capitalists turned themselves into industrialists, but in their new role still retained the parasitical stamp of their old. Subject to monopoly capital, the national industry saw its growth rate slacken until it was unable to absorb even the natural increase of the work force. Thus the industrial bourgeoisie enriched itself on the basis of growing and chronic unemployment, which depressed wages and ruined or absorbed small and medium industry. It is interesting to note that from 1960 the rate of unemployment rose from 6.7 per cent of the total active population to 10 per cent in the last months of the Frei Government (1964-1970). The other characteristic element of the Chilean economy was the presence of foreign capital. After the 1929 depression, US capital soon came to occupy first place among foreign investment in Chile. From 1940 to 1960, direct US investment increased by about 80 per cent, that is, by about the same percentage as the total Chilean national production. In this fashion, in 1970, foreign capital in all its forms attained in Chile the unprecedented level of 2800 million dollars, or a third of the total capital of the country.

To sum up, the big landowners, the industrial monopolists and foreign capital, especially Yankee capital, established the framework within which the social and political struggle unfolded, a struggle which placed before the different classes and social forces the alternative of either accepting the system, or, on the other hand, of seeking the means for the revolutionary transformation of Chilean society.

**The Chilean Social Scene in 1970:** Chile is a capitalist country and within it the two fundamental classes of every capitalist society—the bourgeoisie and the proletariat—are active. But Chile is also an under-developed country, which means that pre-capitalist classes exercise a certain weight (landlords, peasants, artisans, small traders). We should also bear in mind that the activity of foreign capital gives rise to the existence of an imperialist bourgeoisie, which expresses itself primarily through the functionaries of foreign enterprise and agents in the employ of foreign capital.

Working masses, new middle social groupings, national bourgeoisie, the oligarchy and imperialism—these are the social categories most appropriate for use in analysis and understanding of the present and ongoing political life of Chile.
Working Masses: We mean by “working masses” a vast mixture of classes and social groupings which have in common the fact that in their majority they live at subsistence level and depend exclusively on their own work to do so. There are the working class, made up of wage workers who produce the agricultural and industrial wealth of the country, the white collar workers in the capitalist enterprises and the public servants. These are all wage workers. Also to be considered are the small producers in town and country, and the small traders. Together these elements represent more than 90 per cent of the active population. The following chart gives some idea of the relative importance of the different sectors in the Chilean social structure.

SOCIAL CATEGORIES AND THEIR EARNINGS, CHILE 1970

<table>
<thead>
<tr>
<th>Category</th>
<th>Numbers</th>
<th>Percentage of population</th>
<th>Earnings in millions of escudos</th>
<th>Percentage of earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers</td>
<td>1,760,000</td>
<td>90.7</td>
<td>778</td>
<td>65.6</td>
</tr>
<tr>
<td>White collar workers</td>
<td>412,000</td>
<td></td>
<td>591</td>
<td></td>
</tr>
<tr>
<td>Small traders and farmers</td>
<td>737,000</td>
<td>9.3</td>
<td>663</td>
<td></td>
</tr>
<tr>
<td>Employers</td>
<td>300,000</td>
<td>9.3</td>
<td>1,065</td>
<td>34.4</td>
</tr>
<tr>
<td></td>
<td>3,209,000</td>
<td>100.0</td>
<td>3,097</td>
<td>100.0</td>
</tr>
</tbody>
</table>

It is easy to deduce from this chart the unjust distribution of income existing in Chile in 1970, where 9.3 per cent of the population received 34.4 per cent of total earnings. We do not have space here to spell out the social conditions of exploitation and poverty in which the Chilean workers live.¹

The new social groupings: A minority of the working people which may be estimated as about one-fifth of the total active population live in conditions superior to those of the majority and this minority we call the new middle groupings. They are made up of university teachers, technicians and specialists employed by the government or by private enterprise. We also include under this head the students, who, as everywhere in Latin America, have strong revolutionary traditions. Contrary to the commonly held view, these groupings are not satisfied with their lot and do not have a conservative attitude towards the status quo. In general, the thinking and the intellectual development of these sectors in Chile have always led them to be at the barricades at the side of the workers, and, very often, to a position of leadership in the social struggle. The social situation of the “old” middle groupings

¹ See Chile: A New Way, by the same author, p. 15.
made up of small employers and industrialists is different. They have been gravely affected by inflation and the monopolistic character of credit control, and have been practically relegated to a proletarian position.

