

THE CHILEAN STATE AFTER THE COUP*

by **Barrie** Henderson

Introduction

The purpose of this article is to analyse the changes which have taken place in the Chilean State since the coup of 1973, and to attempt to relate these changes to the underlying changes in the class structure and in the relationship between the State and the various social classes in Chile today.

Insofar as this is an essentially fluctuating situation, the article does no more than hint at what might be the shape of things to come. I have ignored the question of the overt acts of repression of the regime, and some of the structures which even they must consider temporary, and concentrated on the type of state which the Junta are trying to build.

The type of economic project which the military introduced after the coup, and the speed and coherence with which many of the measures needed to implement the project were put into effect, were a surprise to many. The speed-and-coherence aspect was surprising as a result of an underestimation of the extent to which the project had been prepared beforehand. The ideology of the new regime was no surprise as it merely reflected the ideology espoused by the extreme right within the coalition of forces opposed to the popular government, although now divested of all elements of liberal-democratic rhetoric that had previously been necessary, but the swift hold established on the economy by technocrats schooled in Chicago monetarism was unexpected, as was the brutal resoluteness with which their policies were implemented. It was conceivable that, in the short run at least, the state would maintain its grip on those areas of the economy that might allow them to direct the economy out of the crisis—in particular the major financial institutions. Indeed this would have been expected of a state that represented a compromise of equals within the dominant classes, or amongst those sectors that had opposed the Allende Government. But obviously this was not why they had come to power, or rather, who they had come to power for. **Before** considering why this was not the case, however, I would like to look at what has in fact been done.

*My thanks to all those whose comments and suggestions on an earlier version of this article have improved the final result.

A. *The Economic Project*

The policies which have been implemented in Chile over the past three years, represent a reversal of every tendency that had become established since the depression of the 1930's. In other words, of all those policies designed to encourage the development and strengthening of a 'national' industrial sector that would diminish the country's dependence on foreign manufacture to satisfy the demand for certain goods, provide greater employment opportunities, and finally, create an economy characterised by self-sustained growth. These policies which were not just a characteristic of Chilean development, but were shared by most of the Latin American countries with a certain industrial base, consisted of a series of conventional protective barriers and active state support for industrial development. This development process through import-substitution was quite remarkable in its initial stages of substitution of final products, but when this so-called easy stage had been exhausted, and import-substitution had to move towards intermediate and basic goods, the choice had to be made between continued protection of the national sector or growth based mainly on foreign investment. In practice, however, these two models were not exclusive and both aspects are contained in the final result. Foreign investment which had been insignificant since the depression and until the end of the Second World War, increased enormously in Latin America as a result of the 'fattening' of the internal markets which the protected industrialisation process had brought about. But it occurred within the protective framework, giving rise to the process which Cardoso & Faletto have termed the 'internationalisation of the internal market' and which many others have pointed to in recent studies on Imperialism and the new international division of labour.' Protectionist measures were, if anything, strengthened, and the problems of producing intermediate and basic goods and of controlling the penetration of foreign capital were met in the first instance by the creation of the Latin American Free Trade Association (LAFTA), and, given the latter's ineffectiveness, by creating smaller organisations such as the Andean Pact within LAFTA.

These are the tendencies referred to earlier as having been reversed in the economic project of the Junta. And the clearest indicator of this reversal must surely be Chile's announcement on the 30th October 1976 that it was withdrawing from the Andean Pact, after having championed its creation in the 1960's, because it could not agree to the restrictions imposed upon it by decision 24, regarding foreign investment, and by the Common Tariff barriers.'

Chile's new model represents a 180 degree shift away from the policies mentioned above. The protective barriers such as tariff barriers and import controls have been virtually eliminated to make way for a 'competitive market economy'. And as regards state participation in the economy, in the narrow sense of the term, the disciples of the Chicago School

have accordingly conceded only a minimum role for the state, or, to put it in their words, the state now plays a 'subsidiary' role in Chilean society. Just how minimal a role it is to play is hard to tell as I have not seen any figures comparing state investment to private investment, as percentages of total investment, that might be compared with the figures available for the end of Frei's period. These would indicate that the state was responsible for some **70%** of investment in Chile.³ Nor have I found any figures on the levels of state subsidies. There is, however, the evidence of the reprivatization of the economy. The State Development Agency (CORFO) has sold **232** enterprises it controlled in industry, finance and agriculture, to the highest bidder (although as a result of the recession most have been sold, in Frank's words, at 'bargain basement prices'). The state has maintained its control over **enterprises** in the more common areas such as telephones, electricity, steel, coal, oil, nitrate, etc. These figures do not take into account the less surprising aspects of reprivatization such as the **295** which had been taken over by the State under the UP government and were duly returned to their owners in **1973** and **1974**. The situation now, according to the Colonel in charge of CORFO, is that CORFO has returned to the dimensions it had in **1963**.⁴

Detailed figures regarding the slashing of public expenditure are also not available, but some idea of the magnitude of the cuts can be obtained from figures concerning current expenditure which show a drop of **32.5%**.⁵ I would guess that, given the process of reprivatization and lack of government investment, the figures regarding total expenditure would show an even greater drop (i.e. capital expenditure would drop further than current expenditure). And this seems to be supported by figures presented by minister Cauas. He claims that total fiscal expenditure has been reduced from **43%** of the GDP in **1973** to **27%** and that the fiscal deficit has dropped from **24%** of the GDP to **2.7%** in the same time period. If his figures are to be believed, then one must also take into account the fact that between **1973** and **1975** the GDP fell by **11.03%**, having risen **4.3%** between **1973** and **1974** and fallen **14.7%** between **1973** and **1975**. This means that if we take the GDP for **1976** to be the same as in **1975** (and there seems no indication of an overall improvement, notwithstanding the recent minimal reactivation) we find public expenditure down by **44.13%**.⁶

Wages and unemployment are the other two crucial elements in the Chicago model. Figures on unemployment show a rise from **4%** to approximately **20%**, but only reflect the situation around Santiago, which has traditionally had the lowest unemployment in the country, and, furthermore, they do not include those workers who are on the Government's Minimum Employment Plan (it is estimated that their inclusion would push the figures up over **5 percentage points**).⁷ For manual workers the figures are even higher rising to **23%**.⁸ And hand in

hand with the rising unemployment goes the drop in real wages which have dropped 44% between 1972 and 1975.⁹ This figure is dramatic enough but it pales when compared with the Jesuit magazine *Mensaje's* calculations concerning the minimum wage which they estimated had lost 60% of its value by December 1975, compared with 1971-72 levels.

