

## International Coercion

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*Globalization is about making every country in the world conform to neo-conservative American prescriptions in macro-economic management, taxation principles, social policy, and the laws and practices governing employment while opening their markets to American investors.*

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The first country to fully embrace market-oriented reform was Chile, after General Pinochet ousted the democratically elected socialist government of Salvador Allende in 1973, with the support of the Central Intelligence Agency (CIA) and US-based transnational corporations.

During the 1960s, US corporations had invested billions of dollars in Chile, buying up most of their industries. This caused some concern in Chile, where leftists who believed that Chileans were being exploited organized strikes and demonstrations against US companies. Chile's main export was copper; but foreign companies – particularly US companies Anaconda and Kennecott Copper – owned 80 per cent of the copper production and made large profits out of it. In 1970, Allende campaigned for election on a platform of nationalizing Chile's major industries, including copper, and ensuring a more equitable distribution of wealth, as he had in previous elections.<sup>2</sup>

When it looked likely that Allende would be elected president of Chile, US corporations operating in Chile became worried that their businesses might be nationalized and put pressure on the US government to do something about it. Donald Kendall, chair of PepsiCo, telephoned President Nixon, who had once been the company's lawyer, to plead for US intervention. ITT Corporation promised US\$1 million to help the CIA stop Allende from taking power. It owned Chile's telephone company and was a major donor to the US Republican party, as well as having a former CIA director on its board. The Business Group for Latin America (later the Council of the Americas), a group of US transnational corporations – including Anaconda, ITT and PepsiCo – created by David Rockefeller in 1963, unsuccessfully offered to put up US\$500,000 for the purposes of persuading members of the Chilean Congress not to confirm Allende once he was elected. After Allende was confirmed with a large Congressional majority, it pressured the Nixon administration to impose an unofficial embargo on the Chilean economy.<sup>3</sup>

excerpt from: Sharon Beder, *Suiting Themselves: How Corporations Drive the Global Agenda*, Earthscan, London, 2006 (pages 39 & 40).

The CIA admits to carrying out a number of covert activities in Chile to try to prevent Allende from taking office. During the 1970 election, it funded and assisted opposition parties and candidates, as well as carrying out a number of propaganda activities, as it had done in previous elections. It then attempted to influence the Chilean Congress not to confirm Allende. Other measures taken by the US government included ‘cutting off all credit, pressuring firms to curtail investment in Chile and approaching other nations to cooperate in this venture’. This ‘economic offensive’, according to the US Department of State, ‘adversely affected the Chilean economy; a major financial panic ensued. However, US efforts to generate an economic crisis did not have the desired impact on the 24 October vote [for confirmation], nor did they stimulate a military intervention to prevent Allende’s accession.’<sup>4</sup>

The CIA next attempted ‘to instigate a coup to prevent Allende from taking office’. It supplied tear gas, submachine guns and ammunition for the coup, which had been ordered by President Nixon. An attempted coup did take place, during which a pro-democracy general was killed; but it was unsuccessful.<sup>5</sup> Allende became president in September 1970.

The CIA then paid US\$8 million to the media, opposition political parties and private companies as part of a propaganda effort to destabilize the Allende government. It cooperated with transnational corporations at this time. A 1975 US Department of State report stated: ‘In addition to providing information and cover to the CIA, transnational corporations also participated in covert attempts to influence Chilean politics.’ In 1973, a second coup, which the CIA says it knew about in advance but did not instigate, succeeded.<sup>6</sup>

**Table 3.1** *US techniques of covert action: Expenditures in Chile, 1963-1973*

<i>Techniques</i>	<i>Amount</i>
Propaganda for elections and other support for political parties	US\$8 million
Producing and disseminating propaganda and supporting mass media	US\$4.3 million
Influencing Chilean institutions (labour, students, peasants, women) and supporting private-sector organizations	US\$900,000
Promoting military <i>coup d’etat</i>	< US\$200,000

*Note:* Figures rounded to nearest US\$100,000.

*Source:* Select Committee to Study Governmental Operations with Respect to Intelligence Activities (1975)

The role of the CIA in Chile was clearly to protect US business interests rather than any US national interest. Chile was not thought to pose a security risk to the US, and according to CIA advice, the US ‘had no vital interests within Chile, the world military balance of power would not be significantly altered by an Allende regime, and an Allende victory in Chile would not pose any likely threat to the peace of the