**The national bourgeoisie:** To our mind, it is difficult to situate precisely in a sociological sense the national bourgeoisie in the underdeveloped countries, where the foundation of this class is mixed and intertwined with the financial jungle of foreign capital. Perhaps it could be said that until 1955 there existed in Chile a national bourgeoisie with interests in contradiction to those of imperialism. But from that year onwards, the interpenetration of foreign capital-national bourgeoisie appears to have become the catalytic element in the growing process of disnationalisation of the Chilean national industry which had previously existed. In any case, the normal income of the Chilean bourgeoisie comes from share trading, real estate, foreign currency dealings, certain industrial activities which are strongly protected, and from speculation.

**The Oligarchy:** The oligarchy is made up of the landlords, bankers, the biggest shareholders in the biggest companies, and the directors and managers of these companies. Although the families of the oligarchy amount to only a tiny proportion of the population, their economic power is immense. In fact, one per cent of the shareholders have 46 per cent of the shares in the country’s private companies and 35 per cent of the banks and insurance companies. About 3000 haciendas owned by the big landlords account for 58 per cent of Chile’s agricultural production and 80 per cent of farm lands. The Big Creole capitalists based their riches on the monopolist or dominant positions they commanded in the Chilean economy. The oligarchy has business relations and interests with foreign capital, through shareholdings in foreign companies operating both inside and outside Chile. They consequently have no interest in national development separate and apart from foreign capital.

**Foreign interests** (imperialism): Through their subsidiary companies, the massively powerful North American clans participate directly in the distribution of the national income generated within Chile. The Morgan clan controls the Chilean electricity and telephone systems and the Sociedad Minera El Teniente. Rockefeller operates through Esso Standard Oil and the financial house, IBEC Chilena, which holds shares in all of the national oligarchy’s most important enterprises. The Mellon group exploits Chile’s iron ore deposits through the Bethlehem company, and is one of the most important shareholders, through the agency of Koppers, in the Compania de Acero del Pacifico. The National City Bank group owned the most important copper deposits through the Ana-
conda company and its subsidiaries and had intimate links with the Grace family which permitted it to control many Chilean industrial enterprises. Dupont has interests in Anglo-Lautaro, Sudamericana de Explosivos, and Industrias de Neumaticos, and the Ford and Boston groups in several enterprises operating within Chile. As is it to be expected, all these enterprises send home to the USA large profits. One out of every two dollars entering the Chilean economy is destined for the coffers of foreign monopolies and banks. To sum up, Chile is an important element in the general framework of the world system of imperialism, particularly in view of its copper exports, an essential strategic raw material for the world military plans of the United States government.

The Left Comes to Power: As can be seen, in the light of the country’s economic and class antecedents which we have just briefly analysed, the rise to power of the Unidad Popular coalition just over a year ago might appear as something fortuitous, in the nature of an “historical fluke”. However, the deep economic crisis affecting the whole system, which was aggravated by the reforming attempts of the Frei government, enormously facilitated the organisation, the raising of consciousness and the mobilisation of the broad masses of workers, in town and country alike.

The attractive social nucleus was the working class, with its rich revolutionary traditions. Around it gathered other exploited sectors and groupings. The political instrument and vanguard was represented by the Socialist and Communist Parties, which overcame their tactical differences, toughened their strategy for the elections, which themselves offered a way forward deeply rooted in the consciousness of the Chilean workers. The bourgeoisie and imperialism put forward two candidates in the elections of September 1970. That is, they divided their forces, committing the huge historical blunder of under-estimating the strength and development of Allende as a candidate. Thus, it was possible to realise the unlikely hypothesis that a marxist candidate, running on an anti-imperialist program, could win, in a clean popular election, subject to all the forms of bourgeois legality, the Presidency of the Republic is the most sophisticated and stable Latin American democracy.