More recent calculations by the same magazine, concerning the general wage levels, reveal that they have remained relatively constant over a twelve month period (Sept. 1975 to Sept. 1976), with a slight improvement in the levels of minimum wages. According to the author of this report, this means that 'if a minimum wage allowed a person to live decently for 15 days a month in Sept. 1975, then a year later it would have permitted 16 days'.¹⁰

The redistributive character (in a regressive sense) of the project is all too obvious and the figures certainly do not contradict this fact. The distribution of National Income between wages and social payments, on the one hand, and the income of enterprises and rent, on the other, had shifted from 61.7% and 38.3% in 1971-72 to 41.6% and 58.4% in 1973;¹¹ and even further in 1975 if we consider the figures provided by Frank in his second open letter to Harberger and Friedman. Frank claims that 'the upper 5% income receivers' share of national income has risen from about 25% to about 50% while the share of national income going to wages and salaries, which was 51% in 1969 under the Frei Administration, and which was raised to 64% in 1971-72 by Allende, has now been compressed to about 38% in 1974-75 by military force and the "free market" of the Chicago/Junta economic policy'.¹²

Reaction and Continuity

The speed and coherence with which the economic policy was implemented made the supposition of a detailed plan hatched before the coup a likely one and positive proof of this may well be the economic plan referred to in the U.S. Senate's Select Committee's report on the activities of the CIA in Chile.¹³ One must return therefore to the question posed at the outset regarding the reasons for the choice of this model rather than an alternative one.

The answer to this question has two aspects: the first is what we might call the anti-predecessor aspect, that is to say, the monetarist solution represented the opposite to everything that had gone before. This by no means explains the choice of this project but certainly helps explain the zeal with which the policies have been implemented regardless of some of their consequences (or to use a common Junta expression, 'regardless of the social costs'). The second aspect, and a far more important one, is related to the problems of a dependent or peripheral capitalist country that had exhausted its possibilities of expansion under the import-substitution model as seemed to be indicated by the stagnant character of

the economy at the end of the Frei administration. Exhausted, that is, unless there was a severe restructuring of the economy. In the 60's, the emphasis of foreign investment had switched in the larger Latin American economies from the traditional primary activities to manufacture. This was also true of Chile although the process was certainly not as marked as in Argentina, Brazil and Mexico. In fact US investment in manufacture in Chile represented 7.2% of total investment in 1966, compared with 3% in 1960—still a fairly small percentage.¹⁴ But far more important than the percentage of foreign investment that had turned towards manufacture (more important, that is, from the point of view of the argument that will follow) is the *control* that foreign capital achieves in the industrial sector. ”

The point that is being made is that notwithstanding the relatively minor role which foreign investment grants Chile in its overall investment in the industrial sector in Latin America, the dominant fraction within the power bloc (economic dominance) is international capital, or rather, *internationalised* capital (insofar as one is really pointing to an alliance between a sector of the domestic bourgeoisie and international capital). And in this sense Chile was not an exception to the process of ‘internationalisation of the internal market.’ It is this fraction that has now established or is attempting to establish, its hegemony within the power bloc (political hegemony).¹⁶ One could say that the coup was, to summarise, simultaneously a reaction by the power bloc against the threat posed by Popular Unity and the expression of a new hegemonic fraction within the power bloc. This is why the policies appear as an undoing of the efforts of the last 40 years, because the fraction that was consciously built up under the protective wing of the State is now the same fraction that must be sacrificed for the imposition of a new pattern of accumulation whose cornerstones in the Chilean case are, according to Valenzuela: (a) a drastic increase in the rate of surplus value, which in Chile has been achieved primarily through an increase in the rate of absolute surplus value (in this case reduction of real wages and increase in labour time), (b) an equally drastic increase in the degree of monopoly, (c) a consciously provoked realisation crisis, which is merely the mechanism by which the previous objectives are achieved.¹⁷

It is clear, then, that the policies implemented by the Junta are not the result of ideological and political myopia as many claimed at first (and some still do, especially amongst the excluded fractions of the power bloc). The recession will effectively liquidate certain sectors of domestic industry, especially the weaker non-monopoly sectors who will also suffer the most from Chile's withdrawal from the Andean Pact and from the ‘opening’ of the economy to foreign investment and to imported goods.

B. *The Political Project*

But it is not only the reprivatization of the economy and cuts in public spending, etc. that characterise the present Chilean State. These characteristics tend to give us a picture of a shrinking state which is in many ways deceptive, insofar as one certainly cannot equate the degree of state intervention in the broad sense of the term, with the extent of public sector investment, expenditure, etc. In other words, the State, while appearing to withdraw from the economic arena can maintain an equally strong, or indeed stronger, intervention in the accumulation process albeit by more indirect or less obvious means. This, I believe, is the reality of the present Chilean State and it is to the type of regime necessary for this new reality to be implemented that I would now like to turn my attention, i.e. to some aspects of the reorganisation of Chilean politics and the State.

Schmitter, in an article on the evolution of Brazil since the 1964 coup which he describes as a process of 'portugalisation', lists some of what he considers to be the more 'specialised structures of authoritarian rule', where he includes corporatism, centralisation, depolitisation, monopolistic party system, and so on.¹⁸ I would like to look at these characteristics one by one and will consciously avoid a consideration of the adequacy of labels such as *fascist* or *dependent fascism* in characterising this regime.

I will begin by considering the question of corporatism which is extremely important in that it is at the centre of the debate concerning the nature of the Chilean State.

