

## Latin American Press Review, Program 1973-04

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- Speaker 1: Welcome to Latin American Press Review, a weekly selection and analysis of important events and issues in Latin America as seen by leading world newspapers with special emphasis on the Latin American press. This program is produced by the Latin American Policy Alternatives Group.
- Speaker 2: Many Latin American newspapers commented this week on the surprising degree of unity displayed at a UN Economic Commission for Latin America, ECLA, gathering during the last week of March in Quito, Ecuador. The wire service Prensa Latina reports that the Latin America of 1973 is not the Latin America of 1962. No longer is it Cuba alone that engages in vast economic and social transformations in this hemisphere, and ECLA must be prepared to face this new stage. This was the gist of the statements made by Cuban Deputy Prime Minister Carlos Raphael Rodriguez, head of his country's delegation to the 15th meeting of ECLA, which took place in Quito. The Cuban minister cited as facts which prove the new situation in Latin America, the process of construction of a socialist economy in Chile, the Peruvian revolutionary process and the results of the UN Security Council meeting held in Panama recently.
- Speaker 1: Rodriguez said, "We Latin Americans have come to an agreement at least on what we don't want, and that is backwardness, illiteracy, hunger and poverty, which are prevalent in practically every society in the region. Without an ingrained desire for development, without the determination and the will for development of the peoples, development is absolutely impossible," he added. He went on to say that one cannot demand sacrifices from people where 5% of the population receives 43% of the national income and 30% barely received 10 or perhaps 15%.
- Speaker 2: The head of the Cuban delegation said, according to Prensa Latina, that "accelerated development under the existing conditions implies investments that the peoples cannot tackle for a lack of resources. After affirming that, here is where international financing comes into play." He said that "As far as the great capitalist economic powers are concerned, their help should not be considered as a gift, but rather as restitution for all the pillage the Latin American peoples have been subjected to." He added, "Such financing will never be obtained without the people struggle." This report from the Latin American wire service, Prensa Latina
- Speaker 1: Chile's participation in last month's ECLA meeting is reported in the Santiago weekly, Chile Hoy, which said that, "In clear language, the Chilean delegation to ECLA described the causes of the low level of economic development in Chile in recent years. The directions undertaken by the Allende administration, the successes of these strategies, and finally, the obstacles which block this path. In our judgment," said that Chilean delegation, "a number of historical errors were committed during this century in our country, which led to negative results for the Chilean people."

"In summary, we can point out seven fundamental errors. First, the surrender of basic natural resources to foreign capital. Secondly, a narrow base for the national economy with only one industrial potential, copper, generating a national external dependence, financial, commercial, technological, and cultural dependence. Third, land ownership remained in the hands of a few large landowners. Fourth, manufacturing was concentrated in the hands of a few monopolies. Fifth, Chile fell into intense foreign debt, \$4 billion through 1970, the second largest per capita debt in the world, behind Israel. Sixth, establishment of a repressive state, which maintained an unequal distribution of income within the framework of only formal democracy. And seventh, the limited economic development was concentrated geographically in the capital of Santiago creating a modern sector while the rural provinces stagnated."

Speaker 2: Chile Hoy goes on to say that, "Demonstrating the historical failure of capitalism in Chile, the Chilean delegate showed that in the 1970 presidential elections, two candidates who won over 65% of the votes suggested two different reforms. The Christian Democrat Reform had the goal of a socialist communitarian society, and the popular Unity's goal was the gradual construction of a true socialist economy. Since the popular unity won the election, there have been distinct revolutionary changes in the government's two and one half years in power, the recovery of national ownership of natural resources, the elimination of industrial monopoly through the formation of the area of social property, which is creating the mechanisms for workers' participation, nationalization of the finance and foreign commerce sectors. The Chilean state now controls 95% of credit and 85% of exports as well as 48% of imports. Further changes are that large land holdings have been expropriated."

"The reformed sector now represents 48% of arable land, and with the passage of a new law during 1973, the second phase of agrarian reform will begin. Also, changes in international relations shown in the widening of diplomatic and commercial agreements, Chile is less dependent than before, and the diversification of our foreign relations permits us to say with pride that we are no longer an appendix of anyone. In addition, a vigorous internal market has been created raising the buying power of the people redistributing income and increasing national consumption." Chile Hoy further states that, "We are alleviating the burden of the inherited foreign debt. We hope that during 1973, we obtain the understanding of friendly countries in order to relieve our international payments problems." This report on Chile's statement at the ECLA gathering is from the Santiago Weekly, Chile Hoy.

