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## Popular Unity in Chile (1970-1973)

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Nearly eleven years after the Cuban Revolution, the socialist Salvador Allende was democratically elected as President of the Republic of Chile, heading a left-wing coalition called Popular Unity. His economic and social programme aimed to decrease Chile's dependence on other nations and the social inequality which was dominant in the country. Weakened by internal and external strife, by dissension within its own party ranks and also by popular demonstrations in the streets, the Popular Unity government faced a particularly adverse economic situation and had only carried out a part of its programme three years after its election. The government was ousted by a coup d'état on the 11<sup>th</sup> of September 1973 which brought Pinochet to power and neo-liberalism to Chile.

The overthrow in June 1954 in Guatemala of the reform government of the socialist Arbenz was commandeered by the United States who felt its economic interests were threatened by the agricultural reform programme. It opened a new era in Latin-American left-wing history. All attempts to reform social conditions by legal means were apparently destined to failure and the only hope of introducing socialism was by revolutionary means. In January 1959 the Cuban Revolution seemed to many activists to confirm this hypothesis, all the more so since, shortly afterwards, the United States embarked on a "preventive coup-d'état" policy which aimed to crush any further left-wing victories in their Latin-American backyard. On the 4<sup>th</sup> of September 1970 the electoral victory of Allende in Chile (with 36.3% of the votes, against 34.9% for the conservative right-wing candidate Alessandri and 27.8% for the Christian-Democrat Tomic) came therefore as a surprise. It illustrated the strategy of non-violent transition toward socialism as defined by the 20<sup>th</sup> Congress of the Communist Party of the Soviet Union in 1956. In his victory speech the new President insisted on the fact that his victory was both democratic and revolutionary and was going to benefit the Chilean people: "I won't be just another president. I will be the first president of the first really democratic, popular, national and revolutionary government in the history of Chile".

After two months of political negotiation testifying to the anxiety which the Popular Unity inspired within Chile as well as abroad, Allende assumed his functions on the 4<sup>th</sup> of November 1970. He announced the creation of a coalition government comprising four socialists, three communists, three radicals, two social-democrats, two independent members and one member of the Christian left. For the first time in Chile's history four ministers were former workers: the communist José Oyarce, Minister of Work and Social Planning, Américo Zarilla, Minister of Finance, Pascual Barraga, Minister of Public Works and Transport and Carlos Cortés, Minister of Housing and Urbanism. In his first public address, Allende aimed to reassure the industrial and financial sector as well as the country's economic partners and he

expressed his commitment to using only legal measures in his bid to transform Chilean society even claiming that his reforms were a continuation of those of his predecessor, the Christian Democrat Eduardo Frei, who had, he argued, only gone part of the way. Popular Unity had presented its electoral platform in December 1969 and its most significant the social and economic measures included the continuation and acceleration of agricultural reform, the complete nationalisation of the copper-mining industry and of the banks and the strategic production sector, increased wages and broader social security coverage. These were to be the key features of “Chile’s road to socialism” as presented by the new president in his first speech to Congress in May 1971.

However, when Allende came to power the economic and social situation was critical. A huge debt had been left by the Frei administration (a foreign debt of over 2 billion dollars, a budgetary deficit of 150 million dollars), the election period had been difficult, production was partially paralysed and a huge drain of capital out of the country exacerbated the symptoms of crisis in a country which already had galloping inflation and rising unemployment. In its first weeks in power the government implemented important measures to calm social unrest and to increase employment: in November 1970 political prisoners were granted an amnesty, diplomatic relations were restored with Cuba, a proposed electricity price increase was withdrawn, all part-time workers were granted rights to social security, an emergency plan providing for the construction of 120 thousand residential buildings was set in place, payment of pensions and grants resumed and three thousand scholarships were allocated to Mapuches children in a bid to integrate the Indian minority into the educational system. The following month, the government signed a protocol agreement with the United Centre of Workers granting workers representational rights on the funding board of the Social Planning Ministry, created a central commission to oversee a tri-partite payment plan in which equal place was given to government, employees and employers, sent 55 thousand volunteers to the south of the country to teach writing and reading skills and provide medical attention to a sector of the population hitherto ignored, and fixed bread prices.