Schmitter provides a useful definition of corporatism in that it fixes its characteristics as a form of interest representation, its consequent connection with the State, and does not tie it to any particular type of regime. In his article 'Still the Century of Corporatism?' he argues 'that the corporatisation of interest representation is related to certain basic imperatives or needs of capitalism to reproduce the conditions for its existence and continually to accumulate further resources.'¹⁹

He defines it in the following way:

'Corporatism can be defined as a system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the State and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.'²⁰

This definition is intended to cover what he sees as the two main types of corporatism, namely, *state corporatism* and *societal corporatism*, but it is the former with which I shall be concerned as a feature which is typical of the *post-coup* Chilean State and which Schmitter himself sees as the form of corporatism which emerges as a result of 'delayed *dependent capitalism*'.²¹

If one considers these views of Schmitter in the light of what has occurred in Chile since the coup, it is obvious that the main thrust of the policies implemented has been an attempt to regiment the organisation of labour and to destroy all independent manifestations of its organisation. On the other hand, the employer's organisations have apparently not been troubled by state interference. This, together with the fact that corporatist organisations have little or no effect on public policy, has given rise to the following criticism from O'Brien:

'If, as Schmitter suggests the ultimate effect of State-imposed corporatism is primarily to suppress independent workers' organisations and replace them with a more compliant substitute; if the ultimate effect is not to break down horizontal class barriers and achieve a reconciliation between classes but to reinforce the power of employers over individual firms and the power of state-employed technocrats over society as a whole; if corporatism has above all "advanced and facilitated. . . that process whereby state executive power becomes progressively more independent from accountability to organised social groups, that Marx so long ago suggested was the crucial element in authoritarian rule"¹²²—one wonders, why call it corporatism at all? The theory of corporatism is after all supposedly that by organising a political system in which workers and capitalists as well as other social categories are formally represented on an equal basis, the state apparatus can achieve a consensus and unity overriding class divisions. The key feature of "State imposed corporatism" as Schmitter analyses it is not the harmonisation of the interests of different classes through their open and equal representation at the political level but "an attempt to undermine the cohesion and capacity to act of the proletariat and even of the bourgeoisie" by an all-powerful State. "Corporatism" may be an important feature of the official ideology of such regimes, but it is scarcely an accurate guide to their practice, as Schmitter himself admits.¹²³

Of the two criticisms only one of them presents a real problem, that is, the degree of influence which corporatist organisations have on public policy. The other criticism merely reflects a characteristic disjuncture between an ideology and the practice it effectively disguises, and would have equal force if levelled at German Nazism, Italian Fascism, or coming closer to the case in point, at the Franco regime. In all these regimes there was a great deal of corporatism in the ideology and very little in their practice if one is to accept that corporatism is the form of representation which these ideologies claim it is, i.e. one which reflects national unity, integration and the end of the class struggle artificially created by the 'marxist cancer'.

The second criticism concerning the degree of influence which these bodies actually have on public policy is another matter. And here I would contend that while one accepts the definition of corporatism as a particular organisation of interest representation, one is not necessarily forced to concede that these articulated interests must be influential. In fact I would argue that the opposite is true—that corporatism is an ideological form of

interest representation understood as some form of political participation, while a very real form of interest articulation, or, in some instances, of interest disarticulation. This is not to argue that no corporate bodies are influential or have a bearing on the policies produced at the level of the State, but that their influence, weight, control, etc. is not primarily a result of their organisation in a corporate form—rather that it is the particular interests that are organised in or predominate within these bodies that determines their influence. When saying this I am thinking primarily of corporate bodies which claim to be the embodiment of 'class harmony', but it would also be true in those cases where the bodies seem to represent a single sector of society such as employers' organisations or official trade unions.

In the Chilean case there are two main bodies operating at entirely different levels which claim to embody the *unidad patria* or unity of the motherland, as opposed to class organisations. The first of these is the Council of State which is composed of ex-presidents and certain 'notables' named by Pinochet, including a notable labour representative, one from the 'collegiate organisations' of the professions and a representative of the employers.²³ One cannot actually measure its influence but, it seems to be even more of a rubber-stamp organisation than the Spanish Cortes under Franco. It can only consider matters submitted to it by Pinochet and then recommend a course of action or give an opinion which is secret (as are all the actual proceedings) unless the President of the Junta decides to the contrary, as he did with great alacrity and orchestrated applause, when he submitted the proposed reforms of the Labour Code for consideration by the Council. In a recent speech, however, Pinochet has suggested that the Council will become the basis of a Legislative Assembly that will also include certain elected members. This has provoked a debate regarding the question of representation within this assembly to which I shall return when considering the military's views, and measures, on 'depoliticisation'.

When the Council eventually gives its opinion on the proposed reforms, and they are approved as they stand or with certain modifications, the Decree which brings into force the new Labour Code will also give birth to the Social Charter of the Enterprise which was cynically approved as a great contribution to industrial democracy on May Day, 1975.²⁴ The Decree that approved the Social Charter has a transitory article which suspends its force until the approval of the new Labour Code, as the Government obviously did not reckon with the determined opposition to the reforms from the great majority of organised labour. And it is the restructured organisation of labour which represents the second main corporate expression of the Chilean State.

The reforms envisaged by the military for the union structure would, it seems, be as follows:

1. There will be ample freedom to create unions, to become affiliated to those already in existence, to pull out of the latter, or to remain outside union activity.
2. Unions may be formed by branch of economic activity, and only in exceptional cases can they be formed on a **plant** basis within enterprises with over **300** workers.
3. The payment of official union dues is established even for those who are not affiliated, in which case the dues will go to an occupational training fund.
4. Unions may form federations, and the latter may form confederations, but always within the same economic activity.
5. So as to avoid political interference, union activities are declared incompatible with public or political functions.
6. Government services may also form unions, but without the right to collectively bargain their working **conditions**.²⁵

The basic intention behind these reforms is hardly a mystery: the creation of the conditions for dividing the union movement, discouraging union activity and encouraging the formation of parallel organisations, and the creation of 'occupational' or 'functional' organisations which can only operate outside the work place, rather than 'class' organisations which exist within the unit of production and across various occupations or branches of economic activity. In short, the idea of *sindicatos verticales*, and the Junta have never been ashamed of their ideological debts to **Spain**.²⁶ This would be the new type of union structure but in addition to this there are of course the restrictions on the right to strike.