The Unidad Popular Government: The winning of the Presidency by Salvador Allende was officially acknowledged on November 4, 1970, after fulfilment of all requirements of the Constitution, which gives to the National Congress (Bi-cameral Parliament) the right to endorse the winner in national elections. From November to August of the present year, Chile, thus, for the first time in its

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2 On the fiasco of the Frei government's attempt to "reform" the Chilean system, see Chile: A New Way, by the same author.
political history, has been governed by a Left coalition at the head of which is the marxist leader, Salvador Allende.

In this short period, important initiatives have been taken in agrarian, banking and industrial matters, and copper has been nationalised. These measures I would like to call **fundamental transformations within the concept of the bourgeois revolution**, which open the way to socialism. From this point of view, a revolution in Chile is beginning. Summing up, it may be said that these measures tend to strike at one and at the same time at the latifundistas, the monopolies, and imperialism. Let us look briefly at the way in which these transformations were carried out.

**a) Radicalisation of Agrarian Reform:** Under the cover of the old Agrarian Reform Law drawn up by the Frei Administration, the Unidad Popular government has pressed forward with the massive expropriation of more than 1000 properties in the central zone of Chile, covering an area of more than half the total cultivable land in the country. The drawing-in, mobilisation and development of the masses in the Chilean countryside has no parallel, and represents one of the most important achievements in the overall process of change in the society. This agrarian reform measure was a heavy blow at the oligarchy, which has rallied politically to the National Party.

**b) The Banking System:** Through legal processes, 45 per cent of the national banking credits has been acquired on behalf of the government, and more than 15 banks have been nationalised. Bilateral agreements with three foreign banks have broadened the financial base of the Unidad Popular government. As was to be expected, this measure greatly affected the oligarchic sectors and part of the national bourgeoisie.

**c) Nationalisation of Strategic and Monopolistic Industries:** Steel, coal and iron have been nationalised, together with the main textile industries. The procedure utilised has been government intervention in view of irregularities in the conduct of capitalist owners, or unreconciled conflicts between capital and labor. The textile monopolies and other sectors, including North American interests (electronics, for instance), have been hit by these measures.

**d) Nationalisation of Copper:** The redemption of the copper deposits, until yesterday in the hands of Yankee investors, represents the most concrete achievement of the Unidad Popular government. After long legal procedures, in the course of which Parliament modified and changed the spirit of the nationalisation law, the Chilean State came to be the sole owner of the nation’s copper. A time limit was established for the fixing of the sum of compensation and also a special court was set up to examine
the companies' claims in the event that the compensation figure was judged to be "too low or unjust". To complete the picture, mention must be made of a number of "conjunctural" measures, such as the reduction of the rate of inflation to 10 per cent within eight months, a raising of the workers' purchasing power by 30 per cent, the launching of big plans for the building of cheap housing, and the improvement of collective social services favoring especially the pensioners and deprived sectors of the rural population. Finally, in the field of international relations, Chile has shown great independence and an opening has been made towards the socialist camp, a system in cooperation with which the government has launched important plans for industrial, scientific and cultural development.

The Institutional Set-up and the Class Struggle: The peculiarity of the Chilean experiment is that all these measures, which form part of a coherent program of the government, have been realised within the old bourgeois institutional framework. Nobody could imagine that the ruling sectors (oligarchy, national bourgeoisie and imperialism), naively respecting the revolutionary process, would accept resignedly the loss of their privileges and power. Nothing of the kind is occurring in the Chile of today. We may witness how the class struggle, sometimes open and violent, and at other times silent and peaceful, is proceeding day by day in the Chilean revolution.

The institutional system rests upon three powers. There is the executive, represented by the President and his Ministers, which is an important centralising force, but is not decisive. There is the legislature, the bi-cameral Parliament, which at the present time does not represent the real balance of forces within the country. Here, the Unidad Popular is in a minority, and the bourgeoisie and imperialism have a majority. Finally, there is the judicial power, which is supposedly independent, but which is structurally obedient to a rigid class scheme. Here the bourgeoisie and imperialism have a majority. Completing this set-up is an institution very important to Chile, Le Contraloria, a sort of court, endowed with all-embracing powers, which was set up in 1927 at the instigation of North American investors, and whose purpose is to exercise rigorous control over State expenditures. It is this organisation which has the task of establishing the amount which must be paid to the Yankees by the Chilean government for copper. Here too the bourgeoisie and imperialism have a majority.