Apart from these emergency measures aimed at the poorest section of the population, the government presented a broad outline for structural reform. The first element was a Keynesian-based economic recovery plan initiated by the Minister for the Economy Pedro Vuskovic, a sort of Chilean New Deal based on redistribution of wealth and an attempt to partially freeze rising commodity prices (the 1970 price increase stood at 35%). If one takes into account the salary increases introduced on January 1st 1971 and the bonuses and increases in welfare benefit, the salaries of the lowest-paid workers and peasants may have risen by as much as 100%. The consequences were immediate: a spending fever hit the lowest income groups and industrial production suddenly took off again (production increased by 10% a year in 1971 and 1972), commercial activity revived and unemployment dropped off. To boost the increase in production and avoid a commodity shortage which might have provoked escalating prices, the government provided various measures to help the small and medium sized industries: on the 3<sup>rd</sup> of February 1971, for instance, the government lowered interest rates on

loans to the productive sector from 24% to 18%. The results were rapid: within a few months, inflation dropped to 20% while unemployment dropped to below 4%.

The second element of Allende's social and economic policy was the furthering of agricultural reform. Using Frei's law of 1967, the new government appropriated and redistributed within six months nearly as many properties as the Christian democrat government had done in six years. Between 1970 and 1973 six million hectares were distributed among approximately 100 thousand peasant families who became property owners while the state took over control of larger holdings henceforth to be run on a cooperative basis. At the same time new peasant councils meant that the peasant population was to be integrated into the decision-making process on rural development. Participation in the political process was thereby opened up in a country where access to political power had been limited to a small elite.

The last facet of this ground-breaking policy was an ambitious programme of nationalisation along the lines sketched out in the Popular Unity's programme to eradicate monopoly capitalism at home and abroad. The programme began in December 1970 in the textile industry with the appropriation of Bellavista Tome, a company whose directors had almost ceased production when Allende's victory was announced in September. The following year it was the turn of the banking and chemical sector and the iron, steel and coal industries (sometimes encountering lock-ins by striking workers) and finally in July 1971 a constitutional amendment unanimously voted by the Congress provided a legal basis for the nationalisation of the copper industry. In October, Allende presented a bill on the *Areas de la economia y participacion de los trabajadores* which defined the three types of property (private, social or state and mixed) which would form the basis of Chile's socialism.

All of these reforms provoked dissent which slowed down the social reconstruction of the country. The United States felt that their interests in Chilean industry were threatened by the nationalisation policy and silently set in place an embargo on Chilean goods. In September 1971 Allende reneged on the principle of compensation for the appropriated foreign companies (such as Kennecott and Anaconda in the copper sector) on the grounds that they had made enormous profits previously, and thereby aggravated the economic war waged by the Nixon administration and decreased even further foreign investment. On the other hand the financial and industrial sectors teamed up with representatives of North American businesses such as Ford and ITT and formed a liberal right-wing, and sometimes extreme right-wing, nucleus of opposition to Popular Unity. Finally, a section of public opinion and some members of the coalition government remained convinced that only by armed means could the country be radically transformed and socialism introduced. This was the position of the *Movimiento de Izquierda Revolucionaria* (MIR) activists, whose charismatic Miguel Enriquez advocated physical elimination of the most hard-core opponents.

The increasing number of strikes organised either by employers opposed to nationalisation (notably the truck-drivers strike in October 1972 and then August 1973 led by Leon Vilarin) or by workers demanding that the socialisation of the economy be speeded up (that of the El Teniente miners in April 1973 insisting that the promised wage increases be

introduced) slowed down economic recovery in the first year and helped bring back high inflation. On top of this the global market impeded recovery: the market price of copper dropped on the international market depriving Chile of essential financial resources and preventing Allende from furthering his socialist policies. The attempt to integrate military men such as General Prats into the government and to open the coalition up to the more progressive elements of the Chilean Church did not assuage tensions. In July-August 1973 the economy was so seriously paralysed that inflation reached 320% and the budget deficit amounted to 115% of the State's receipts. Any attempt on the part of the government to boost economic revival became illusory in the context of such hostility to the Popular Unity and of its inability to maintain public order: these were the grounds on which the armed forces would justify the coup d'état of September 11.

Popular Unity was a hybrid of ideological positions, an attempt to pursue the Marxist-Leninist tradition within constitutional norms combined with an ad-hoc Keynesianism and a mystique of revolution of the Castro/Guevara variety. Because it was of such short duration and because the regime which followed it undid all the structural changes it had made, it left hardly any trace in Chilean society. Nevertheless it continues to perpetuate a golden legend of popular government and peaceful transition toward socialism, an image of the hope it gave rise to in its own time not only in Latin America but also in Europe. In the late seventies, numerous left-wing leaders took inspiration from Popular Unity on how to get into power on the basis of a large left-wing coalition, from the Italian communist Berlinguer who pursued a historic compromise with the Christian Democrats to the French socialist Mitterrand who worked with the Communist Party on a joint programme. A political myth whose ramifications go far beyond the Chilean borders, Popular Unity still awaits from historians the unpartisan analysis and appraisal it could never aspire to in its own time and has rarely been granted since.