"THE POLITICS OF THE CHILEAN RIGHT FROM THE POPULAR FRONT TO 1964"

SOFIA CORREA

St. Antony's College

Oxford

Trinity Term, 1994



For my parents,

Jorge Correa Montt

Sofía Sutil Alcalde

ABSTRACT

Sofía Correa

St. Antony's College

D.Phil.

Trinity, 1994.

The Politics of the Chilean Right From the Popular Front to 1964.

The right in Chile has been crucial to the democratic politics of the country ever since the development of the party system. In the period covered by this thesis (1939-1964) the Chilean right faced the combined challenge of reformist governments and the emergence of mass political parties on the left.

This thesis describes the Chilean right as being composed by political parties, entrepreneurial associations and a leading newspaper, El Mercurio, which represented and expressed the interests, thoughts and common perspectives of the right as a whole. This thesis argues that the right in Chile was able not only to survive the reformist governments of the 1940s, but that it remained very influential politically and as an economic force. The strategies it successfully carried out were those of negotiation and co-optation, which rested in the right's congressional power. With the advent of populism at the

beginning of the 1950s, the argument goes, the right faced new threats, especially the discredit of political parties and of Congress conceived as the arena par excellence for negotiation and compromise. The danger came both from within the right itself, threatening to divide it, and from populist governments, which put at risk the right's sources of influence. Thus, the rightist sectors had to develop new political strategies, which in essence pointed towards the formulation of a project of capitalist modernisation centered in private enterprise and free markets. With the election of Jorge Alessandri --an entrepreneurial figure-- as President of the Republic, the right had the opportunity to put into practice its novel economic ideas. In the long run, though, the results were negative. The thesis analises the political dimension of this failure. Once its project collapsed, the right became ideologically marginal, just at a time when Chilean politics had become strongly ideological as well as reformist if not revolutionary. This explains why the leaders of the long established parties of the right, the Conservatives and Liberals, dissolved themselves in 1965. Finally this dissertation speculates on the right at the present time looking for elements of continuity and change between today's right and the one studied for the 1939-1964 period.

ABSTRACT II

Sofia Correa

St. Antony's College

D.Phil thesis

Trinity, 1994

The Politics of the Chilean Right: From the Popular Front to 1964

This thesis stems from my disagreement with the interpretations which political scientists have expressed regarding the Chilean right during the mid-XXth century. Their description of the right seems to me to be incongruent with the recent history of the country. They believe that the right is a force which is on the whole defensive if not outright reactionary, lacking original ideas and a capacity to attract support, and incapable of sustaining long-term commitment to its goals and interests. During the period of military government, the Chilean right has portrayed an image which is very different from this description which is frequently voiced both in public debate and academic discussion.

After 1973, during the military government, the right was able to adhere to, without reservation, the project of capitalist modernisation which the neo-liberal economists were then implementing. On many occasions this support was advanced at great costs to the right's more immediate economic interests. In order to explain this contradiction with the above-mentioned traditional characterisation of the right, an abrupt separation between the right of mid-century and that of the military government has been drawn. Thus from the decade of the 1970s to the 1990s there supposedly existed a new technocratic right. But this does not help explain why the "old right", both entrepreneurs and parties, had backed this project of radical economic transformations, suffering on various occasions the harsh effects of economic readjustments and recession. For instance, several major bankruptcies took place during the implementation of the neo-liberal model. A right which embodied the characteristics attributed to it by some political scientists would not have unconditionally backed the neo-liberal team during the military government. Moreover, the very same team of neo-liberal economists which were a part of the right was unexplicable given the hypothesis which argued in favour of a radical division between an old and a new right. On the contrary, numerous links could be established between the technocratic "new right" and the "old right" of mid-century, thus disclaiming the presumed contradiction between the two.

The existence of this contradiction led me, in the

early 1980s, to concentrate my research on the Klein-Saks Mission. This was a team of North-American economic advisers which the Chilean government hired in the early 1950s. I was also interested in studying the specific response which the right gave to the Mission's policy of economic liberalisation. On the whole, the investigation basically concentrated on the El Mercurio newspaper. Among the conclusions established in this study was that the often repeated image of a right, which lacked ideas and was unable to sustain its long-term interests, was simply incorrect. In effect, this view was based to a large degree on what appeared to be an inability of the right to support the economic liberalisation proposed by the Klein-Saks Mission.

Consequently, my early research led me to formulate the main problems and the working hypotheses which are addressed in this doctoral dissertation.

The first hypothesis suggests that the Chilean right in the period studied was a social, economic and political sector without internal cleavages, thus preventing the emergence of conflicts of major significance. Thus I have started from the assumption that the Chilean entrepeneurial world was on the whole homogeneous due to the fact that its economic interests were widely diversified in all areas of the economy. It should be noted that this hypothesis contradicts the widely held interpretation of the Chilean economic elite which maintains that there is a historical opposition between landowners and industrialists, and that landowners were predominant in the parties of the right.

A second hypothesis which has guided the work of this dissertation is the assumption that the Chilean right was not only a cohesive and homogeneous group, but was also able to maintain a long-term outlook on its interests as a capitalist class. Therefore, it follows that the right could sacrifice its immediate interests on behalf of its long term goals. After all, this has recently occurred during the military government, and it has also occurred at the beginning of the century as shown by Thomas C. Wright's book on Chilean landowners.

A third hypothesis which has guided this thesis is yet another assumption, namely that the right during the decade of the 1950s had a project of capitalist modernisation aimed at stimulating private enterprise and allowing for a free market economy by diminishing substantially the role of the State in the workings of the national economy. My previous research on El Mercurio which centered on the period of the 1950s made this suggestion plausible, even though it contradicted not only what had been written on the right but also conventional wisdom, even among people connected with sectors of the right. Furthermore, I formulate the argument that the right was able to come into power in 1958 due to this project, although it later failed in its attempt to implement it. Finally, the thesis affirms the existence of a direct relationship between this project of capitalist modernisation of the 1950s and the neo-liberal project which was carried out during the military government.

In order to prove these hypotheses it seemed necessary

to first study the components of the right, and to show how these related with one another in actual practice. Following the definition of the right, the thesis identifies and discusses the three sectors which composed it: the political parties of the right; the entrepreneurs, who expressed themselves publicly through the associations founded in the XIXth century; and the El Mercurio newspaper which became the leading spokesman for the ideology and interests of the right as a whole. The description of each of these groups as well as the analysis of the close links which enable us to speak of one right during this period is the subject of the first chapter of this dissertation.

Once the unity and homogeneity of the right has been shown, the thesis proceeds to affirm that the right in fact had a long-term vision of its class interests, and that it was able to make necessary short-term sacrifices to successfully pursue more long-range goals. Thus I center the study on the behaviour of the right during the Radical governments, which came into power in 1939 thanks to a centre-left coalition. This includes both its political parties and the entrepreneurial associations. This seemed like a suitable starting point because the government of the newly elected Popular Front was the first in a series of two others which were to threaten the interests of the right.

The analysis of this period allowed me to also reconsider the more traditionally known versions on the political history of Chile during those years.

In the first place, I became aware of a strong

presence of the rightist parties and entrepeneurs in the governments of the period. Therefore, I cease to refer to them as centre-left governments (with the exception of the period of 1939 to 1942), rather, I prefer to call them Radical governments. This alludes to the fact that these administrations were headed by Presidents of the Republic who belonged to the Radical Party, and that the latter constituted the central axis of the different political alliances which administered the country between 1939 and 1952. The presence of the right in the Radical governments, the different ways that this presence makes itself felt and the mechanisms which permitted it to do so, are analysed in Chapter II.

Furthermore, a closer analysis of the period covered between 1939 and 1958 has permitted me to distinguish and to underline a significant presence of populist currents which began in the second half of the 1940s, motivated by new economic and political conditions of the post-war period. This has in turn enabled me to explain the predominance of populist policies towards the end of the administration of the last Radical President, González Videla.

I have also been able to discern the existence of populist currents in the right during the post-war years. Hence, special attention has been given to the Social-Christian sectors of the Conservative Party. This allows us to understand the otherwise apparently irrational break-up which took place within the right in the presidential elections of 1946. Until now this has only been explained

in terms of personalism and political blindness. More importantly, it is my contention that this populist presence in the right eventually brought about the right's decision to wholeheartedly back an option in favour of liberal capitalism. This, in turn, explains why the Social-Christian currents excluded themselves from the sphere of the right. The history of this conflict and its resolution are contained in Chapter III. Discussion on this specific topic relies mainly on the rightist press and diplomatic reports, specifically the memoranda between the United States Embassy and the State Department as well as those interchanged between the British Embassy and the Foreign Office. These sources have proved to be very useful in this respect.

Having determined the presence of populist policies beginning in 1950, I was able to confirm that populism was the principal threat which the Chilean right had to face in the period addressed in this dissertation. This became increasingly so when the strategies of negotiation and co-optation which had previously been so successful during the Radical governments, failed to work when facing populism. This was further compounded by the very context in which this threat was taking place, namely that of a hostile and powerful State. In my view it was this threat in this context which eventually pushed the right to reformulate its policies along strong anti-statist lines, and to elaborate a project of transformations which dealt with the economic order and labour relations. This project pointed to a capitalist modernisation programme based on private

enterprise and free market economics. Consequently, Chapter IV of this dissertation analyses the conditions which permitted the emergence of populism; it focuses on the populist policies which seriously affected the interests of the right, and analyses the strategies which the right used to confront the populist threat.

Chapter V contains an analysis of the project of capitalist modernisation from the time it was formulated by only some sectors of the right until it became a common project shared by all rightist forces. For this study, the publications of the entrepeneurial associations and the editorials of El Mercurio were of great help.

I subsequently analyse the government of Jorge Alessandri, which enabled the right to once again win control of the Executive in 1958. The main intention here is to try to comprehend what happened to the project of capitalist modernisation in which the right deposited so many of its hopes. The analysis of the Jorge Alessandri government can be found in Chapters VI and VII. Chapter VI deals with the first part of this administration, between 1958 and 1961. The discussion centres on the initially successful implementation of the new economic policies. Later it describes its first stumblings blocks, and continues until the project is finally abandoned due to the financial crisis towards the end of 1961.

Subsequently, Chapter VII focuses on the second half of the Alessandri administration, which is characterised by failure. The argument presented is that the project of capitalist modernisation had to be abandoned, given the

negative results brought on by the mis-management of the economy. Political and social discontent was becoming more and more widespread, and the government now had to respond to the demands of structural reforms coming from different sectors, including the opposition, the Catholic Church and the government of the United States. In this chapter the right's strategies to respond to these demands are also analysed; once again, the period is characterised by the prevalence of negotiation and co-optation. However, on this occassion, they fail. Hence, as the country approached the presidential elections of 1964, the right -- no longer having a project of its own and fearful of the advance of the Marxist parties-- was prevented from resorting to its traditional capacity for negotiation.