'Strikes will not take place when the activities in question are of strategic importance either for national security or for the country's economic stability. By Supreme Decree. . . the Ministry of Labour and Social Welfare will determine the activities included in this category. . . In the case of strikes in activities which affect health, or social or economic conditions, or that harm the collectivity or a part of it, or that affect the security of the country, the Government can order a suspension of the **strike**.'²⁷

In his last Presidential address Pinochet adds the following statement regarding labour rights:

'Regarding the question of labour, we would like to single out as an example of historical progress the consecration within our constitution of obligatory formulas of conciliation and arbitration that tend towards the peaceful solution of labour conflicts. In any case, strikes will not be permitted in any enterprise or service whose working is vital to the nation. Indeed one cannot lose sight of the fact that while strikes arose as a just response by labour to counteract their greater weaknesses in the face of the employers, today's world makes it necessary for this mechanism to be superseded by juridical methods that are capable of justly solving these conflicts by means of tribunals of "experts"'.²⁸

So obviously the Junta is to attempt to regulate or bureaucratise class struggle in Chile.

The Social Charter of the Enterprise creates the institution which will (or rather will attempt to) replace the union within the individual unit of production—the Enterprise Committee (*Comité de Empresa*). As was the case in Spain, the enterprise itself is headed by the *Jefe de Empresa* who is also the head of the Enterprise Committee. In the words of the Charter he is

'the person of greatest executive rank, representative of said enterprise and responsible for the decisions concerning its operation: whether he be referred to as the President, Executive Vice-President, Manager, General Director, Administrator, or in any other manner.'²⁹

The Committee is established very clearly for the purpose of information, and for the exchange of opinions, and not for decision-making or bargaining. Throughout the section of the decree that refers to the committee (art. 13 to 23) it is made clear that the purpose of the committee is to keep the worker's delegates, who cannot be union officials (*dirigentes*) informed of certain matters of policy, production, economic situation, etc.; it is also fairly clear that the delegates cannot do much more than listen or perhaps make a comment or two. The situation is described rather well by the then Minister of Labour, Nicanor Diaz Estrada, in an explanatory document circulated to organisations of employers and workers before the charter was officially decreed:

'As you can see, there are no matters for collective bargaining within the Committee. Those matters which are conflictive, such as collective bargaining, must be considered outside the enterprise leaving for consideration within the enterprise, to this Enterprise Committee, those matters which are capable of harmonising the actions of workers and employers for the achievement of a true integration and a true solidarity in this search for the common good of the workers and employers that form part of this team—the enterprise.'³⁰

There is also provision for one of the delegates from the committee to sit on the governing body of the enterprise, which is probably what prompted the Minister of Labour to state that 'some might find this document too revolutionary. . .!' [sic]³¹ He goes on to say that 'the totality of these projects are the basic organisms we will create to modify the structure of this society and, at the same time, change the mentality and attitude of Chileans so that we can face with constructive determination our relations within society.'³² And he ends with a classic statement of the corporatist view of society ' . . . the *patria* [motherland] is a total unity, in which all individuals and classes are integrated. The *patria* cannot be in the hands of the strongest class or the best organised party. . .'³³

This statement is classical in a literal sense as it is a word for word reproduction of part of the speech given by Primo de Rivera at the

founding ceremony of the Spanish Falange.³⁴

The importance which the government attaches to the Enterprise Committees might give us some measure of how necessary they are to their political project—if for no other reason than that they preclude, or at least tend to hinder, the appearance of other types of committees that might be capable of organising workers in directions other than those intended by the Junta. And this importance I think, is manifest in their decision to decree the full force of that section of the Social Charter of the Enterprise which refers to the committees before implementing the rest of it.³⁵

The second characteristic that Schmitter points to is that of centralisation and there cannot be as much of a problem in seeing how this applies to the Chilean State. Chile has traditionally had a centralised state in the sense that central government has been all-powerful in relation to local government—the latter being mere geographical extensions of the former. But this is of no great consequence. The centralisation that is important is the replacement of a 'competitive' liberal-democracy by a single ruling body which assumes both the executive and legislative (and to some extent the judicial) functions of the previous political system. The Armed Forces become the dominant apparatus within the machinery of the state, thus establishing their control over the administrative bureaucracy. At the top we have the Junta in which there is an undisputed predominance of the military followed seemingly by Navy, Air Force and Police.³⁶ This is what has given Pinochet the title of President of the Republic and Supreme Chief of the Nation. The rest of the Junta act as a sort of legislative body in charge of certain areas of policy-making which are formalised in legislative commissions each of which have parcelled out to them in effect whole areas of policy as follows:

- Commission 1: Finance, Economics, Development & Reconstruction, Mining and Foreign Affairs—in the hands of the Navy (Admiral Merino).
- Commission 2: Internal Affairs, Labour and Social Security, Education, Public Health and Judiciary—headed by the Air Force (General Leigh).
- Commission 3: Agriculture, Colonisation, Public Works, Housing and Urbanisation, and Transport—under Carabineros (General Mendoza).

There is also a special legislative committee for National Defence, (Commission 4), presided over by the Navy, although as mentioned above, the military (through Pinochet) hover over all these commissions.³⁷ It is interesting to note the way in which the tasks have been farmed out. All the economic area in the hands of the most reactionary branch of the Armed Forces whilst Leigh, who has always been considered the prototype fascist in that he has often voiced his dismay at the 'social costs' and

disintegrating effects of the economic policy, and has been the government spokesman on the question of 'social development', is left with labour and social security, education, and internal affairs. It is also interesting to note that 'centralisation' as outlined here, simultaneously implies 'fragmentation'. This idea of 'fragmentation' within the State Apparatuses is a crucial element in Poulantzas' view of the weaknesses of 'military dictatorships' which I will return to briefly at the end.³⁸

Depoliticisation

One of the most characteristic elements in the Military's justification for their intervention is that which relates the coup to the inability of the 'politicians' to control events. There is a phobia expressed against 'these demagogues' which is highly reminiscent of the classical fascist regimes and which has been pointed to as a typical element of middle class or petty bourgeois ideology.³⁹ Obviously this phobia is extended to the system which allows the development of such individuals and of the practices which they foster—liberal democracy. The latter is seen as a political system which is essentially disintegrating, insofar as it allows the appearance within it of its own enemies, i.e. of sectors of society bent on destroying the system from which they benefit. And beyond this rather obvious objection, they view the system as tending towards disintegration as a result of the institutions through which interests are articulated, channelled or represented under this system—the traditional political parties of liberal democracy.⁴⁰ In the words of the last Presidential address:

'One of the major crises of contemporary democracy lies in the fact that, under the protection of inadequate constitutional systems, political parties have generally been transformed into power-seeking machines in which a small group of officials, with no legal title or responsibility, vitiate and condition popular participation.