Speaker 1: The British News Weekly, Latin America gives a more detailed account of the main issues of the ECLA Conference. "The most remarkable feature of the meeting of the United Nations Economic Commission for Latin America, ECLA, which ended in Quito at the end of March, was the degree of Latin American unity. The mutual distaste felt by the governments of Brazil and Central America on the right and Chile and Cuba on the left was no secret, and since development strategy was what the discussion was all about, a good deal of mutual recriminations might have been expected, but mutual interest prevailed. Faced by the economic power of the world's rich and particularly the United States, every Latin American country appreciated the need to stick together. Indeed, there seems to have been a tacit understanding that Latin American governments would not criticize one another. As a result, nearly all their fire was

concentrated on the US with a few broad sides reserved for the European economic community."

Speaker 2: "In fact," says Latin America, "only the United States failed to vote with the rest, including even the Europeans for the rather gloomy report on Latin America's development strategy over the past decade. One of the reports Chief criticisms was directed at the growth of Latin America's enormous external debt, now estimated at around 20 billion dollars, and it called for refinancing and even a moratorium on payments in certain circumstances. This of course affects the US first and foremost, as did the criticisms of private investment and the financing of foreign trade. But the United States ambassador refrained from the hard line retaliations that had been expected by the Latins. Instead, more in sorrow than in anger. He urged them to look at the advantages of private investment and pointed out that the US imported more Latin American manufactured goods than any in other industrialized country, and instead of voting against the report, he continued himself with abstaining."

Speaker 1: Latin America continues commenting that, "The United States was also in the firing line with the resolution denouncing transnational companies for the enormous economic power which is concentrated in them and allows them to interfere in national interest as has happened in some cases. This echoed the resolution approved at the security council meeting in Panama and coincided with the Senate hearings in Washington on the attempt by IT&T to finance a CIA operation against Dr. Salvador Allende in 1970. There was also considerable interest in the proposal put personally by the Chilean delegate, who emphasized he was not speaking for his government, that the United States and European members of ECLA should be expelled. This proposal is unlikely to be carried through, but is symptomatic of the Latin American desire to have an influential body of their own to look after their own interest without interference. It was notable too that all Latin American governments, whatever their political coloring, felt able to support the recommendation that social development and reforms should accompany economic development, something which would appear to run counter to current Brazilian development strategy," concludes the weekly Latin America.

Speaker 2: Another hemispheric meeting with important consequences for US Latin American relations was the Organization of American States meeting the first week of April in Washington. Mexico City's Excelsior comments that, "The Latin American OAS members who have recently reasserted their continental solidarity in Bogota, Panama, and Quito are now seeking US isolation from their affairs. The most recent assembly during the first week of April officially called in order to examine political, economic, cultural and administrative problems also dealt in a radical way with the entire inner American system, with the hope of reducing the influence exercise by Washington. At the last three assemblies in Bogota, Panama and Quito Washington was accused of many actions detrimental to Latin American interests, and subsequently manifested a rather hostile attitude towards the accusing countries. Came voting time, and the US abstained."

Speaker 1: "The most recent OAS assembly began and operated in the air of uncertainties," says Excelsior, "primarily because all members, including the US, realized that some fundamental structural modifications must be made, but no one was sure how to go

about initiating them. The central debate centered on two issues. Venezuela challenged the validity of the OAS mission by inviting the entire assembly to reflect on the political nature of the institution within the international perspective. The second point was brought up by OAS Secretary General Galo Plaza, who proposed a revision of the inner American cooperation system. More specifically, he proposed the prevention of unilateral services and agreements, which often have detrimental results. For Latin America. The US attitude was one of surprise, but the problem they said was not insurmountable." This comment from Excelsior in Mexico City.

Speaker 2: The Jornal do Brasil from Rio comments on the opening of the OAS meeting. "The days are long gone when the organization of American states with its orthodox image and its ideological and political unity constituted one well-tuned orchestra under the constant and undisputed direction of one director. Ideological pluralism is the order of the day in Latin America, and there is no longer any way the United States or anybody else can impose unity. The Jornal's editorial goes on to say that Brazil, though it is not encouraged or even liked the development of ideological pluralism in Latin America, must accept the facts and learn to live with them. Brazil cannot turn its back on the continent through lack of interest or resentment at the turn of events because Brazil belongs with Latin America."

Speaker 1: "The problem at the OAS meeting, therefore will be to establish new objectives for the organization. Ideological pluralism has made the OAS unfit for many of its former task, such as military planning on a hemispheric scale. However, the organization still can be used for presenting a united Latin American view to international groups on certain issues such as the demand for a 200-mile fishing limit." The Jornal do Brasil concludes that, "The OAS must change, but still can be useful to Latin nations."