I have tried to focus the end of the parties of the right in 1965 from this perspective. This subject is analysed in the Epilogue of the dissertation. An additional intention of this last part is to identify the elements of continuity and change in the right during the 1990s in connection with those of the mid-century which is the main subject of this dissertation.

The thesis I hereby present contributes to previous knowledge on the topic. The principal aim is to further our understanding of Chilean political history during this century. To begin with, it attempts to demonstrate that one should not continue to view the administrations of the Radical period as centre-left governments, given that the presence of the right in these administrations was very high. Another contribution of this dissertation towards

the comprehension of the Chilean political history of the XXth century is its discussion on the predominance of populism in the government between 1950 and 1955. It attempts to alter the traditional periodification that makes an abrupt cut between the Radical administrations and that of General Ibáñez. Moreover, in this thesis the once confusing Ibáñez government should become less difficult to understand. Different periods within this government have been identified and the rationality behind each of these periods is explained.

With respect to the current knowledge of the Chilean right, this dissertation presents a different view from the one which has predominated until now. Additionally it explains why the Chilean right expressed itself politically in two parties, the Liberal and the Conservative. It also demonstrates how the right was able to obtain its significant electoral support, by distinguishing between party adherence, buying votes, developing clientelistic networks and rural paternalism. Lastly, it explains why the Chilean right was loyal to the liberal democratic system from the 1940s to the 1960s, notwithstanding its necessity to confront reformist governments which were at times strongly hostile to it.

The aim of this dissertation has been to clarify these fundamental aspects, and thus advance new comprehensive interpretations of Chilean political history during this century.

TABLE OF CONTENTS

PAGES

ACKNOWLEDGEMENTS

LIST OF ABBREVIATIONS

INTRODUCTION 1
- THE CONCEPT OF THE RIGHT 3
- THE CHILEAN ELITE 6
- THE CHILEAN POLITICAL SYSTEM DURING THE THIRTIES 12

CHAPTER I: THE CHILEAN RIGHT: PARTIES, ENTREPRENEURS, THE MEDIA 26
- THE PARTIES OF THE RIGHT 27
  - Conservatives and Liberals 27
  - Minor Parties 38
- THE ECONOMIC ELITE 42
  - The Economic Groups 43
  - Entrepreneurial Associations 50
- EL MERCURIO 59

CHAPTER II: THE RIGHT UNDER REFORMIST GOVERNMENTS: INFLUENCE THROUGH NEGOCIATION AND CO-OPTATION 66
- THE RIGHT FACES THE POPULAR FRONT GOVERNMENT ... 68
  - The Right and CORFO's Creation 68
  - The Right and Rural Workers' Unionisation . 75
  - Negotiation and Co-optation Prevail 79
- THE ELECTORAL STRENGTH OF THE RIGHT 89
  - Clientelistic Links 92
  - Cohecho 94
  - Control Over the Peasant Vote 97
- THE RIGHT IN CONGRESS 101
- ANOTHER SOURCE OF POWER: CORPORATIST REPRESENTATION 105

CHAPTER III: THE CRISIS OF THE CONSERVATIVE PARTY: SOCIAL-CHRISTIAN POPULISM OR LIBERAL CAPITALISM 114
- THE 1946 PRESIDENTIAL ELECTION: THE DIVISION OF THE RIGHT 114
  - Cruz-Coke's Candidacy 114
  - Social-Christian Populism 123
  - Liberal Rejection of Social-Christian Populism 131
- THE ANTICOMMUNIST ISSUE: DIVISION OF THE CONSERVATIVE PARTY 137
- THE RIGHT UNITED BEHIND LIBERAL CAPITALISM 148

CHAPTER IV: IBAÑISTA POPULISM: A NEW DANGER 164
-ECONOMIC PROBLEMS: INFLATION WITH STAGNATION 165
-LABOUR UNREST 174
- An Inicial Honey-moon 174
- Precipitation of Labour Conflict 176
-POLITICAL CRISIS: THE EMERGENCE OF POPULISM 183
-IBAÑEZ AND THE POPULIST DANGER 193
- The Populist Period of the Ibañez Government197
- The Right's Come-Back 206
-IBAÑEZ ALLIANCE WITH THE RIGHT 208

CHAPTER V: THE PROJECT OF CAPITALIST MODERNISATION 220
-THE RIGHT AND THE KLEIN-SAKS MISSION 221
- The Klein-Saks Programme 221
- The Entrepreneurs and the Klein-Saks Mission224
-THE RIGHT'S MODERNISATION PROJECT 229
- Towards the Formulation of the Project 229
- North-American Ideological Influence 237
- The Ideas of the Project 242

CHAPTER VI: THE RIGHT IN GOVERNMENT. IMPLEMENTATION OF THE PROJECT OF CAPITALIST MODERNISATION .261
-THE PRESIDENCIAL CANDIDACY OF JORGE ALESSANDRI .. 262
-THE PRESIDENCIAL ELECTION OF 1958 272
-THE IMPLEMENTATION OF THE PROJECT OF CAPITALIST MODERNISATION 277
- Policies 278
- Results of the Economic Policies 281

CHAPTER VII: THE RIGHT IN GOVERNMENT. THE FAILURE OF THE RIGHT 294
-THE COLLAPSE OF THE PROJECT OF CAPITALIST MODERNISATION
-THE AGRARIAN REFORM 299
- The Agrarian Problem 299
- The Exigencies of Agrarian Reform 305
- Jorge Alessandri's Agrarian Reform 312
-JORGE ALESSANDRI'S GOVERNMENT:A POLITICAL FAILURE 317

EPILOGUE. THE RIGHT SINCE 1964: CONTINUITY AND CHANGE . 327

BIBLIOGRAPHY 346

ACKNOWLEDGEMENTS

I have been able to do this doctoral dissertation thanks to the support and trust shown to me by many people and institutions, for which I am sincerely very grateful.

In the first place I would like to thank The British Council which awarded me with a scholarship so that I could pursue a doctoral degree at the University of Oxford between 1985 and 1987. I am also grateful for the help given to me by the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom, which granted me an ORS (Overseas Research Students) award during my stay in Britain during the years 1986/87 and 1987/88.

During my residence in the University of Oxford I received several research grants from organisations linked to the University. I am grateful to the Board of Management of the Arnold, Bryce and Read funds; the Inter-Faculty Committee for Latin American Studies; and the Committee for Graduate Studies.

On return to Chile, in 1989 and 1990, CONICYT (Consejo Nacional de Ciencia y Tecnología) financed a research project which covered several chapters of this thesis.

I would also like to express my thanks to Sergio Villalobos R., who as Director de Bibliotecas, Archivos y Museos, appointed me in 1990 as coordinator of the Centro de Investigaciones Diego Barros Arana of the Biblioteca

Nacional, which permitted me to dedicate time to do research. While holding this post I was able to write most of the chapters of this thesis.

An invitation extended by the Centre of Latin American Studies, Cambridge University, as Visiting Fellow during Easter Term 1994, permitted me to prepare the last steps before submitting the thesis. I thank its Director, Dr. David Lehmann and Antofagasta Holdings for this kind invitation.

I also appreciate the help given to me by the number of persons who gave me part of their precious time and were willing to be interviewed: don Héctor Correa Letelier, don Sergio Diez Urzúa --present Senator--, don Hernán Errázuriz Talavera --present Chilean Ambassador to Great Britain--, don Felipe Herrera, don Pierre Lehmann, don Raúl Sáez Sáez, don Víctor Santa-Cruz Serrano --former Chilean Ambassador to Great Britain. The conversations I had with each of them was of immense value. Some of these persons are no longer with us, so I extend my gratitude to their respective families.

With respect to the content of this dissertion I am in debt with my supervisor Alan Angell and with Alfredo Jocelyn-Holt. It goes without saying, but neither of them is responsible for the imperfections it might contain.

I very much thank Alan Angell for his careful and critical revision of the several versions which each chapter required. Undoubtedly, his comments greatly improved each new version. But what I value most was his

persistent personal help and supervision allowing me to clarify and set out exactly what I wanted to do.

Alfredo Jocelyn-Holt followed step by step the process of elaboration of this thesis, since its very beginnings in 1985. Throughout these years he has constantly stimulated me in my work, and has enriched me with his ideas, comments and criticism. My gratitude is immense.

In addition to this, I thank Alfredo Jocelyn-Holt as well as Alicia Wilson for the careful edition of the thesis.

My gratitude also goes to Elvira Ryan for her help with the printing and presentation of the final text.

Finally, I am very grateful to Miss Lidia Lagos, who has taken care of my daughter Emilia while I have worked in this thesis. Thanks to her I was able to have time and peace in order to do the necessary research and writing that went into this dissertion.

LIST OF ABBREVIATIONS

SNA : Sociedad Nacional de Agricultura

SFF : Sociedad de Fomento Fabril

CCC : Cámara Central de Comercio

SNM : Sociedad Nacional de Minería

CPC : Confederación de la Producción y del Comercio

ICARE : Instituto Chileno de Administración Racional de Empresas

CTCH : Confederación de Trabajadores de Chile

CUT : Central Unica de Trabajadores

FRAP : Frente de Acción Popular

UDI : Unión Demócrata Independiente

CORFO : Corporación de Fomento de la Producción

EM : El Mercurio

EDI : El Diario Ilustrado

CQ : Carta Quincenal de la Cámara Central de Comercio de Chile

BM : Boletín Minero

EC : El Campesino

SCL.CD : Sesiones de los Cuerpos Legislativos. Cámara de Diputados

SCL.S : Sesiones de los Cuerpos Legislativos. Senado

FO. : Foreign Office Records, Public Records Office

NA.DS. : National Archives of the United States of America. Department of State Archives

JLAS : Journal of Latin American Studies

LARR : Latin American Research Review

INTRODUCTION

By way of introduction we must first answer some basic and preliminary questions, namely, why write a thesis on the Chilean right, and why chose this particular period.

The answer, in part, is that the right in Chile has been crucial to the democratic politics of the country ever since the development of the party system,[1] and that the period of the 1940s and 1950s is especially interesting for it was during this period that the right faced the combined challenge of reformist governments and the emergence of mass political parties on the left.

The Chilean political system, since the late 1930s at least, resembles in many ways that of European countries, particularly those nations which have a strong Catholic Church. In that sense, therefore, analysing the Chilean right presents historical questions as well as problems of definition not unlike the ones we might encounter when studying the right in say Italy or Spain. For example, how do we define the right?; how did the right exercise power?;

---

[1].- While discussing Chilean politics and the party system created during the XIX century, J. Samuel Valenzuela states that "the stability of a democratic country depends to a large degree on the existence of a party of the right, since this provides a means of expression within the democratic regime to those who, because of their economic and social position could easily feel threatened by a political system which establishes competition by popular vote as a factor of power." (in J. Samuel Valenzuela, Democratización Vía Reforma: La expansión del sufragio en Chile (Buenos Aires, 1985) p. 18)

how did the right respond to the growth of mass parties of the left?; how did the right mobilise a popular electorate? However, the comparison will not be taken much further because the Chilean right --at least until 1973-- essentially accepted and worked within a democratic and constitutional system.