As can be seen, the Unidad Popular has very limited room for manoeuvre if it remains within the framework of bourgeois institutions. We shall observe some aspects of the way in which the
Class struggle has operated within this institutional framework. The draft law sent by the President to Parliament for the nationalisation of copper was totally denatured by the representatives of the bourgeoisie and imperialism, who left the way open for an interpretation and utilisation of the law favorable to the companies affected by the law. We should recall that the Christian Democratic Party and the National Party have a majority in the Parliament. The nationalisation of the textile industry, which is now in the hands of the workers, has been declared illegal by the Contraloria, thanks to some forms of legal interpretation. The Contraloria is controlled by the bourgeoisie and imperialism and works through certain learned persons who base themselves on "juridical wisdom".

In the matter of the agrarian reform also, bourgeois legality is protecting the latifundistas and operating against the working people.

That is, in all the measures taken by the Unidad Popular government, the bourgeoisie and imperialism have used all their still intact power in opposition, and are pushing the government to seek for illegal ways forward and thus to provide them with a moral pretext which may be used to halt the government and recover their privileges. The class struggle is the stuff of everyday life in Chile.

Analysis of the Present Political Position: The future of the Chilean revolution is being decided in the present months. The concrete fact is that political power, in this case, the Presidency of the Republic, is only a section of the real power in Chile. In September 1970, the bourgeoisie and imperialism were disunited in their fight against the working people. But now, when the mobilisation of the people is going ahead, they are showing themselves to be firmly united. That is, they are returning to the old scheme of preventing the advance of the people through the ruling Holy Alliance. The first five months of the Unidad Popular government revealed a high level of combativity on the part of the masses, both in town and countryside. But particularly from July, when there was a by-election in Valparaiso, which was won by the bourgeoisie united against the Unidad Popular government, this combativity has declined. The Rightwing and imperialism lifted up their heads again, following the psychological impact of Allende's win.

It must be clearly seen that on September 4, 1970, the people and the Leftwing of Chile won the government. They won a part of the power, a part of the access to the centres of decision-making. They did not win power. The working people of Chile still
do not have power in their hands. They have in their hands an effective instrument, the government, and if it is well used, if it is taken as an instrument of the workers, it can serve as an element to develop the work and the way towards the revolution.

As indicated above, after November 4 the government took a series of measures in copper, in banking, which had previously been the preserve of only a few, and struck at some industries, transforming them into the property of the whole people; some important landed properties were also passed into the hands of the peasants. But much more important than this, after September 4 the workers began mobilising in support of their own demands, the peasants and the Indian population for land, the citizens for their rights, and the students and small producers for theirs. This factor is the most important one in the whole Chilean process. It is the workers, trusting in themselves, and in their own organisations, selecting and striking at their enemies, who are carrying the Chilean process forward.

But since September also, the dominant sectors, the bourgeoisie and imperialism, have been opposing the government's every forward step, and the advance of the workers, along the path that the workers are taking in Chile. From September onwards, the bourgeoisie, fearful for their power and riches, have been fighting the government. If a peasant takes over a farm property, the latifundistas appeal to bourgeois legality. The workers and peasants are still advancing, but the dominant classes, from September 4 onwards, have run up their banners — the banners of legality, of private property, of law and order.

They have succeeded in preventing achievement of certain production targets, limiting production in their own enterprises, dismissing workers, organising subversion and promoting crime as last-ditch expedients. The owners of factories are not increasing production in an adequate manner; the latifundistas are sabotaging agrarian production, stopping sowing, etc. These attitudes are reflected concretely in a shortage of essential goods required by the population for their subsistence, the promotion of confusion among the masses of the people, especially the women, who, through powerful propaganda means, are being led to believe that the government and the revolution are responsible for the state of affairs.