By making power an end in itself... they stimulate artificial and rancorous divisions between members of a national community, thus weakening the essential vigour and cohesion that this community needs for the purpose of preservation against totalitarian or subversive attacks.⁴¹

Elsewhere, one of the Junta's most prominent civilian ideologues, Jaime Guzmán, has described liberal democracy as a 'Liberticide' system thus implying that real democracy is in need of constant protection.⁴² This idea is also echoed in the above-mentioned address under the appropriate heading of 'National Security': '... the new institutionality is conceived on the basis of a new democracy that is capable of actively and vigilantly defending itself against those that seek its destruction.⁴³

The implementation of these ideas has so far gone as follows: Initially, that is, just after the coup, all political activities were banned. The country was declared to be in a State of War on the basis of which a

State of Siege was decreed and all political groups or parties representing 'the enemy' were outlawed. The remaining parties, that is, those representing the so-called 'democratic' sectors were declared in recess. All institutions were purged of undesirable elements but those affected most were the administration, the labour organisations and the universities. In addition to this the media were placed under the strictest of censorships and all the left-wing press was closed down.

All this has remained unchanged to date with one exception, and that is the gradual extension of the repression to sectors representing not just the dominated classes but also the excluded fractions of the dominant classes that were mentioned earlier, in particular the Christian Democrats, who were fairly quick off the mark in their criticism regarding the economic policy and the dire effects it would have on national industry. If one looks at the Christian Democrats' relationship with the regime, one can see a gradual deterioration which resulted first in the harrassment of these sectors and their inclusion in the previously mentioned purges and later in their being deprived of all their legal means of political expression. First they lost their daily paper, then their radio station was regularly closed down for short periods because, it was claimed, it had violated the political recess; finally, the station was closed down indefinitely for the duration of the State of Emergency, even though it seems that certain managerial changes had been made to tone down the criticism. The Party's journal *Política y Espíritu* was closed down and its editor, who was also the party's leading ideologue, was unceremoniously expelled from the country for allegedly subversive activities and contacts. In addition to this, the magazine *Ercilla* was taken over by the country's leading financial group, commonly known as the 'Piraiias' group, and not long after the bulk of its journalists were forced to resign. The magazine, though formally independent, definitely represented the views of a sector of the Christian Democrat Party and published a fair amount of critical material. The final blow, however, was the outlawing of all political parties at the beginning of March. While the decision is disguised as a general measure, there is no doubt that it was directed at the Christian Democrats, who were accused of plotting against the government. This provided the necessary excuse for the government to extend the State of Siege for another six months, but can hardly have caught the Christian Democrats unaware as the Junta had already made it quite clear that there was no room for the old style parties in the 'new democracy'.

'The advances made in this period in the creation of a new institutionality, demand the future configuration of a legal order in which it must be clear that the traditional political parties, at present in recess, cannot have a place, nor could they have one, because their structure, leaders, habits and mentality were formed under the inspiration of an institutional regime which is now definitely dead.'*

Thus, as I mentioned before, repression is directed at both the dominated classes and at the excluded fraction of the dominant classes in the military's depoliticisation project.

The Junta does conceive the existence of parties within its new democracy although they bear no resemblance to the parties it condemns and will be mere 'currents of opinion' rather than 'groups that seek power for their own particular benefit.'

As a result of the announcement regarding the legislative assembly, a debate has arisen within those circles that are still able to voice an opinion as to the character of representation under the new institutionality. The poles of the debate are the Catholic Church, representing the view that representation should operate along the lines of a pluralistic party system, and the fascist party 'Patria y Libertad' (Motherland and Freedom), whose leader believes that it is dangerous to give 'currents of opinion' an organic role within the political system. He believes that no form of parties should be allowed to exist within the new institutionality and that the legislative assembly should be elected from 'working men's organisations'.

The line taken by leading government ideologues such as Guzmán, Diez and others, is that which the government has put forward, and they explicitly reject the notion of replacing political parties (their 'currents of opinion') with working men's organisations, because, they claim, it is impossible for organisations that are conceived for the purpose of defending particular interests to overcome this limitation and view problems from the point of view of the 'common good'. Thus, electing legislators along these lines would be extremely divisive and reintroduce the same vices of the previous political system. By the same token they obviously reject the views expressed by the Church hierarchy, with whom relations have at best been cool.

How one avoids the transformation of the new-style parties into the old-style parties is insinuated by Guzmán:

'... this depends, basically... on the electoral system that is employed, on the structure and generation of the legislative organ, and, to a lesser degree, on the juridical status of the parties.'⁴⁵

And their rationale for an acceptance, or future acceptance of these currents of opinion is that

'... historical experience has shown that only those military regimes that know how to integrate civilians and make them participate in their task, are capable of transcending beyond being merely administrative governments and of making a stable and lasting contribution to the nation's civic evolution.'⁴⁶

It would seem from all this that the Junta's view of future Chilean

politics is one in which the military apparatus is the constant overlord, with officially recognised licensed or tolerated movements expressing the points of view of what they term the 'intermediate bodies' of society and in this way guiding or aiding the Armed Forces in the task of government. What form this will take, beyond what I have just said, is impossible to guess. Brazil has served, to use O'Brien's expression, as a 'glittering model' for the Chilean regime but one cannot tell whether they intend to install some form of official **government/opposition** system along the line of ARENA and MDB (given recent developments in Brazil this would seem unlikely). So far there is only one movement tolerated by the military—the Movimiento de Unidad Nacional—and its various fronts, *i.e.* the Labour Front, Women's Front, Youth Front, etc. and lately (and rather ominously) the Neighbourhood Front. The government's attitude towards this movement has varied from being 'grateful' that a movement with these characteristics (namely unquestioning support) has been **formed**,⁴⁷ to the present attitude where