The striking feature of the Chilean right has been its tendency to negotiate efficiently with reformist parties, its ability to co-opt new social sectors, its openness to new ideas, and its capacity to adapt to economic change.

Consequently, the right, as an actor, has been continuously present and relevant within Chilean politics during this century. Nonetheless, towards the middle of the 1960s, when the Christian Democratic government had just commenced, there were many who claimed that the right was going simply to disappear. According to this opinion, modern entrepreneurship was to be represented from now on by Christian Democracy, and the landowning oligarchy was bound to lose all its political power once the large landed estates became expropriated. It was also thought that the popular vote of the right was going to go either to the Christian Democratic Party or to individual populist candidates. Needless to say, these predictions proved wrong. At the beginning of the decade of the 1970s, the right was one of the more decisive political forces in the country. In fact, public opinion held that the country was politically divided into three thirds, tres tercios, one of which belonging to the right.

We find the same prediction towards the end of the military regime. The right, which had unconditionally supported the regime since 1973, was supposed to have mortgaged its political future. But that was not to be the case. In 1989 the presidential candidate supported by the parties of the right obtained 29.40% of the votes, whereas a populist figure, also right wing, captured 15.43% of the electorate. In 1993, during the presidential election, the two candidates of the right achieved a sum total of of 30.57% of the votes. In the congressional elections the parties which make-up the right's pact obtained 31.57% of the votes.[2] The right has, thus, always maintained a considerable electoral strength, and this has helped to make its great influence felt in the political arena, to the degree that any study of the development of Chile must necessarily take into account this significant influence.

THE CONCEPT OF THE RIGHT

We have arrived at a point in this discussion in which it seems necessary to define what we understand by "the right", and how this term will be used hereafter.

Many identify the right with conservative or

---

[2].- Electoral figures in: EM 11 Dec. 1993, p. C4, and 13 Dec. 1993; La Epoca, 13 Dec. 1993, p. 19.

authoritarian attitudes and thoughts, but this is an over-simplification that must be avoided in any study of the Chilean right. In our opinion, the right is, above all, a historical category because its characterisation, and to an even greater degree, its definition, differs according to the particular historical circumstances involved. In other words, the right is a concept which can only be fully defined in relation to its changing historical context wherein it operates.

Both right and left were first used as political concepts during the French Revolution when in the General Assembly of 1789 the nobility sat to the right of the king and the third estate to his left. Still in the XIXth century, left and right were used to describe the attitudes towards the Revolution of 1789. However, since the 1850s when anti-clericalism became a political issue in Europe the concepts of right and left began to take on new meanings. In the XXth century, with the rise of socialism and the conceptualisation of politics as the clash between opposing social classes, both political categories became once again redefined. Insofar as the issues of equality and social change have helped to distinguish left from right since World War I to Perestroika, a mid-XXth century rightist would thus be opposed to socialism while defending private property and free enterprise.[3]

---

[3].- See J. Gould and W. L. Kolb, editors, A Dictionary of the Social Sciences (London, 1964); S. M. Lipset, Political Man. The Social Bases of Politics, (expanded edition London, 1983); H. Roger, and E. Weber, editors, The European Right: A Historical Profile (London, 1965); J. L. Romero, El Pensamiento Político de

In effect, the right is both a political and social concept, as well as an ideological and cultural category. In this sense, S. M. Lipset has argued that "the right is always the party sector associated with the interests of the upper or dominant classes", and José L. Romero has characterised the social groups that have made up the Latin American right as those sectors which control the socio-economic structure. In addition to this, though, Romero mentions as rightists the conformist sectors of the middle classes for whom change seems a risk, the popular sectors subservient to a paternalistic mentality, and those who adhere to the right for purely ideological or psychological motivations.[4]

Apart from this socio-economic characterisation, Romero defines the right according to a socio-cultural criterion that allows him to focus on what he calls the "seigneurial elites". He argues that the Latin American right dates back to the colonial rural elites, vestiges of whose origins have remained well into the 1970s. This in turn has allowed the Latin American right to believe in the legitimacy of privilege and of inequality, while seeing itself as the depository of tradition, and the embodiment of the highest virtues of its country. As such, it perceives itself as the political body par excellence; in

---

la Derecha Latinoamericana. (Buenos Aires, 1970); R. Scruton, A Dictionary of Political Thought (London, 1983); K. von Beyme, Political Parties in Western Democracies (London, 1985).

[4].- S. M. Lipset, op.cit., p. 232; and J. L. Romero, op.cit., Chapter 1.

other words, it is often convinced that its own interests are the same as those of the nation. In sum, in Romero's view, the Latin American right presumes a paternalistic sense of superiority vis-à-vis the rest of society. It can be safely said that this paternalistic sense of superiority was a characteristic of the Chilean elite in the period we shall here be dealing with.

THE CHILEAN ELITE

In Chile, the traditional elite became fully consolidated during the XIXth century as a result of the social interlocking between descendants of landowners and merchants of colonial times with miners and bankers enriched during the Republic. It is not exaggerated to affirm that ever since the XVIIIth century one of the most distinctive characteristics of the Chilean elite has been its capacity to incorporate recently enriched social sectors which have emerged from new areas of the economy opened-up by development. It was the case with the Basques towards the end of the colonial period as well as the case with the miners and financial bankers --descendants many of them from inmigrants-- of mid-XIXth century. The same situation occurred with the large urban fortunes which emerged from industry, finance and commerce during the XXth century. We are dealing here with a process of integration which starting from mere economic relations generated in

the end strong social links too.[5]

Hence, from its early origins, we encounter an economic elite which reveals no fundamental internal cleavages, has diversified its interests across all sectors of the economy, and strengthened its links via solid alliances of an economic and kinship nature.[6]

---

[5].- See Aníbal Pinto, "Desarollo Económico y Relaciones Sociales" en A. Pinto et.al., Chile Hoy (Mexico 1970), p. 26.

A paradigmatic case is that of the Arabs during the second half of this century. Towards the 1960s, members of the traditional elite had become linked with them in the world of business. Lynda Ann Ewen in her doctoral dissertation, "Ownership and Control of Large Corporations in an Underdeveloped Capitalist Country: A Study of the Capitalist Class in Chile", (Univ. of Wisconsin, Ph.D. thesis, 1971) has demonstrated that the economic group made-up by the Yarur-Said family was closely linked to the groups associated with the Edwards-Eastman and Matte-Larraín-Vial families (belonging to the traditional elite), basically through economic connections, since members of the Edwards-Eastman and Matte-Larraín-Vial groups were largely represented in the boards of directors of the Yarur-Said firms. Nevertheless, as the same work by Ewen states, the Edwards-Eastman and Matte-Larraín-Vial groups shared mutual kinship links, but no inter-marriages occurred between members of these two groups and members of the Yarur-Said group. Consequently, in a first phase, business links are produced between new fortunes and the traditional upper class, and only on a second stage are kinship relations made through marriage links, as has been the case between members of the traditional elite and descendants of Arab inmigrants starting in the decade of the 1980s.

See also Roger J. Burbach, "The Chilean Industrial Bourgeoisie and Foreign Capital, 1920-1970" (Indiana Univ. PhD. thesis, 1975) p. 137; Richard Earl Ratcliff, "Kinship, Wealth and Power: Capitalists and Landowners in the Chilean Upper Class", (The Univ. of Wisconsin, PhD. thesis, 1973); Peter Winn, Weavers of Revolution. The Yarur Workers and Chile's Road to Socialism (New York, 1986); James Petras, Politics and Social Forces in Chilean Development (Berkeley, 1969) pp. 32-36.

[6].- See A. Bauer, Chilean Rural Society from the Spanish Conquest to 1930 (Cambridge, 1975); S. Villalobos, Origen y Ascenso de la Burguesía Chilena (Santiago, 1987). For a discussion on the early colonial origins and political behaviour of this elite, see A. Jocelyn-Holt, "Liberal-Republicanism and Politics in Chile: From Bourbon Reformism to the National State", (Oxford Univ., DPhil. thesis, 1992) published in Spanish, as La Independencia de Chile: Tradición, Modernización y Mito (Madrid, 1992).

The Chilean elite, as a whole, exercised an undisputed control of political power well into the XXth century.[7] Although there were diverse parties competing in elections, until 1920 political contest on the whole was limited to the oligarchy.[8] The masses did not have to be persuaded, public demonstrations were unnecessary, political decisions were made in drawing rooms, and electoral outcomes were largely a matter of money and patronage since universal suffrage --including all men older than twenty one who could read and write-- had given way to extended bribery and local clientelism. Moreover, the labour conflicts in the mining and port zones and in the most important cities constituted at most a problem of public order that was never serious enough to challenge the control of the State in the hands of the elite. Last but not least, the Partido Demócrata, founded in 1887 --in order to represent the popular urban sectors-- never became a danger to oligarchic domination.

Only in the 1920s, when popular mobilisation and military intervention were for the first time introduced

---

[7].- This does not mean that in the exercise of power there were no major conflicts, such as the civil wars of 1851, 1859 and 1891. However, what is most often emphasized in these cases is that these conflicts were intra-elite, and did not mean inter-class conflicts. An opposing opinion has been expressed by Maurice Zeitlin in The Civil Wars in Chile (or The Bourgeois Revolutions That Never Were) (Princeton, 1984). In my opinion, this author's analysis of these conflicts as class conflicts is not corroborated by historical evidence. A counter-argument to Zeitlin can be found in J. Samuel Valenzuela, Democratización Vía Reforma, pp. 89-97.

[8].- On electoral competition in the XIXth. century see J. Samuel Valenzuela, op.cit.

into politics, the old elite's political power was threatened by new emergent social sectors. In effect, the electoral campaign of Arturo Alessandri in 1920 meant a significant break in Chilean politics. For the first time, a presidential candidate appealed to the popular masses in street demonstrations, away from the cushioned world of banquets and clubs, until then the only place to do politics. Moreover, in this election popular pressure was to prove a decisive factor to be taken into consideration by the elite in its final acceptance of the new leader's narrow triumph. What occurred in 1920 was, undoubtedly, an unprecedented situation.[9]

During his government, Alessandri had to deal with a Congress which exercised a fierce opposition and rejected all his projects aimed at social and political reform. As a result of this, Alessandri began to appeal for military support, being perfectly aware that amongst the young officer corps he had numerous adherents. The speeches he was to give in army quarters were to cause the public demonstration of young officers in the visitors' galleries of the National Congress, event which was to precede the military coup of 1924. For the first time, in almost a century, the military had become a central protagonist in Chilean politics.