Speaker 2: April 1st was the anniversary of the 1964 military coup in Brazil, which has resulted in a military government to the present time. This anniversary was treated very differently by two newspapers. The Jornal do Brasil in Rio noted the ninth anniversary of the 1964 Brazilian Revolution and in its editorial commended President Médici for emphasizing the social aspects of the Revolutions program. Médici in his address to the nation mentioned the construction of housing for low income groups, the multiplication of schools and plans for sanitation as the great accomplishments of the government installed by a military coup in 1964. These social developments are based on the economic progress of the country since '64 and will eventually lead to the complete modernization of Brazilian society and a mature political system. The Jornal do Brasil feels this is already happening and points to this year's local elections where the government party received large majorities as proof of Brazil's political development.

Speaker 1: An opposite view was given the anniversary by Campanha, a weekly newspaper published by Brazilian exiles in Chile. Campanha says, "Nine years ago on April 1st, 1964, there was a military coup in Brazil. The national and international patrons shook hands and mobilized their troops to block the struggle of the people. Today completes nine years of dictatorship, nine years of superexploitation, misery, repression, and torture. Some of the achievements of the Brazilian generals are: the working class lost the right to demonstrate or to strike. The wage control law of 1965 states that wages can only rise in accordance with the cost of living. The result of this is the decline in value of real

wages by 36% between 1958 and 1969. Because of wage controls over time is obligatory. Factory workers must work 10 hours a day. The awful working conditions and long hours are responsible for more than a million and a half industrial injuries in 1971 alone."

Speaker 2: Campanha concludes, "Nine years after the coup, we have in front of us the same task; to organize the resistance to the dictatorship, to stop the disintegration of popular struggles, to organize the resistance in each factory, in each farm, in each university, in each workplace, Chilean workers, Latin American workers. What happened in Brazil is called totalitarian. It is called superexploitation and oppression. This is what the Brazilian military dictatorship wants to export to all of Latin America. To stop this from happening, there exists only one path: to organize the Latin American working class against the Brazilian dictatorship and their sub-imperialist politics. This comment from the Brazilian Exile Newspaper, Campanha.

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Speaker 2: This week's feature deals with the recent discovery of the Nixon administration's collusion with the International Telephone and Telegraph Company, IT&T, to overthrow the government of Chilean President Salvador Allende. But surfacing also is the discovery that the US State Department and the Central Intelligence Agency massively financed efforts, which led to the defeat of Allende's bid for the presidency in 1964. Further discoveries have shown that the US government is presently working in collusion with the US-based corporation, Kennecott Copper Company, to affect a worldwide embargo on nationalized Chilean copper in an attempt to ruin the Chilean economy and topple the Allende government. The Guardian reports that US Senate hearings on efforts by the Nixon administration and US corporations to sabotage the Chilean government of Salvador Allende have begun to have repercussions. Two weeks ago, Allende announced the suspension of economic talks between Chile and the US In light of revelations during the Senate hearings on the Nixon administration's collusion with IT&T to overthrow Allende's popular Unity government.

Speaker 1: The most important new development has been the report that the top level National Security Council allocated \$400,000 to the Central Intelligence Agency for propaganda to be used against Allende during the 1970 Chilean presidential election campaign. Other testimony has revealed that IT&T offered a \$1 million fund to help defeat Allende. Edward Gerrity IT&T Vice President for Corporate Relations offered the excuse that the fund was to promote housing and agricultural grants to improve Chile's economy, but former CIA director John McCone testified that he had transmitted an IT&T offer of the money to block Allende's victory to the CIA and the White House. Former US ambassador to Chile, Edward Cory refused to comment on this or other questions at the hearings, including IT&T memos, which claimed Cory was instructed by the White House to do all short of military action to prevent Allende from taking office.

Speaker 2: Another memo from Anaconda Copper Company recounts that Secretary of State, William Rogers had raised the possibility of stopping US sales to Chile from any business company. The comment was made at a September, 1971 meeting of US companies with investments in Chile. Finally, Cory told the hearings that the CIA had commissioned a poll on the election, which predicted an Allende victory. The \$400,000 propaganda appropriation would've tried to counter that trend.

Speaker 1: The Guardian further states that IT&T is now trying to collect a \$92 million claim with the Overseas Private Investment Corporation, OPIC, a US government-sponsored institution designed to reimburse companies which have overseas assets nationalized, but at the subcommittee hearings show that IT&T helped provoke the nationalization. OPIC will not have to pay on the claim. The details of IT&T's 18-point plan designed to ensure that the Allende government does not get through the crucial next six months were exposed in IT&T memos uncovered and released in March, 1972 by columnist Jack Anderson.