'the government looks upon the progress being made by the Movement of National Unity, through its various autonomous fronts, with satisfaction and hope, as this reveals that civilians spontaneously understand that there is a need to organise in a civic-patriotic rather than a party framework for the purpose of defending and projecting the 11th of September.'⁴⁸

How important this organisation or any of its fronts are, or will be, is a difficult question. It has been argued that they are relatively unimportant insofar as they have no mass base, and that they exist principally to provide formal proof of support for the **Junta**.⁴⁹ And in a sense this is true. The MUN certainly bears little resemblance to the fascist parties of Europe, and the strong middle class movement that was mobilised against Allende's government has been allowed to dissolve without any great attempt to integrate them into the party. But then its tasks are quite different to those which faced the parties of Europe. It is not, of course, a party with its eyes on the capture of state power. Nor is it a party that can put forward a programme that ignores the dependent nature of the Chilean economy, and mobilise the petty bourgeoisie behind a 'nationalist' expansionism. In any case, while I agree that there are great differences between MUN and the classical fascist parties, I do not agree with the idea that the principal function of this party is to provide formal proof of support for the regime. This is certainly an important function, and probably very much in the minds of the people who created this movement. The principal role of these organisations, however, lies in the occupation of a political space—a point Schmitter has made in relation to the party or parties of 'authoritarian' regimes.

'In fact, one could argue that the primary function of party in a stable authoritarian regime is to do as little as possible but to occupy a particular

political space in order to prevent less subservient, more competitive organisations from forming.²⁰¹

I think this is also true of the corporate institutions mentioned earlier (in particular the labour organisations) and perhaps the best indication of the fact that they do occupy a 'space' is the immediate dilemma that has faced most left-wing organisations that have had to confront them, namely that of deciding to what extent it is necessary to work within these institutions. If one were to draw an example from British politics, could one not argue that 'entrism' as a political tactic arises (rightly or wrongly) as a result of the occupation of a political space by the Labour Party? This might immediately raise the question or objection that the Labour Party occupies a political space due to its *success*, a fact which would be true for many Western European countries. And consequently that MUN would have to successfully mobilise wide-spread support, or at least more than it has now, before it could preclude the formation of other groups. In a sense this is true, but it is also true that, under the repressive regimes that one is talking about, the political 'space' is no longer the same (in keeping with the image one could say it is *reduced*).

In saying this I would obviously add to Schmitter's list of features of these regimes their permanently repressive nature. Notwithstanding the differences that exist amongst fractions of the dominant classes, and no matter how acute these may be, it is still true to say that the principal reason for the existence of these regimes, and for the creation of these new institutions, is the need to disarm the working-class movement. And nowhere is this more evident than in the case of Chile.

Amongst the different commissions set up to propose reforms for Chile's entire legal structure is one in charge of formulating a National Security Code where this ultra repressive character will be duly consecrated. The Code will undoubtedly sanction all the institutions set up for purposes of National Security up to now, in particular DINA, the notorious political police, and formalise in legal terms the arbitrariness that masquerades in Chile as the 'principal of authority'. The police-state aspect of Chile, however, is the one with which people are most familiar as it has been the dominant theme of the solidarity campaigns and it is not my intention to go into it here.

Conclusion

This then is the political model which the military have in mind. I have pointed to some of the changes in the Chilean State that have resulted from this new project, while there are still many that will have to take place and which will reflect the capacity of the power bloc (of its dominant fraction) to impose this new 'project' both in its political and economic aspects.

It is to the problems facing them in the imposition of this project that I will turn briefly.

One of the preconditions for the working of the new model of accumulation is a substantial inflow of foreign investment, and how could it be otherwise in a country where as we saw earlier the State played such a massive role in internal investments, and where, given the realisation crisis, there is little investment in productive sectors and capital tends towards more profitable speculative areas. The question which immediately faces anyone concerned with the viability of this model is related to the likelihood of this foreign investment materialising.

It has been argued that it is highly unlikely that foreign investment will flow to Chile in any significant amounts, at least not into the industrial sector, and that the military's model is not an industrialising one at all but rather a model aimed at reintegrating Chile into the world market as a primary goods exporter.⁵¹ It should be obvious, from what was said earlier, that I consider this argument misleading in that it fails to differentiate within the industrial sector, between 'monopoly' and 'non-monopoly' capital, 'national' and 'internationalised' capital, etc.⁵² But whether industrialising or not, the model obviously does not emphasise the internal market and growth is envisaged as export led (at least in the short run).

As regards Chile's capacity to attract foreign investment, I prefer Valenzuela's more cautious formulation. The latter distinguishes between foreign capital with what he calls an 'exporting vocation' and foreign capital interested in supplying the internal market. He dismisses the second of these categories as highly unlikely given the relatively small size of the Chilean market. As he puts it '15% of potential buyers in Brazil amounts to some 15 million individuals. The same 15% in Chile would only amount to 1.5 million.'⁵³

In relation to foreign capital which might be interested in using Chile as a base for export operations he leaves the question open because to answer it would require a detailed examination of what Chile has to offer in comparative terms. Obviously one must also consider the wider context in which these economies are inserted before one can grasp the viability of any of these models, but the fact still remains that this would seem to be the factor on which the model pins its hopes. This is what has led many observers to say that the present regime is intent on transforming Chile into a South Korea, Taiwan, Hong Kong, etc.

If this model were not relatively successful the only alternative would be a return to internally oriented policies—*areversal* with implications which go far beyond a mere ministerial shuffle. This may seem a very black and white way of seeing the question and it might be argued that there is no reason why we cannot envisage a regime flexible enough to carry out the readjustments before it became unable to cope with them. And here we

touch on the question of the political problems of the model.

The central problem for the regime is that there exists under a 'military dictatorship' no institutional way in which the State could switch its favours, accommodate or renegotiate political leadership within the 'power bloc'. The State-class relationship under this regime is quite different from the previously existing arrangement. The 'function of hegemony or political leadership exercised by parties'⁵⁴ as Gramsci puts it, is no longer exercised by these bodies and must be located elsewhere.