The objective of the 1924 military intervention was

---

[9].- On the 1920 electoral campaign, see: Sol Serrano, "Arturo Alessandri y la campaña electoral de 1920", in Claudio Orrego et.al., 7 Ensayos sobre Arturo Alessandri Palma (Santiago, 1979) pp. 51-118; and René Millar, La Elección Presidencial de 1920 (Santiago, 1981).

clearly reformist. It resulted in Congress dealing and accepting, in just one day, all the social projects previously presented to the legislature by Alessandri. The military also backed the writing of a new political constitution, that of 1925, which established a presidentialist system with separation of Church and State. Subsequently, the dictatorial government of General Carlos Ibáñez del Campo was to widen the attributions of the State in the economic field and consolidate its role as arbiter of labour disputes.

Moreover, after the economic crisis had provoked the fall of General Ibáñez in 1931, military sectors were to install a Socialist Republic, a revolutionary experience of short duration, but which had enormous importance for it linked social revolution and armed forces.[10]

In fact, ever since the end of the XIXth century a growing distance between the military and the traditional class had taken place. Frederick M. Nunn has pointed out that the fusion of civil and military leadership had been broken as early as 1890, due to the fact that the officer class expanded and grew socially apart from the aristocracy, a process which increased due to the modernisation and professionalisation of the army. From

---

[10].- The response of the elite, as well as that of the centre parties to the Socialist Republic was the creation of a sort of parallel army, the Milicia Republicana, whose objective was the defense of civil government. This was such the case that once there were sufficient guarantees that the military presence in politics had been disposed of, during the second Alessandri administration, the Milicia self-dissolved, on petition from the government. See Verónica Valdivia Ortiz de Zárate, La Milicia Republicana. Los Civiles en Armas. 1932-1936 (Santiago, 1992)

1932 to 1973 civil military relations in Chile can be said to be, in Nunn's words, "primarily between a sociopolitical system and a professional institution within that system". In effect, while it is true that military unrest has been present from time to time in Chilean politics since the thirties, not until 1973 did it involve the institution as a whole, and not just some specific leaders with a few followers.[11]

Consequently, on account of their mutual social distance as well as their reformist and anti-oligarchic posture, the traditional elite could not depend on the military to make prevail its interests, and had to learn to defend these within the political framework, which was becoming more and more competitive.

Between 1932 and 1938 the right was to regain the control of political power thanks to the constitutional government of Arturo Alessandri, elected for a second term. Only in 1938 was its power seriously challenged by the left. On that occasion, the left, allied with the centre, was able to reach the Presidency of the Republic in a formula called the Popular Front, similar to that already known in France and Spain.

The historical analysis of this dissertation begins with this period. However, we must first discuss the historical and institutional background which preceded it, in addition to describing the party system.

---

[11].- Frederick M. Nunn, The Military in Chilean History. Essays on civil-military relations, 1810-1973 (Alburquerque, 1976) p. 236.

THE CHILEAN POLITICAL SYSTEM DURING THE THIRTIES

Mid-way through the 1920s, the political system was fundamentally changed thanks to the rewriting of the political constitution. The new Constitution of 1925 put an end to the parliamentary regime, establishing instead a presidentialist system, with ample faculties concentrated in the Executive branch. For instance, the overall power of the President of the Republic was to be extended well beyond the administrative sphere for he was now given the right to veto the laws passed by Congress. The Constitution also increased to six years the presidential mandate, and fixed four years for that of deputies and eight that of senators. It established a Senate of 45 members and a Chamber of Deputies with 147 deputies.[12]

The new Constitution established that the Executive as well as the Legislative branches were elected directly by those who fulfilled the requirements of age (21 years old) and could read and write, in addition to being registered in the electoral registers. These registers had to be renewed every ten years, requiring thus a reinscription of all voters; however, facilities to register were minimal and this operation could only be accomplished a few days each month. Moreover, until 1949 women were prohibited from voting. The exclusion of women and the requisites for

---

[12].- Germán Urzúa Valenzuela, Los Partidos Políticos Chilenos. Las Fuerzas Políticas. Ensayos de Insurgencia Política en Chile (Santiago, 1968) p. 66; Ricardo Cruz-Coke, Historia Electoral de Chile 1925-1973 (Santiago, 1984) chapter 2; Federico Gil, El Sistema Político de Chile (Santiago, 1969) chapter 3.

registering in the electoral offices limited significantly, thus, the number of voters. Therefore, of the five million inhabitants which the country had in 1940, a little less than six hundred thousand citizens were in fact registered, figure equivalent to slightly more than 11% of the population. Not all of them exercised the right to vote either, since abstention was high; it came close to 30% in the 1945 congressional elections, when less than four hundred and fifty thousand persons of a total of over six hundred and forty thousand eligible voters, actually voted.[13]

The electoral system of proportional representation resulted in party fragmentation and unstable coalitions. Thus, at the beginning of the thirties, when the social problems were starting to redefine the political options, we encounter a disjointed group of more than 27 parties offering the country a diversity of solutions.

The first political parties were created in Chile towards the middle of the XIXth century on account of the growing rift between Catholic and secularist sectors. Out of this struggle would be founded the Conservative, Liberal and Radical parties. The Conservative Party was created to defend the interests of the Catholic Church and aimed at avoiding the promulgation of lay laws. Although their leaders were not members of the clergy, this party essentially followed the rulings emanating from the Church

---

[13].- Ricardo Cruz-Coke, Historia Electoral, pp. 35-41, 81; Federico Gil, Sistema Político, p. 228.

hierarchy. On the other hand, the Liberal Party brought together those members of the elite who aspired to diminish the influence of Catholicism in the social and cultural life of the country; therefore, Liberals were promoters of a secularist legislation while at the same time pretending to maintain State control over the Church, following thus colonial regalist tradition. In turn, the Radicals defined themselves as positivists and were characterised by their anti-clericalism.

Although by the beginning of the XXth century the conflict between Church and State had diminished in intensity, given that the main secular laws had been promulgated towards the end of the XIXth century, the religious question continued to bear cultural importance, enough to distance the Radicals from the Conservatives. And it was to continue to be relevant after the 1925 Constitution's establishment of the separation between Church and State.

Towards the end of the XIXth century there appeared the Partido Demócrata to represent the artisans and the incipient proletarian sectors. Although it was able to elect some congressmen, who acted in representation of the popular sectors, the Partido Demócrata never challenged the monopoly of political power which the oligarchy continued to possess.

The same was not to occur with the new parties which began to compete for the support of the electorate during the decade of the 1930s. The 1929 economic crisis had not

only transformed the economic system, it had also brought about a growing questioning of liberal democracy and of capitalism. Socialism became attractive amongst middle-class and intellectual sectors. Corporativism also achieved popularity. The historical parties, that is, those which were founded during the XIXth century, now had to give answers to the new problems, and these responses had to be at the same time novel and congruent with their party's past. In attempting this there emerged internal discrepancies and divisions. Fractions which grew out of the historical parties --such as the Partido Radical Socialista-- and numerous new parties, Marxist and corporatist, were also a part of the political spectrum, at the beginning of the thirties.[14]

Hence, it is not accurate to speak of right and left in Chilean politics before 1930, for only in this period was the elite challenged by new social sectors calling for a socialist project, essentially opposed to the interests of the elite. Until 1930, the Radical Party, which represented the emerging middle sectors did not question the oligarchic order, notwithstanding its more statist posture if we compare it with the bulk of the elite. Its fundamental objective until then had been the secularisation of institutions, especially public education. It was not until the 1930s, when socialist currents became relevant, that the political parties were

---

[14].- See Federico Gil, Sistema Político, p. 77; René León Echaíz, Evolución Histórica de los Partidos Políticos Chilenos (Buenos Aires, 1971) pp. 117-129.

divided into right and left, in the form of multiple derechas and izquierdas. Although it is true that in 1920 Arturo Alessandri had appealed to the popular masses for the first time in Chilean politics, the concepts of right and left at that time were still not in use, and had yet to be coined. In Alessandri's language opposition was between his "querida chusma" ("beloved mob") and the "canalla dorada" ("golden rabble"). But by 1931, once the dictatorial government of Carlos Ibáñez had been deposed, a "Gran Convención de Izquierdas" was to proclaim the presidential candidacy of Alessandri as "symbol of doctrines and social aspirations of the leftist classes of Chile". In this "Grand Convention of the Lefts" we find a heterogeneous collection of political forces participating, such as the Partido Democrático, Partido Socialista de Chile, Partido Liberal Democrático, and Partido Radical Socialista, in addition to other liberal groups.[15]

Soon enough, though, political definitions began to become clearer, so that in the course of the thirties and forties, the leftist sectors were made up mainly by the Socialist, Communist and Radical parties. The leftist character of the Radical Party emanated from its historical tradition rather than from actual revolutionary stands. During the XIXth century and already during the XXth century, the Radical Party was defined by its secularist nature and because it represented the emerging middle

---

[15].- See Sofía Correa Sutil, "Arturo Alessandri y los Partidos Políticos en su Segunda Administración", in Claudio Orrego et.al., 7 Ensayos, pp. 395-399.

sectors; in that sense, it was a vanguard party. But afterwards with the birth of the Marxist leftist parties, the Communist Party (1922) and the Socialist Party (1933), the position of the Radical Party in the political spectrum became situated towards the centre, which allowed it to look for alliances both with the Marxist left as well as the liberal right.

The Radical Party had supported Arturo Alessandri in the presidential election of 1932, and although at first it backed the government in addition to sharing responsabilities along with Liberals and Conservatives, as Alessandri moved even more towards the right the Radicals started to lean leftwards. Finally, in 1936, the Radicals formed an electoral alliance with the leftist parties, the well-known Popular Front, which permitted them to win the presidential election of 1938. By then, the Radicals favoured the intervention of the State in order to promote industrialisation and the welfare of the popular sectors; they saw in industrialisation the key to economic development and social stability.

The Radical Party was a plural and heterogeneous party, and is thus difficult to characterise. The majority of its leaders were landowners of the southern region of the country and professionals of provincial origin, whereas its electoral constituency was concentrated, on the whole, amongst public servants and professional groups such as school teachers. The members of the Radical Party tended to define themselves as leftists, and in the thirties the

rest of the parties also considered the Radicals as part of the left. In the 1937 parliamentary elections, they obtained 18.6% of the votes, which made them the third most powerful party in terms of electoral votes, after the Conservative and Liberal parties.[16]

The Socialist Party made its appearance with an already acquired significant electoral force. In effect, in the 1932 presidential election, although Arturo Alessandri obtained a safe triumph with over 50% of the votes, Marmaduke Grove carried the second majority, with almost 18% of the votes. Grove had been the leader of the Socialist Republic, and afterwards, in 1933, was to be one of the founders of the party.