Speaker 2: At that time, according to both IT&T and the Chilean government, both sides were near agreement on compensation, but the Anderson revelations of IT&T's attempts to overthrow the UP led the Chilean government to break off the talks. The UP government is now preparing to nationalize the Chilean telephone company, in which IT&T owns a major share worth about \$150 million. A constitutional amendment allowing for the nationalization is now going through the legislative process, although the government has been operating the company since 1971. In addition to its share in the phone company, IT&T owns two hotels, a Avis car rental company, a small telex service, and a phone equipment plant in Chile.

Speaker 1: Talks on renegotiations of the Chilean debt to the US and on the resumption of purchased credits to Chile began last December and resumed in March. The next day the talks were suspended by the Chilean government in response to the latest revelations. Chile owes the US about \$60 million for repayments of debt from November 1971 to the end of 1972, out of a total debt of \$900 million. Another controversial question, which the Chilean foreign minister says is now holding up an agreement, is the question of compensation for US copper companies whose holdings have been nationalized. Under a 1914 treaty between Chile and the US, the disagreement on copper compensation could be submitted to the international panel for non-binding arbitration. Chile has offered to use this means for arriving at an agreement, but the US refuses. This report is from The Guardian.

Speaker 2: "But US efforts to thwart the development of socialism in Chile are not a recent phenomenon. In a Washington Post news service feature, the post claims that massive intervention by the Central Intelligence Agency and State Department helped to defeat Socialist Salvador Allende in the 1964 election for president of Chile. American corporate and governmental involvement against Allende's successful candidacy in 1970 has been the controversial focus of a Senate foreign relations subcommittee investigation into the activities of US multinational companies abroad."

Speaker 1: "But the previously undisclosed scale of American support for Christian Democrat, Eduardo Frei against Allende six years early makes the events of 1970 seem like a tea

party according to one former intelligence official, deeply involved in the 1964 effort. The story of the American campaign, early in the Johnson administration, to prevent the first Marxist government from coming to power in the Western hemisphere by constitutional means was pieced together from the accounts of officials who participated in the actions and policies of that period."

Speaker 2: The Washington Post concludes, "Cold War ideology lingered, and the shock of Fidel Castro's seizure of power in Cuba still was reverberating in Washington. No More Fidel was the guidepost of American foreign policy in Latin America under the Alliance for Progress. Washington's romantic zest for political engagement in the Third World had not yet been dimmed by the inconclusive agonies of the Vietnam War. 'US government intervention in Chile in 1964 was blatant and almost obscene,' said one strategically-placed intelligence officer at the time. 'We were shipping people off right and left. Mainly State Department, but also CIA, with all sorts of covers.' A former US ambassador to Chile has privately estimated that the far-flung covert program in Frei's behalf cost about \$20 million. In contrast, the figure that emerged in Senate hearings as the amount IT&T was willing to spend in 1970 to defeat Allende was \$1 million." This from the Washington Post News Service.

Speaker 1: The most recent tactic used against the Allende government by the Nixon administration and the US corporations has been an attempt to impose an economic embargo against Chilean copper. The North American Congress on Latin America, NACLA, reports that, "Since the Kennecott Copper company learned of the Allende government's decision to deduct from its indemnification the excess profits Kennecott earned since 1955, the company's position has been that Chile acted in violation of international law. The Allende government determined the amount of excess profits by comparing the rate of profit the nationalized companies earned in Chile to the return on capital invested elsewhere."

Speaker 2: NACLA reports that Kennecott first tried to get satisfactory compensation by litigating in Chilean courts. When this failed, it threatened actions abroad in a letter directed to the customers of El Teniente Copper. In essence, Kennecott resolved unilaterally to try to coerce Chile to pay Kennecott for its properties. Kennecott's strategy has transformed a legal issue into a political and economic struggle. The loss of its Chilean holdings inflicted a heavy loss on Kennecott. In 1970, Kennecott held 13% of its worldwide investments in Chile, but received 21% of its total profits from those holdings. The corporation earned enormously high profits from its El Teniente mine. According to President Allende, Braden's, Kennecott subsidiaries, profits on invested capital averaged 52% per year since 1955, reaching the incredible rates of 106% in '67, 113% in '68 and 205% in '69. Also, though Kennecott had not invested any new capital, it looked forward to augmented profits from the expansion of production in its facilities due to the Chilean program undertaken by the Frei government.