Poulantzas has made a substantial contribution in his *The Crisis of the Dictatorships* where he states that

'In point of fact, one of the functions of the parliamentary-democratic state (universal suffrage, pluralism of political parties and organisations, specific relationships between the executive and parliament, judicial regulations of the respective spheres of competence of the various state apparatuses and branches), is to permit the balance of forces within the power bloc to change without a serious upheaval of the state apparatuses.'⁵⁵

And although the objective under this form of State is only partially achieved, he adds '... this proves totally impossible in the exceptional form of State.'⁵⁶

The reason for this last statement is that because these regimes come to power to overcome a crisis of hegemony, or to put it another way, to watch over and actively favour the consolidation of a new hegemonic fraction, they are born with a rigidity which results from the changes they are forced to introduce so as to implement this new project of domination. In Poulantzas' words this 'congeals, at the very heart of the State, the balance of forces to which it originally corresponded.'⁵⁷

This may well phrase the matter too strongly but I think it puts its finger on the crucial question. This rigidity is expressed, or results in, the shifting of many of the functions of parties, as means of political representation to various branches of the state and in particular, for the case I am considering, to the military. Schmitter has argued that 'the military are Brazil's real monopoly party' in that 'the essential party functions of interest aggregation, candidate selection and succession management have all been usurped by executive security institutions.'⁵⁸ Kaplan, in trying to make the case in favour of the extension of the term fascism to describe Latin American regimes, of the Brazil, Uruguay, Chile, Argentina variety, argues that 'to the militarised party of European fascism corresponds the politicised military of Latin American fascism.'⁵⁹

And finally, Poulantzas asserts that 'in the absence of political parties, it is the military that becomes the privileged apparatus of political organisation for the power bloc.'⁶⁰

This is what I meant when I stated earlier that centralisation as a feature of the Chilean regime went hand in hand with fractionalisation. And if

they are to be the 'monopoly party', 'privileged apparatus', etc., then many of the functions carried out by other means of political organisation in the parliamentary democratic state will be expressed through the military, and to a lesser degree by other state apparatuses. This is what Gramsci seems to be pointing to when he refers to the difficulty of destroying parliamentarism, and to the 'implicit' party system, '... which functions like "black markets" and illegal lotteries, where and when the official market and state lottery are for some reason kept closed.'⁶¹

If the model of accumulation were not viable (and there are grounds for doubting its viability), and if the internal market were to regain its previous role (or at least a substantially increased role) in determining the logic of the model, then I believe the cries for democratisation would be heard at the same time as the cries for protection from foreign capital, etc.

In conclusion, the rigidity that was mentioned is expressed in the Junta's commitment to the present economic model with all its consequences (the rumours of a split between Pinochet and Leigh being given far more importance than they warrant). It is inconceivable that Pinochet should, in the event of a failure, rebuild the house he demolished. I think Poulantzas is right when he claims that the democratisation process (and this is not synonymous with a return to parliamentary democracy) cannot be carried out on a step by step basis but implies a break. If one considers the present Chilean regime, it is easy to see the extent to which the State apparatuses would have to be purged if an eventual accommodation with the presently subordinated elements of the power bloc were necessary.

April, 1977

NOTES

1. F.H. Cardoso & E. Faletto, *Dependencia y Desarrollo en América Latina*, Siglo XXI Editores, México, 1971. See also the writings of Quijano, dos Santos and others (especially Cardoso himself) on the question of the 'nueva dependencia' (new dependency).
2. *El Mercurio*, international edition, 31 October—6 November, 1976. The problem with decision 24, as the Junta's economists saw it, was that it insisted on foreign enterprises becoming joint ventures or national enterprises over a period of 15 to 20 years, and limited the remittance of profits to 14% of invested capital per annum. The new foreign investment law does away with all these 'obstacles' to foreign investment.
3. S. Aranda & A. Martínez, 'Estructura Económica: Algunas Características Fundamentales', in A. Pinto, et al., *Chile Hoy*, Siglo XXI, México, 1970, p. 162.
4. The list of enterprises already sold and those still to be sold can be found in *El Mercurio*, international edition, 10-16 October, 1976, and 30 January—5 February, 1977. It is worth noting that the term 'reprivatisation' is misleading in that it suggests the return of enterprises to their former owners and tends to mask the appearance of new groups and the reinforcement of the

internationalisation of the internal productive system.

5. Carlos J. Valenzuela, 'El Nuevo Patrón de Acumulación y sus Precondiciones: El caso Chileno 1973-1976', *Comercio Exterior*, 26, 9 September, 1976, p. 1020. Valenzuela correctly states that these figures must be used with caution given the difficulties involved in deflating them. The same must apply to all figures presented here as monetary values or based on monetary values. Estimated from figures presented by Valenzuela, op. cit., p. 1012, and by the Minister of Economics & Public Finance in his yearly 'Exposición Sobre el Estado de la Hacienda Pública, *El Mercurio*, international edition, 14-20 November, 1976.
7. See 'Informe Económico', *Ercilla*, No. 2155, 17-23 November, 1976.
8. For the figures on unemployment see D. Labbe & A. Montes, 'Significado de la Inflación Chilena', *Chile-América*, 22-23-24, August-September-October, 1976, p. 55. The government has since produced figures showing that unemployment has dropped to between 13 and 14% causing a flurry of accusations that they have achieved this result by gross manipulation (by considering, for instance, that those workers on the government's Minimum Employment Plan are 'productively employed'). It is likely, however, that some reactivation has occurred and that, while the actual figures may be a gross distortion, there has been a slight improvement in the employment situation.
9. Valenzuela, op. cit., p. 1015.
10. *Chile-América*, 22-23-24, August-September-October, 1976, pp. 67-68, and 25-26-27, November-December, 1976-January 1977, p. 186.
11. Labbe and Montes, op. cit., p. 54.
12. A.G. Frank, *Economic Genocide in Chile*, Spokesman Books, 1976, p. 64.
13. Suggested by O. Letelier in his posthumous article 'Economic Freedom's Awful Toll', *The Nation*, 28 August, 1976.
14. O. Caputo & R. Pizarro, 'Dependencia e Inversión Extranjera', in A. Pinto, et al., *Chile Hoy*, op. cit., pp. 184-185.
15. Figures prepared by Gasic on foreign capital in Chilean industry can be found in S. Ramos *Chile: Una Economía de Transición?*, Cuadernos CESO (PLA), No. 15, Santiago, 1972, p. 50.
16. This point has been made by Valenzuela, op. cit., and by P. Trammer in 'Chile Fuera del Pacto Andino', *Chile-América*, 22-23-24, August-September-October, 1976, pp. 59-62.
17. Valenzuela, op. cit., p. 1014.
18. P.C. Schmitter, 'The Portugalisation of Brazil', in A. Stepan (ed), *Authoritarian Brazil: Origins, Policies, Future*, Yale University Press, New Haven, 1973, p. 191.
19. P.C. Schmitter, 'Still the Century of Corporatism?', in F. Pike & T. Strich, *The New Corporatism: Social-Political Structures in the Iberian World*, University of Notre Dame Press, 1974, p. 107.
20. *Ibid.*, pp. 93-94.
21. *Ibid.*, p. 105, Schmitter actually claims that there is an 'elective affinity' between delayed development or 'delayed dependent capitalism' and 'authoritarianism', in his 'The Portugalisation of Brazil', op. cit.
22. P. O'Brien, 'The Emperor has no Clothes: Class and State in Latin America' paper presented at the conference on 'The State and Economic Development in Latin America', University of Cambridge, 15-18 December, 1976, mimeo., p. 9.
23. The relevant Decree-Laws (DL) are DL 1319 & 1458. The Council's 'Reglamento' (Regulations) appeared in the *Diario Oficial* No. 29546, 30 August, 1976.