Since its creation the Socialist Party was a caudillo party and ideologically mixed. Marmaduke Grove's charisma had a strong appeal amongst popular sectors. In the first congressional elections in which the party participated, those of 1937, it was able to obtain 11.2% of the votes, making it the fourth largest party, after the Radicals. By defining itself as a party of workers, it could appeal to middle sectors, especially white collar workers.

Although the roots of the party can be found in the coup d'etat which originated the brief Socialist Republic

---

[16].- On the Radical Party, see Alan Angell, Partidos Políticos y Movimiento Obrero en Chile (México, 1974) pp. 168-172; Paul Drake, Socialism and Populism in Chile, 1932-52 (Urbana, 1978) pp. 26-28, 126-132; Timothy R. Scully, c.s.c., Los Partidos de Centro y la Evolución Política Chilena (Santiago, 1992) pp. 124-136.

The above electoral figures can be found in Anuario Estadístico. Dirección General de Estadísticas, 1937.

(June 1932), it always acted within the liberal-democratic framework competing for power via elections. In its political action it favoured State intervention in order to promote both a greater welfare for the popular sectors as well as the industrialisation of the country.

Though they considered themselves Marxists, the Socialists held strong anti-Communist feelings. This anti-Communism was accentuated because of their competition for the loyalty of the labour force and was reinforced by the Soviet-German non-agression pact during World War II.[17]

The origins of the Communist Party date back to 1922, when the Partido Obrero Socialista, formed principally by miners of the nitrate and coal fields, joined the IInd International. Since then the Communist Party was characterised by its disciplined adherence to political directives emanating from Moscow. That is why at the beginning of the twenties it sustained to revolutionary positions, calling for the armed struggle of the masses and rejected political alliances of any sort. And this also explains why, for the same reason, mid-way through the thirties, as a reflection of the new Moscow strategy with respect to the advance of Fascism in Europe, the Chilean

---

[17].- On the Socialist Party see Julio César Jobet, Historia del Partido Socialista de Chile (2nd. edition, Santiago, 1987); Paul Drake, Socialism and Populism, pp. 103, 139 ff.; Alan Angell, Partidos Políticos, pp. 105-113.

Amongst its leaders could be found social-democrats, anarchists and Marxists of different currents, but all of them shared the aspiration aimed at replacing the capitalist system with socialism, thus ending with the oligarchy, the large landed properties and imperialism.

The electoral data can be found in Anuario Estadístico, 1937.

Communist Party turned to a reformist and pro-alliance posture, in order to form a Popular Front with the Radical and Socialist parties, similar to what was happening in France and Spain.

Hence, during the mid-thirties, both Socialists as well as Communists shared a reformist political strategy, calling for industrialisation, reform of the agrarian structure, strengthening of the labour movement --wherein resided their major force-- and the consolidation of the Welfare State.

In those years, the electoral force of the Communist Party was small, but its political influence was significant as it counted on a strong backing amongst union organised workers.[18]

Consequently, towards the mid-thirties, the Chilean leftist sectors clustered around the three principal parties: Communists, Socialists and Radicals. It was this division of the left into three major and often antagonistic parties that permitted the right to pursue tactics of negotiation and coalition-building. There were, though, other groups which considered themselves as part of the "lefts"; amongst them, curiously enough, was

---

[18].- On the Communist Party see: Andrew Barnard, "Chilean Communists, Radical Presidents and Chilean Relations with the United States, 1940-1947", JLAS, vol.13, part 2 (Nov. 1981); Carmelo Furci, The Chilean Communist Party and the Road to Socialism (London, 1984); Paul Drake, Socialism and Populism, pp. 135-139, 173 ff.; Alan Angell, Partidos Políticos, pp. 96-105; Augusto Varas, editor, El Partido Comunista en Chile. Estudio Multidisciplinario (Santiago, 1988)

In the 1937 congressional elections, the Communist Party obtained 4.1% of the votes.. See Carmelo Furci p. 16. In the Anuario Estadístico of 1937 they appear as "Independents".

the Movimiento Nacional Socialista de Chile, created in 1932.

The Chilean nacistas put all their faith in action and in a strong State, as an alternative to what they considered to be the decadence of liberal democracy, of the historical parties, and of aristocracy, the latter becoming according to them a decadent oligarchy due to the nitrate wealth. Hence, its radically anti-oligarchic discourse.

They rejected capitalism as much as Communism. They defined themselves as socialists --because they gave primacy to the State over the individual--, as nationalists and as corporatists --for they aspired to replacing the political parties by corporations, which would be under the tuition of an all-powerful State. The State, directed by an authoritarian Executive, would have to regulate the economic-social processes, in such a manner that private initiative might operate efficiently but at the service of society. Notwithstanding their manifest faith in violent action and their rejection of the party system, the Chilean nacistas participated in the liberal-democratic political system, presenting candidates in every election. Its electoral force was small although not insignificant; its constituency, close to 4%, was similar to that of the Communist Party.[19]

---

[19].- See Mario Sznajder, "El Nacionalsocialismo Chileno de los Años Treinta", in Mapocho N. 32 (1992); Michael Potashnik, "Nacismo: National Socialism in Chile, 1932-1938" (Univ. of California, Los Angeles, PhD. thesis, 1974); Rodrigo Alliende González, El Jefe. La Vida de Jorge González Von Marées (Santiago, 1990) chapters 3-7; Lía Cortés and Jordi Fuentes, Diccionario Político de Chile (1810-1966) (Santiago, 1967) pp.

Although they rejected the Marxist parties, the Chilean nacistas saw themselves as a force of the left, and were violent opponents of the rightist government of Arturo Alessandri (1932-1938). They even tried to overthrow him, only to be crushed by government repression; in turn, they backed the Popular Front candidate. In 1939, while still considering themselves leftists, the nacistas changed their party name to Vanguardia Popular Socialista.[20]

However corporatist, anti-Communist and nostalgic towards the national past, too much separated the nacistas from the right to consider them within that current. On the one hand, their bitter anti-oligarchic discourse could not but separate them from a right which precisely represented and was identified with those sectors in Chilean politics. Moreover, their rejection of the political parties and of capitalism, added to their statist stands, and their own definition of themselves as leftists, was to put them at odds and distance them from the historical parties associated with the Chilean right. Lastly, their confidence in violent action as political means brought them closer to the traditions of the left, where they found, though, tenacious enemies. In other words, Fascism was not a part of the Chilean right of the thirties and forties. It was decidedly marginal vis-á-vis the overall spectrum of political forces.

331-335.

[20].- See Jordi Fuentes and Lía Cortés, op.cit., pp. 331-335, 507-508; Rodrigo Alliende González, op.cit., chapters 8-11.

* * *

The first chapter of this dissertation provides a description of the right, accounting for both its political as well as economic dimension. The rightist parties are examined, reviewing the differences and similarities between them. Attention is also given to the entrepeneurial associations and the groups which held economic power, analysing their links with both each other as well as with the political parties. The chapter also focusses on El Mercurio, a right-wing newspaper which while not being party affiliated, represented and expressed the interests, thought and common perspectives of the right as a whole.

In the second chapter we analyse the strategies and sources of power of each of the components of the right, during the reformist governments starting in 1938. Discussion follows on how the right maintains and even increases its power during this period.

In Chapter III we will centre our attention on the populist phenomena which emerges in those rightist circles most closely associated to the Catholic Church, during the first years of the postwar period. The confrontation between the populist currents and the liberal right --the latter, advocates of capitalism-- is further discussed. Finally, we explain how, out of this confrontation, the

more liberal and pro-capitalist currents of the Chilean right were to emerge concentrating the bulk of the rightist forces.

It will be this right which will reformulate its political strategies when it has to face the menace posed by the populist government of General Ibáñez, elected by a very high majority. The way the right was to confront this other populist threat, this time coming from the State, shall be the main subject studied in Chapter IV.

Chapter V deals with the formulation of a project of capitalist modernisation proposed by the right after confronting the challenge of populism. The central discussion revolves around the role of the State and the market in the economic future of the country.

Chapters VI and VII analyse what happens with this project when the right assumes the control of the State apparatus, after the 1958 election which brought to the presidency a candidate from its rank and file. Chapter VI deals with the first half of Jorge Alessandri's government, characterised by successful economic outputs, while the following Chapter concentrates in the failure of the project of capitalist modernisation in the second half of Alessandri's administration.

In the Epilogue of this dissertation we shall deal with the end of the one-hundred years old parties of the right, their recomposition in a new political form, and we speculate on the elements of continuity and change which exist between the historical right and that which was to

become a leading political actor since the decade of the 1970s until today. One of the central hypothesis of this dissertation is that amongst the elements of continuity between the historical right and the present-day right, special significance must be attached to the formulation, made by the right towards the mid-fifties, of a project of capitalist modernisation calling for the limitation of State attributions and the liberalisation of market forces.

CHAPTER I

THE CHILEAN RIGHT: PARTIES, ENTREPRENEURS, THE MEDIA

This chapter describes the Chilean right, taking into account what has been pointed out previously, namely that any analysis of the right must consider not only its political dimension, but also the socio-economic aspects of the elite.

In the first place we will characterise the parties of the right. The analysis will focus on the two main parties, the Liberal Party and the Conservative Party, trying to underline the elements which differentiated them from each other as well as made them similar, i. e. that which made them expressions of the one and same spectrum, the right.

We shall analyse then the economic elite of this period, on a double perspective: on the one hand, we shall describe the existence of economic groups which concentrated wealth and power; on the other, we shall analyse the institutional dimension of the business sector. Special attention will be given to the informal and formal relationship between the different sectors of the economic elite, between the entrepeneurial institutions and the economic groups, and between the economic elite and the political parties. This description reveals a complex network of power connections.

Lastly, our study will focus on El Mercurio one of the more significant actors of the right, both as a spokesman for its world-view and its essential interests, as well as

an instrument of co-optation of the reformist sectors.

THE PARTIES OF THE RIGHT.

Conservatives and Liberals

As we were saying earlier on, in the late 1930s, the "rights" were basically made-up by two parties, the Liberals and Conservatives. As a whole, it can be said that the two represented above all the property-owning elite sectors, especially those who descended from the traditional XIXth century elite, from which, with rare exceptions, would emerge all of their leaders until the decade of the fifties.[1]

The differences between Liberals and Conservatives cannot be explained in terms of sectoral differences, since, as we shall see below, landowners and urban capitalists were socially and economically intertwined.

---

[1].- By way of example we can mention, for instance, the non-congressional members of the Liberal Party's Executive Board of 1947: Francisco Bulnes Correa, Gustavo Ross Santa María, Osvaldo de Castro Ortúzar, Oscar Valenzuela Valdés, Manuel Bulnes Sanfuentes, Enrique Phillips R.P., Fernando Lira Ossa, Absalón Valencia, Carlos Ducci Claro, Carlos Carvallo, Carlos Villaroel, Alvaro Orrego, and the president of the Liberal Youth, Jorge Errázuriz. These are family names which belong to the traditional elite whose origins date back at least to the XIXth century. See El Mercurio (hereafter cited as EM) 4 June 1947, p. 23.