Although Kennecott was hurt a great deal in losing the Chilean properties, it did not lose all. In February '72, Chile agreed to pay \$84 million, which represented payment for the 51% of the mines bought under the Chileanization plan. Chile also agreed to pay off the loans to private banks and to the export import bank that Kennecott had negotiated to expand production in the mines. Further, Kennecott has written off, for income tax

purposes, its equity interest of \$50 million in its Chilean holdings. Generally, such deductions not only mean that the US taxpayer will absorb the company's losses, but also that attractive merger possibilities are created with firms seeking easy tax write-offs.

Speaker 1: Nevertheless, the Chilean expropriations came at a particularly bad moment for Kennecott because the corporation was under attack in other parts of the world. Environmentalist questioned Kennecott's right to pollute the air in Arizona and Utah, and other groups attempted to block Kennecott's plans to open new mining operations in Black Mesa, Arizona and Puerto Rico. On the legal front, Kennecott is contesting the Federal Trade Commission's order to divest itself with a multimillion dollar acquisition of the Peabody Coal Company. In all of these cases, Kennecott has taken an aggressive position to protect its interest at home and around the world. In September, 1972, Kennecott's threats materialized into legal action, asking a French court to block payments to Chile for El Teniente copper sold in France.

In essence, Kennecott claimed that the expropriation was not valid because there had been no compensation. Therefore, Braden was still the rightful owner of its 49% share of the copper. The court was requested to embargo the proceeds of the sales until it could decide on the Braden claim of ownership.

Speaker 2: The NACLA report continues, "To avoid having the 1.3 million payment embargoed, French dock workers in Le Havre, in a demonstration of solidarity with Chile, refused to unload the freighter. The ship sailed to Holland where it immediately became embroiled in a new set of legal controversies, which were ultimately resolved. Finally, the odyssey ended on October 21st, '72 when the ship returned to Le Havre to unload the contested cargo. Copper payments to Chile were impounded until the court rendered a decision on its competence to judge the legality of the expropriation. Chile was forced to suspend copper shipments to France temporarily. The legal battle spread across Europe when Kennecott took similar action in a Swedish court on October 30th. Most recently, in mid-January 1973, Kennecott took its case to German courts.

Speaker 1: NACLA states that, "It is not easy to ascertain the degree of coordination between Kennecott and the US government on their policy toward Chile." The State Department told us in interviews that Kennecott is exercising its legal rights as any citizen may do under the Constitution, but a reporter for Forbes Magazine exacted a more telling quote. When asked if there had been any consultation between Kennecott and the State Department, the State Department spokesman said, "Sure, we're in touch from time to time. They know our position." The Forbes reporter asked, "Which is?" The spokesman replied, "We're interested in solutions to problems, and you don't get solutions by sitting on your hands."

Speaker 2: In fact, US government policies and Kennecott's actions fully compliment each other. They share the same objectives and function on the same premises of punitive sanctions and coercive pressures guised in the garb of legitimate legal and financial operations. Kennecott's embargoes will necessarily serve as a factor in the current negotiations between Chile and the US government. Whether or not the government was instrumental in Kennecott's actions, the United States now has an additional powerful



bargaining tool. The Kennecott moves were denounced by all sectors of Chilean political life as economic aggression violating national sovereignty. Other Latin American nations have also condemned Kennecott. Most significantly, CIPEC, the organization of copper exporting nations, Chile, Peru, Zaire, and Zambia, which produced 44% of the world's copper, met in December 1972 and issued a declaration stating they would not deal with Kennecott and that they would refrain from selling copper to markets traditionally serviced by Chilean exports. Such solidarity is important because it undercuts the Kennecott strategy in the present market where the supply is plentiful. Kennecott cannot deter customers from buying Chilean copper if they have nowhere else from which to buy.

Speaker 1: Even within the US, the embargo has not proven totally successful. The Guardian reports that there have been some breaks among the US banks, Irving Trust, Bankers Trust, and the Bank of America are carrying on a very limited business with Chile and various companies continue to trade on a cash and carry basis. In a number of respects, US policy has backfired. If the US will not trade with Chile, its Western European competitors will fill the markets formally controlled by US companies. The US pressure has also helped to intensify the anti-imperialist reactions of a number of South American countries within the US and its multinational corporations. The Panama meeting of the UN Security Council is just one example of this.

Every week brings new defeats for the US strategy in South America. At the recent session of the UN Economic Commission for Latin America in Quito Ecuador, South American countries unanimously condemned US economic policy toward the continent. The resolution was based on a detailed report showing how South America suffers great economic losses because of unequal trade agreements with the US. This report from The Guardian.

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