24. DL 1006.
25. *Boletín Oficial de la Cancillería*, 2nd of May, 1975, quoted in *Boletín Informativo*, No. 63, Havana, 24 April–7 May, 1975, p. 4.
26. Unlike the Spanish version, however, the Chilean unions, although conceived on a functional basis, will not include workers and employers within the same organisation.
27. *Ercilla*, No. 2083, 2-8 July, 1975, pp. 11-12.
28. 'Mensaje Presidencial, 1976', in *El Mercurio*, international edition, 5-11 September, 1976.
29. DL 1006, article 11.
30. 'El **Ministro del Trabajo** Explica los Fundamentos de los Proyectos de Decretos-Leyes sobre Estatuto Social de la Empresa y Estatuto de la **Capacitación** Ocupacional de los **Trabajadores**', mimeo., Santiago, 1975, p. 7.
31. *Ibid.*, p. 3.
32. *Ibid.*, p. 14.
33. *Ibid.*,
34. See S. Payne, *Falange: A History of Spanish Fascism*, Stanford University Press, Stanford, 1961, p. 39.
35. 'Mensaje Presidencial, 1976', op. cit.,
36. 'Estatuto de la Junta de Gobierno', DL 527, modified by DL 1429.
37. DL 991 and 1514, and Supreme Decrees (DS) 220 and 745. DS 745 purposefully omits the names of the members of the Legislative Commissions.
38. It may be that these Legislative Commissions will be affected by the creation of a Legislative Assembly and that their functions will be taken over by committees operating within the assembly. But this is unlikely as it would only make sense if the assembly were to be responsible for initiating most of the legislation. A more likely outcome would be the continued presence of these commissions as 'technical' legislative bodies in charge of feeding legislative proposals to the assembly for consideration, or rather, approval.
39. N. Poulantzas, *Fascismo y Dictadura, Siglo XXI*, Buenos Aires, 1972, Chapter 5.
40. J. Estevez, therefore, is wrong when he claims that in Spain and Chile 'political criticism is not directed originally at liberal democracy itself'. See his 'Dictadura Militar y Fascismo' in *Chile-América*, 25-26-27, November-December 1976–January, 1977, p. 141. For Primo de Rivera's condemnation of liberal-democracy see *El Pensamiento de José Antonio*, Ediciones del Movimiento, Madrid, 1962, and S. Payne, op. cit.
41. 'Mensaje Presidencial, 1976', op. cit.
42. *El Mercurio*, international edition, 7-13 November, 1976, p. 7.
43. 'Mensaje Presidencial, 1976', op. cit.
44. *Ibid.*,
45. *Que Pasa*, No. 310, 21 March, 1977, p. 11. The other interviews with government officials in the same issue are also interesting, and the document produced by the Chilean bishops 'Nuestra Convivencia Nacional', can be found in *Chile-América*, 28-29-30, February-March-April, 1977, pp. 73-77.
46. 'Mensaje Presidencial, 1976', op. cit.
47. *Boletín Informativo*, No. 63, Havana, 24 April–7 May, 1975, p. 8.
48. 'Mensaje Presidencial, 1976', op. cit.
49. O'Brien, op. cit., p. 12.
50. Schmitter, 'The Portugalisation of Brazil', op. cit., p. 209.
51. O'Brien, op. cit., pp. 17-18.
52. In fact figures covering the period up to January 1977 show that the industrial sector has so far been the largest recipient of foreign investment (43%)

together with services and mining (23.7% and 20.4% respectively). These figures are misleading though, because there are huge investments directed principally at mining, that have been approved though not **formalised**, that would change the proportions going to each sector significantly (17.9% to the **industrial** sector, 9.8% to services and 67.0% going to mining). Even so, the amount going to the **industrial** sector seems to be higher than it was in 1966 (see p. 123 above). I would certainly not venture any conclusions on the basis of this data, however, and have included it only to show that the 'de-industrialising' nature of the project is not at all clear. The figures appear in '**Informe Economico Mensual**', No. 20, *El Mercurio*, April, 1977.

53. **Valenzuela**, op. cit., p. 1024.
54. A. Gramsci, *Selections from the Prison Notebooks*, International Publishers, New York, 1973, p. 267.
55. N. Poulantzas, *The Crisis of the Dictatorships*, New Left Books, 1976, p. 91.
56. Ibid.,
57. Ibid., p. 92.
58. **Schmitter**, 'The **Portugalisation** of Brazil', op. cit., p. 211. An earlier article in which the 'extra-military' role of the Armed Forces is pointed to is **João Quartim's** 'La Nature de Classe de L'Etat Brésilien', in *Les Temps Modernes*, 27, 304-305, November-December, 1971.
59. Quoted in **O'Brien**, op. cit., p. 10.
60. **Poulantzas** *The Crisis of the Dictatorships*, op. cit., p. 106.
61. Gramsci, op. cit., p. 255.