The same could be said of the top leadership of the Conservative Party. Again, by way of example, see the two tickets which disputed the direction of the party in 1947, amongst which figured: Horacio Walker Larraín, Sergio Fernández Larraín, Enrique Wiegand, Joaquín Prieto Concha, Eduardo Cruz-Coke, Fernando Aldunate Errázuriz, Rafael Correa, Pablo Larraín, Eduardo Alvear, Julio Pereira Larraín, Carlos Estévez, Carlos Errázuriz Mena, Francisco Bulnes Sanfuentes, José Alberto Echeverría, Luis F. Letelier. See EM, 15 June 1947, p. 33.

This notwithstanding, there were apparently more landowners in the Conservative Party than in the Liberal Party whereas urban entrepreneurs tended to favour the latter.[1]

On the contrary, their distinctiveness can only be explained by the different degrees of personal commitment of the party members towards the Catholic Church in addition to long-lasting family traditions that went back to the XIXth century when Liberals and Conservatives bitterly clashed over Church-State issues.[2]

The importance of the religion as a distinguishing factor between the Liberals and the Conservatives is also highlighted in Paul Drake's evaluation of Chilean political leaders. In his study there are no major differences between Conservatives and Liberals concerning occupation and membership in entrepreneurial associations; however, there are important differences with respect to their

---

[1].- Interview with Héctor Correa Letelier, Conservative Party deputy between 1941-1949 and 1953-1957, held on 13 Oct., 1986. According to data collected in Germán Urzúa Valenzuela, Partidos Políticos, in the early 1960s, 72% of the Conservative congressmen studied were landowners and only 17% were urban entrepreneurs --industrialists, bankers or commercial traders -- whereas 67% of the Liberal congressmen were landowners and 50% of them were urban businessmen.

[2].- The fact that family traditions were important in Chilean politics can be illustrated by Gregorio Amunátegui's attitude in the 1964 presidential election. Although he had been a prominent Liberal leader --president of the party for many years and senator-- he preferred to support the candidate of the left, Salvador Allende, rather than back the Christian Democratic candidate, Eduardo Frei, because, as he was to explain, of the long-standing anticlerical tradition of his family. In Ernst Halperin, Nationalism and Communism in Chile (Mass., 1965), p. 209.

See also Donald Bray, "Chilean Politics during the Second Ibáñez Government 1952-1958" (Stanford Univ., PhD. thesis, 1961) pp. 7-8.

educational background. In effect, in the early thirties, 42% of Conservative leaders, in contrast to only 2% of Liberal leaders, had studied at the Catholic University. During 1940-1942, the figures were 51% for the Conservatives and 11% for the Liberals. In those years the Catholic University was characterised by its militant position in religious matters whereas the University of Chile was proud of its positivist and even anti-clerical tradition.[1]

As it has already been said, Liberals were either indifferent to religious matters or else anti-clerical, while the Conservative Party was Catholic by definition. It appealed to a Catholic electorate and was intent on representing the position of the Church on social and political issues. Even though the Falange Nacional --a small offshoot of the Conservative Party-- had recently come to the fore and had also strongly identified itself as Catholic, it was the Conservative Party which could truly claim to be the party of the Church at least until the late 1950s. In fact, until the early 1960s, as we shall see further in greater detail, due to the Church's emphatic anti-Communist stance, its teachings on political issues were much closer to the Conservative Party than to those of the Falangists, who had made political alliances even with the left.[2]

---

[1].- See Paul Drake, Socialism and Populism, pp. 109-110, 247-248.

[2].- On Church and politics in Chile see B. Smith, The Church and Politics in Chile. Challenges to Modern Catholicism (New

The importance of the Catholic electorate can be ascertained when the data provided by the population census of 1952 is taken into consideration; 896 of every thousand inhabitants called themselves Catholics.[1]

The fact that religion differentiated the Conservatives from the Liberals had consequences in the political strategy of these two parties during the 1940s. Actually, the Liberals implemented a policy of collaboration with the centre-left administrations in power since 1938, aimed at co-opting the Radicals while simultaneously isolating the Communist Party. By doing so, leftist policies became diluted. Alternatively, the Conservative Party assumed an uncompromising attitude which embraced a much stronger opposition to the centre-left administrations. This differentiation can be explained in doctrinal terms, since the Vatican during the 1940s and 1950s, prohibited any alliance with the Communist Party and any groups which had Communist support. Until 1947 this was the case with the Radical administrations.[2]

Moreover, the ideological character of the Conservative Party is well illustrated by the statement of a Liberal politician, according to whom, the Conservatives

---

Jersey, 1982).

On the Falange Nacional, see G. Grayson, El Partido Demócrata Cristiano Chileno (Buenos Aires, 1968) pp. 127 ff.; M. Fleet, The Rise and Fall of Chilean Christian Democracy (New Jersey, 1985) pp. 43-58.

[1].- Quoted by Federico Gil, Sistema Político, p. 35.

[2].- See B. Smith, Church and Politics, p. 100-101. Also, for example, El Diario Ilustrado (hereafter cited as EDI), 30 Jan. 1942, p. 3: "Cuestión de Conciencia".

thought of themselves as "dueños de la verdad" ("owners of the truth"), attitude which made it very difficult for the other political forces to come to terms with them. Given their self-righteousness, the Conservatives did not highly value the mechanisms of understanding and compromise, difference which would set them apart from Liberals.[1] On a similar line we must read the commentary made by a leader of the Conservative Party, as told by a journalist during the forties:

> "Yesterday, in the corridors of the Chamber (of Deputies), a congressman of the left asked a Conservative deputy if his party was not going to invite the politically akin collectives to the inauguration of tomorrow's Convención Nacional Ordinaria, and the Conservative deputy answered with a pinch of irony rather than with a strong conviction: 'The Conservative Party has no akin parties...'".[2]

In addition, Conservatives tended to mirror the Church's organisational structure and valued hierarchical order and discipline above all. Liberals, on the other hand, were plagued by constant internal strife which was the result of strong rivalries amongst powerful leaders or families traditionally associated with the party. These party cliques were further encouraged by the fact that much of the interaction between party members took place in social events held in private homes. Consequently, amongst

---

[1].- Interview with Hernán Errázuriz Talavera, the Liberal Youth's delegate to the Executive Board of the party from the years 1961 to 1963, (interview held on 23 Jan., 1992).

[2].- Quoted in Ignacio Arteaga Undurraga, editor, Partido Conservador. XIV Convención Nacional 1947 (Santiago, 1947) pp. 187-188.

Conservatives, authority and influence would principally be derived from the position held within the party, whereas amongst Liberals personal factors associated with the leader, such as wealth or connections with business circles, would count far more.[1]

The lack of discipline within the Liberal Party was a standard characteristic of its internal composition. It was constantly made evident, as attested by the autonomous attitude adopted by party leaders at election times, or else by the personal freedom assumed by Liberal congressmen for themselves who more than often simply did not follow party orders. In 1945, for instance, 14 Liberal deputies rebelled against their party directorate by voting in Congress against the instructions they had received, while announcing "that they would not permit a 10% deduction to be made every month from their Parliamentary salary ... as a contribution to the Party Treasury".[2]

However, notwithstanding these differences, both parties were quite similar in their general structure. Curiously enough, both party organisations highly resembled the structure of a business corporation, headed by an Executive Board and a General Directorate. Interesting too is the fact that the party seat of the Partido Conservador

---

[1].- See F. Gil, The Political System of Chile (Boston, 1966) p. 255. Also, interview with Víctor Santa Cruz, Liberal deputy between 1945 and 1949, held on 17 Sept., 1986.

[2].- From C. G. Bowers to the Secretary of State. American Embassy, Santiago, 14 June, 1945. Despatch N. 12,274. The National Archives of the United States of America, Department of State Archives (hereafter cited as NA.DS.) 825.00/6-1445.

was the Club Fernández Concha, while that of the Partido Liberal was the Club Presidente Balmaceda, colloquially called Club de Septiembre.[1]

The Conservative Executive Board had 12 members, amongst them the president of the party, its two vice-presidents, one representing the Chamber of Deputies, another the Senate, plus the president of the Conservative Youth. The Executive Board implemented the party's political strategy and designated congressional candidates from the names proposed by the local assemblies (Directorios Departamentales), names which after all it had the authority to veto. The Executive Board was elected by the General Directorate which determined the party's overall political position. The General Directorate consisted of approximately 300 people and before it the party's president would present its annual account. The national conventions of the Conservative Party would congregate nearly 500 persons, and in these meetings programmes, statutes and by-laws would be reviewed and ammended. In addition to the Juventud Conservadora, the women's section and the Vanguardia Obrera comprised other sections within the party.[2]

The Liberal Party's organisation was very similar.

---

[1].- See, for example, EM 28 Nov. 1947, p. 3 and 27 Nov. 1947, p. 29.
Interview with Hernán Errázuriz Talavera, held on 23 Jan., 1992.

[2].- For all the above information see: From Claude G. Bowers to Secretary of State. American Embassy. Santiago, 23 June, 1948. Despatch N. 417. NA.DS. 825.00/6-2348; and EM 10, 15, 16 and 20 June, 1947, and 10 Dec., 1947.

Its Executive Board was elected annually by the General Directorate, which in turn was partially elected by the Party Convention, held about every eight years and attended by approximately one thousand militants. In the conventions the political line of the party would be reviewed, statutes and programmes could be modified, and the party's "Declaración de Principios" ammended. The General Directorate, consisting of nearly 150 leaders, would meet several times each month. Its most significant tasks were to define the party's political line and elect the Executive Board. The party's Executive Board, which had approximately thirty leaders met weekly.[1]

Although Liberals and Conservatives were well organised at the local level --in each province, department and municipality-- the decision-making process was very much concentrated in the party's top echelons; either in the hands of the main leaders in the case of the Liberals, or at the top of the hierarchical structure in the Conservative Party. According to a report of the American Embassy in 1959,

> "the best example of the tight control maintained over the PCU (Partido Conservador Unido) by its leadership, is the method by which a decision on Party policy and platform is reached ... the Conservative platform and policies have usually been decided before their National Convention

---

[1].- For all the above information see: From Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 24 Dec., 1947. Despatch N. 15,829. NA.DS. 825.00/12-2447; and EM, 4 June 1947, and 4, 5, 16, 20, 21, 23 and 29 July 1947, 27 Nov. 1947 and 10, 13,14 and 22 Dec. 1947.

On the internal organisation of the Liberal and Conservative parties, see also: Sergio Guilisasti Tagle, Partidos Políticos Chilenos (Santiago, 1942, 2nd. edition), pp. 26-27, 78-80.