Imperialism, which up to now has not yet raised its head in the midst of the confusion of the Chilean bourgeoisie, is now beginning to exert pressures to prevent the government from going forward with its plans and programs. The EXIM Bank has
announced that it is not going to lend to Chile previously promised funds until the exact amount is known of the compensation to be paid to Anaconda, etc., for the nationalisation of copper. That is, the domestic bourgeoisie, in close alliance with imperialism, has taken the offensive against the Chilean people with the clear perspective of stifling their struggle and disarming morally and materially the popular basis of support for the Unidad Popular government.

This situation is becoming steadily more critical and is making it more and more difficult to continue playing the Chilean institutional game. Bourgeois legality at present is operating in favor of the bourgeoisie and imperialism and consequently prejudicing the real advance of the revolutionary process. The class struggle is steadily assuming more dramatic forms, and although I cannot announce it as an ineluctable, axiomatic truth, a violent, armed confrontation daily comes close to the Chilean scene.

The Alternatives: A maintenance of the situation above described is good neither for the government nor for the working people. On the contrary, it is only good for the bourgeoisie and imperialism. The working masses in Chile are daily becoming more conscious, and are identifying more and more clearly just who their enemies are. However, in the middle groupings, there are emerging signs of a certain demoralisation, and sense of insecurity. Massive sackings, and the sudden closure of factories and companies, are giving rise to panic among the middle sectors. The bourgeoisie and imperialism, through their information channels, are projecting the most hair-raising images of the future of Chile. The workers and their parties are strengthening their positions, even though the path to be taken is not clear and defined.

In our judgment, the immediate alternatives could be:

a) Dissolution of the Parliament through a consultation or plebiscite in order to replace it with a House or Assembly of the People, a step which should be taken quickly before there is serious loss of popularity for the Unidad Popular government.

b) Give more strength to the revolutionary power through convincing the armed forces, until now loyal to President Allende, to break with institutionality and support the popular masses.

c) Civil war provoked by the bourgeoisie and imperialism supported by militarist, pro-imperialist sectors.

d) Maintenance of the social stalemate by a process of softening of the government's program, transforming the revolution into a series of social reforms, an alternative which does not exclude the possibility of a popular revolutionary uprising.
Conclusions: In the light of the developments which I have briefly summarised above, there exist two tendencies within the Unidad Popular government. There is one which is described as moderate, which seeks an alliance with sections of the Christian Democrats, in order to find a "peaceful path" out of the Status quo in which the Chilean process find itself at present. This tendency also seeks to avoid a confrontation now with imperialism, and to find a formula for payment of, and in the long run actual payment of, compensation to the nationalised Yankee companies.

The other, stronger tendency, which has greater popular support, is to break with bourgeois legality, and to bring about a radical definition in the Chilean political scene. The formula of the Socialist Party provides for no payment of compensation to the Yankee companies, and for the provocation of conflict now with imperialism.

Personally, and writing from this distance, I believe that this last alternative is the most opportune. However, it carries some intrinsic risks. The demobilisation and decline in combativity which is to be observed among some sections of the people, wrongly accepting the legalist and paternalist mentality of the government, could weigh very heavily in the event of an armed confrontation. However, the process of the political negotiations is also prejudicing and demoralising the masses, for whom their political leaders are substituting themselves. Once again, revolutionary history brings us face to face with the dilemma of whether to trust the broad masses or to confide in the people's vanguard parties the power to decide the next steps which must inevitably be taken in the difficult Chilean revolutionary model. History is open, and future events will prove the rightness or wrongness of the reasoning we are discussing here.

In respect to the conduct of the bourgeoisie and imperialism, they are biding their time, conscious that they still have many cards to play. Their power has not yet been seriously attacked, and has only been hit hard at certain points. They are not at present seeking an armed confrontation, preferring to allow the passage of time in which the government may lose support among the masses, and, under the cover of bourgeois legality, to retrieve power at the next elections. This is the present line of thought of the Chilean Rightwing. As can be seen, the workers and their parties must choose the right moment to consolidate their forces, and to jump decisively over the steel wall represented by the maintenance of the institutional apparatus, which is preventing the radicalisation and the advance of the workers towards socialism.