> takes place. And, although required by its constitution to hold a National Convention every four years, it has not been unusual for the Conservative Party to allow a period of six or seven years to pass between Conventions. When this Convention is held, it is presented with a Party platform that is accepted normally without too much debate."[1]

The Conservative and Liberal parties, the most important political expressions of the Chilean right, were united by the fact that they represented above all the traditional elite, and most of the property owning sectors. According to a Conservative newspaper, within the right "are the owners, the industrialists, the merchants, the landowners, the people that toil, work and produce."[2] That is why, in Thomas Wright's words, "they [the two parties] agreed on fundamentals. They stood for capitalism and private property and rejected the notion of class conflict, insisting instead that the nation's progress depended on harmonious class relations, order and work".[3]

It is not too venturous to claim that the way the Chilean right understood class relations, was based on the hierarchical and paternalistic structure of the hacienda. This model was carried over to the urban world, and covered the relations of the elite with all of its subordinates, even if these were middle-class professionals. An example

---

[1].- From Donovan Q. Zook to the Department of State. Santiago, 10 Nov., 1959. Despatch N. 357. NA.DS. 725.00/11-1059. Also interview with Víctor Santa Cruz, 17 Sept. 1986. And Federico Gil, Political System, pp. 271-272, 275.

[2].- EDI, 17 Dec., 1941, p. 3, editorial.

[3].- Thomas C. Wright, Landowners and Reform in Chile. The Sociedad Nacional de Agricultura 1919-40 (Urbana, 1982) p. 28.

of the above can be found in the dedication of a book: "with a paternal embrace from his old patrón" which Agustín Edwards Budge, owner of El Mercurio, wrote to the Director of the newspaper, Clemente Díaz, who, in turn, exhibited it with great pride.[1]

The following words of a leader of the Conservative Party can be understood in the same vein:

> "Only the Christianisation of society can give peace to people... with great generosity from the ones above, without rebelliousness from those below against that natural and inevitable diversity of situations of any intellectual, moral or material order, which... it is not within our reach to suppress, and can at most be attenuated by the practice of social justice and sublime charity".[2]

The parties of the right also shared a decisive and declared anti-Communism, and a tendency to reject political trade unionism. They showed reserve towards the economic intervention of the State, and tended to define its role as a guardian of public order, and standard bearer against anarchy and Communism.[3]

---

[1].- Quoted in letter by Clemente Díaz León to Agustín Edwards Eastman, published in EDI, 28 Aug. 1946, p. 10.
On the hierarchical and paternalistic structure of the hacienda, see Arnold Bauer, Chilean Rural Society especially pp. 159-170; Emiliano Ortega, Transformaciones Agrarias y Campesinado. De la Participación a la Exclusión (Santiago, 1987) pp. 69-78; Brian Loveman, Struggle in the Countryside. Politics and Rural Labor in Chile, 1919-1973 (Bloomington, 1976) pp. 29-49; and Alfredo Jocelyn-Holt Letelier, Independencia de Chile, pp. 36-38.

[2].- Speech by Alejo Lira Infante, in Ignacio Arteaga Undurraga, ed., Partido Conservador, p. 25. The emphasis is ours.

[3].- See from Claude Bowers to the Secretary of State. American Embassy, Santiago, 15 Mar. 1945. Despatch N. 11,789.

At the same time, they defended the notion of liberal democracy which was asserted in the political Constitution of the State. This can be explained, in part, by the character of the military, as we have already pointed out; and in part, also, because they legitimated themselves in terms of history. They saw themselves as constructors of the Republic, the ones that had given the country the grandeur that it had enjoyed throughout the previous century. They felt heirs to a brilliant tradition of legality, civic virtue and progress.[1] Throughout this dissertation we will examine more thoroughly why the Chilean right was an enemy of military coups and loyal to the legal system.

The attachment to law professed and practised by all parties during the XIXth century and the absence of military support, made the parties of the right discard the dictatorial solution when the popular masses entered the Chilean political arena in the 1920s. Instead, they proposed legal changes in order to limit the political participation of the masses. They suggested legislation

---

NA.DS. 825.00/3-1545; "Declaración de Principios de la Juventud Liberal de Chile", in Juventud Liberal. Principios, Estatutos y Reglamentos. Aprobados en la VI Convención Nacional Celebrada en Santiago los dias 6 y 7 de Mayo de 1950 (Santiago, no date) pp. 3-4; speech of the president of the Liberal Party, in EM 20 Dec. 1947, p. 39; Ignacio Arteaga Undurraga, op.cit. Also, Ricardo Cruz-Coke, Historia Electoral, pp. 51-52.

[1].- By way of example, see speech by the Liberal deputy Jorge Errázuriz in Sesiones de los Cuerpos Legislativos. Cámara de Diputados (hereafter cited as SCL.CD.) 17 May 1955; speech by the Conservative deputy Héctor Correa Letelier in SCL.CD., 16 May 1955; accords of the Executive Board of the Liberal Party, in EM, 17 Sept. 1947, p. 21; "Declaración de Principios de la Juventud Liberal de Chile", op.cit., pp. 3-4.

whose aim was to establish limitations on universal suffrage by incorporating, for instance, the plural vote--, and proposed that corporatist representation be introduced to Congress. They were also keen on intensifying political activity, especially among the new emerging social sectors. In the early 1930s, a Liberal leader exclaimed:

> "We must appeal to all our forces make the necessary sacrifices, penetrate the masses, become closer to the middle class and give all we have to give so that afterwards we should not be disposed of it all. We cannot remain still one single instant".[1]

However, later in the 1930s, the proposals for a plural vote and corporatist representation were discarded by the traditional historical parties of the right. Instead, during the forties they felt the need to limit the attributions of the Executive and to establish a parliamentary system, thus bolstering the powers of the Legislature, where they had their greatest strength.[2]

Minor Parties

A number of smaller and marginal parties of a nationalist and corporatist character emerged in the 1930s and revolved around these two large parties. These, in contrast to the nacistas, placed themselves to the right of the political spectrum and challenged the flexibility and

---

[1].- Quoted in Sofía Correa Sutil, "Arturo Alessandri", pp. 426-431. See also EDI 14 Dec. 1941, p. 3, editorial.

[2].- Programme of the Conservative Party, in Ignacio Arteaga Undurraga, ed. Partido Conservador, p. 143; speech of the president of the Liberal Party, in EM 20 Dec. 1947, p. 39.

moderation which typified the Conservatives and Liberals when confronting the economic, social and political crises at the beginnings of this decade.[1]

Of these minor parties the most significant was the Partido Agrario. Founded in 1931, it represented landowners of the southern region (Bío-Bío, Malleco and Cautín). They were critical of the traditional parties of the right, which they accused of having permitted the new economic policies which favoured industrialisation and postponed agriculture.[2] They attempted to transform their group into the party of anyone connected with agriculture, for which purpose they tried to obtain the acknowledgement of the Sociedad Nacional de Agricultura. But in the latter was to prevail the option in favour of party independence, which was decisive if this producer organisation wanted to maintain its political influence, as we shall see below.

Hence, the Partido Agrario was basically a regional party, with limited reach in the provinces from Talca to Cautín. Its electoral support never rose beyond 2% . Its

---

[1].- Concerning the corporatist and nationalist right, very minor in the Chilean political map, see: H.E. Bicheno, "Anti-Parliamentary Themes in Chilean History: 1920-70", in Allende's Chile edited by Kenneth Medhurst (London 1972) pp. 97-134; Renato Cristi and Carlos Ruiz, El Pensamiento Conservador en Chile. Seis Ensayos (Santiago, 1992); Paul Drake, "Corporatism and Functionalism in Modern Chilean Politics", JLAS, vol. 10, part 1, May 1978, pp. 97 ff.; Verónica Valdivia Ortiz de Zárate, "Las Milicias Socialistas", in Mapocho N° 33, 1993, pp. 168-169 and Milicia Republicana, epilogue.

[2].- Alan Angell and Rosemary Thorp in "El Efecto de la Depresión en 1929 sobre América Latina", Opciones N. 8 (Jan.-Apr. 1986) have pointed out that the heterodox policies implemented after the crisis emanated in fact from the traditional sectors, demonstrating this way their capacity to adapt themselves to the new circumstances.

members were anti-Communists, nationalists and corporatists; they proposed the creation of a functionalist Senate in addition to a political chamber elected by popular suffrage. They were critical of the industrialisation policies and against the centralism of the capital. Perhaps because of this last point, they were declared enemies of the Radical Party, who governed the country throughout the 1940s.[1]

In 1945, the Partido Agrario fused with several nationalist groups, among them old ibañistas and former nacistas, in order to create the Partido Agrario Laborista. The Agrarian-Labour Party was corporatist, nationalist and statist; it aspired to create a State controlled economy directed by gremios --professional and entreprenurial associations-- and trade unions, incorporated within the State.[2]

Although the Agrarian-Labour Party considered itself alien to both the right and the left, Jaime Larraín's leadership in the mid 1940s made it a rightist party. In fact, Jaime Larraín pretended to create a new right wherein might converge the traditional parties together with the social sectors. Thus, in their political debut in the

---

[1].- On the Partido Agrario see Lía Cortés and Jordi Fuentes, Diccionario Político, pp. 10-11; Cristián Garay Vera, El Partido Agrario Laborista (Santiago, 1990) pp. 23, 31-32, 121-130.
Other corporatist parties linked to the right, although marginal to it, were the Unión Republicana, Acción Nacional, and Acción Republicana. See Verónica Valdivia Ortiz de Zárate, Milicia Republicana, pp. 113-119.

[2].- See H.E. Bicheno, "Anti-Parliamentary Themes", p. 127; Cristián Garay Vera, op.cit., pp. 32-35, 133-138; Lía Cortés and Jordi Fuentes, op.cit., pp. 11-15.

congressional elections of 1945, the Agrarian-Labourites decided to become allies of the Conservative and Liberal parties. This alliance continued during the presidential elections of 1946. On that occasion the Agrarian-Labour Party participated in the Convention of the Right, presented Jaime Larraín as its presidential candidate, and subsequently negotiated its support in favour of the Liberal politician Fernando Alessandri.

However, the Agrarian-Labour Party did not endure as a rightist force. When the party leaders proclaimed the presidential candidacy of Carlos Ibáñez, in 1951, its former leader, Jaime Larraín, left the party. He formed the Partido Nacional Agrario and backed Arturo Matte, the presidential candidate of the rightist parties. This new, small party became the Partido Nacional in 1956 when more dissident Agrarian-Labourites joined it. Its electoral strength scarcely topped 4% in the congressional elections of the following year. Later it became the Partido Nacional Popular, and subsequently Acción Nacional, both unimportant political groups.[1]

On the other hand, the Agrarian-Labour Party, which became a bizarre conglomerate which included Fascist, nacista, Marxist and trotskyist factions, dissolved in 1957. We shall come back to it below when analysing its populist and anti-rightist period.[2]

---

[1].- Jordi Fuentes and Lía Cortés, op.cit., pp. 8, 11-15, 346-348; Cristián Garay Vera, op.cit., pp. 135-154, 189-191.

[2].- Germán Urzúa Valenzuela, Partidos Políticos, p. 72; Donald Bray, "Chilean Politics", p. 34; Cristián Garay Vera,

THE ECONOMIC ELITE

As a result of the economic crisis of the 1930s, which included a sharp contraction of exports and accompanying limitations of import capacity, the country experienced the intensification of industrialisation which was aimed at import substitution. Economic policies during this period centered on the protection of the manufacturing industry, either through cheap credits, or by way of exchange rates and protectionist custom tariffs. The manufacturing industry then became the most dynamic factor of the Chilean economy. The new industrial entrepreneurial sector which emerged as a result was quickly integrated into the vast network of the traditional elite, allowing them to be linked with older industrialists, landowners, merchants and miners.[1]

As mentioned previously, a historical trait of the traditional Chilean elite has been its openness towards social groups which emerge on account of their recently acquired wealth resulting from new activities created by

---

Partido Agrario Laborista, pp. 160-189.

[1].- For a characterisation of the Chilean economy in the 1930s see Comisión Económica para América Latina de las Naciones Unidas, Antecedentes sobre el Desarrollo de la Economía Chilena. 1925-1952 (Santiago, 1954) pp. 9-32. On the economic crisis of the thirties, see P.T. Ellsworth, Chile. An Economy in Transition (Westport, 1945), and Manuel Marfán, "Políticas Reactivadoras y Recesión Externa", in Estudios Cieplán N° 12, March 1984. On Chilean industrialisation in the decade of the thirties, see Gabriel Palma, "From an Export-led to an Import-substituting Economy: Chile 1914-39", in Latin America in the 1930's. The Role of the Periphery in World Crisis, edited by Rosemary Thorp. (Oxford, 1984).

economic development. As we also pointed out, another characteristic of the traditional elite is to diversify its investments in all sectors of the economy, thus incorporating the new sources of wealth as part of its multiple interests. In this manner powerful economic groups with varied interests in all areas of the economy started to evolve.

The Economic Groups

In the period we are dealing with, and not unlike the situation in other Latin American countries, land and capital in Chile was concentrated in a few family-rooted economic groups whose interests were diversified, covering all sectors of the economy. These groups were linked together by common economic interests and kinship ties, thereby eliminating competition.[1]

By sorting out the patterns of interlocking in the large corporations and banks, Lynda Ann Ewen, in her

---

[1].- On the economic elites in Chile, see: for the 1920s, Henry Kirsh, Industrial Development in a Traditional Society. The Conflict of Entrepreneurship and Modernization in Chile (Gainsville, 1977) pp. 72 ff. For a later period: Ricardo Lagos, La Concentración del Poder Económico. Su Teoría. Realidad Chilena (Santiago, 1965); Roger J. Burbach, "Chilean Industrial Bourgeoisie"; Lynda Ann Ewen, "Ownership and Control"; Richard Earl Ratcliff, "Kinship, Wealth and Power". And Maurice Zeitlin and Richard Ratcliff: "Research Methods for the Analysis of the Internal Structure of Dominant Classes: The Case of Landlords and Capitalists in Chile", LARR, vol.X, N. 3 (Fall 1975) pp. 5-61; "The Concentration of National and Foreign Capital in Chile, 1966", in Chile: Politics and Society, edited by Arturo Valenzuela and J. Samuel Valenzuela (New Brunswick, 1976), pp. 297-337; "New Princes for Old? The Large Corporation and the Capitalist Class in Chile", American Journal of Sociology, N. 80 (July 1974) pp. 37-123; and Landlords and Capitalists. The Dominant Class of Chile (New Jersey, 1988).

doctoral thesis, has revealed three major interest groups and several smaller "sub-groupings". Each of these groups involved both kinship bonds and economic interests. The three major groups were the Yarur-Said-Grace group, the Edwards-Eastman group, and the Matte-Larraín-Vial group. The Edwards-Eastman group controlled one bank and nine corporations, among them, El Mercurio at the top of its large newspaper chain. These three groups were not competitive with each other, instead there were strong business or kinship links among them too.[1]

Richard Ratcliff in his doctoral thesis has identified seven groups linked by economic and kinship ties: the Claro-Matte-Vial group, the Edwards group, the Braun-Menéndez group, the Helfman group, the Yarur-Said group, the Simonetti group, and the Hochschild group. In Ratcliff's words, "the Claro-Matte-Vial group represents the true central structure of the most long-standing and powerful capitalist families in Chile". Clearly, Ratcliff's groups are easily comparable with those identified by Ewen. In effect, the Claro-Matte-Vial group is probably the same as the Matte-Larraín-Vial group as it appears in Ewen's work. Besides, Ewen mentioned the Simonetti group as a minor sub-group and she considered the Braun-Menéndez family as part of the Edwards group. On the other hand, the Helfman group in Ratcliff's work is rather small since it controlled only two publishing corporations, while the Hochschild group, which controlled two mining

---

[1].- Lynda Ann Ewen, op.cit.

corporations, could be considered as a non-Chilean group in as much as the Hochschild family consisted of first generation inmmigrants and many of their mining interests were to be found in other Latin American countries.[1]

The previous map is further enriched by the work of Maurice Zeitlin and Richard Earl Ratcliff on the Chilean elite of the mid-XXth century. These authors have showed that the top corporations and major banks in Chile were controlled by family groups that combined kinship ties and economic interests. Their research has also demonstrated that through family and economic links, the landowning and capitalist sectors became integrated into one class.[2]

Zeitlin and Ratcliff carried out a systematic investigation of the connections, at the time of the mid 1960s, between individuals in four "universes": 1) the officers and directors of Chile's top 37 non-financial corporations (229 men); 2) their counterparts in the Big Six commercial banks (68 men); 3) the "top landowners", or

---

[1].- Lynda Ann Ewen, op.cit., Richard Earl Ratcliff, op.cit. Also Roger J. Burbach's doctoral thesis, op.cit., studied interlocking directorships amongst the largest industrial corporations and banks, in addition to the connections which existed between urban directors and landed interests. Hence the author also demonstrated that manufacture, banking and agriculture were highly integrated activities in the hands of a powerful economic elite.

A pioneer study on economic groups in Chile was Ricardo Lagos' book. His data analysis was based on 1959 figures for directorships of corporate enterprises and banks. Focussing his work on interlocking directorships Lagos identified eleven economic groups, each of which possessed a bank at the core of its diversified economic power. He highlighted the fact that these eleven economic groups were inter-connected through their largest enterprises as well as through the banks.

[2].- Maurice Zeitlin y Richard Earl Ratcliff, Landlords and Capitalists

owners of the largest landed estates (132 men and women); and 4) the "top investors" (measured by the aggregate market value of their shareholdings) in the 16 leading commercial banks, the top 37 non-financial corporations, and 11 of the top foreign-owned corporations (502 men and women). For the individuals in the first three universes, they identified and analysed the connections between their landholdings, capital ownership, managerial positions, kinship relations, and the political offices held (party, legislative, and executive). In the fourth universe they traced their kinship relations to the members of the first three universes. Ascertaining the kinship web encompassing the individuals in these four universes entailed identifying and analysing the kinship relations of some 6,000 of their close relatives.[1]

By following this methodology these two authors were able to identify within the capitalist class what they called a central core consisting of men whose interests were diversified in top non-financial corporations and banks, and who belonged to families which were both capitalist and landowning. We are dealing here with a special group within the dominant class, which coordinates the general interests of the upper class, integrating the potentially contradictory interests of bankers, industrialists, merchants and landowners. According to Zeitlin and Ratcliff, this group personifies the

---

[1].- Maurice Zeitlin and Richard Earl Ratcliff, Landlords and Capitalists, pp. 6-7.

convergence of interests within the same class and constitutes the hardcore of the dominant class.

In summary, Zeitlin and Ratcliff's study demonstrates that from whatever point of view we start the analysis, either from those individuals who by holding interlocking directorships of leading banks and non-financial corporations helped to eliminate the sectoral conflicts within the dominant class, or else that we centre the analysis on the family links of the large corporations and bank owners and managers, in either case, we are bound to find only one class, without internal divisions, a cohesive body linked by economic and social family ties, which help to integrate all areas of the economy while controlling ownership and management.

It goes without saying but the power of the economic groups extended far beyond business. Influential newspapers, such as El Mercurio, to name only the best known, and radio stations were owned by these major groups. Moreover, important connections were maintained with right-wing political sectors as well as with the Radical Party; so much so that more than one hundred corporations had members of the National Congress on their boards.[1]

In order to exemplify this characterisation of the economic elite, let us take for instance the paradigmatic case of Arturo Matte Larraín, who descended from the traditional elite of XIXth century Chile. He interlocked

---

[1].- Ricardo Lagos, Concentración del Poder, p. 100. Lagos mentions also the case of a congressman who belonged to 17 board of directorships of joint stock companies.

as many as 18 banks and corporations in all sectors of the economy. In effect, he was either director, president, vice-president or general manager in numerous industrial corporations, in two banks, in real estate enterprises, and in agricultural corporations. Additionally, he was an active member of the Sociedad de Fomento Fabril. Besides, Arturo Matte's kinship connections linked him not only to the most traditional families of Chile's elite. By marrying Rosa Ester Alessandri Rodríguez he also became a member of the highly influential Alessandri family. He was the son-in-law of twice President of the Republic, Arturo Alessandri Palma (1920-1925; 1932-1938), brother-in-law of President Jorge Alessandri Rodríguez (1958-1964) and of the presidential candidate Fernando Alessandri Rodríguez (1946). Arturo Matte, in his own right, was also an important political figure. He was Finance minister in 1943-44, senator between 1951 and 1957 and presidential candidate for the right in 1952. Thus, in a period of fifty years (1920-1970) he took an active part in as many as seven presidential campaigns involving several of his family members. Moreover, the Alessandri family's influence extended well beyond politics. For example, Jorge Alessandri Rodríguez, before serving as President of the Republic, was a member of the directorate of the Sociedad de Fomento Fabril, president of the Confederación de la Producción y del Comercio and president of the Compañía Manufacturera de Papeles y Cartones, which was one of the most powerful industrial corporations of the

country. Additionally, Arturo Alessandri Rodríguez was not only a well-known lawyer, professor and dean of the principal law school, he was also director of three corporations and one bank as well as president of an agricultural corporation. Simmilarly, Eduardo Alessandri Rodríguez, in addition to serving as a life-long congressman, was also a large landowner, director of two important industrial corporations and member of the directorate of the Sociedad Nacional de Minería.[1]

The case of Arturo Matte, although quite striking, is by no means, exceptional. Agustín Edwards, for example, personally presided over the family-owned bank and six corporations, among them were the highly influential El Mercurio newspaper chain and IBEC-Chile, a U.S. subsidiary controlled by the Rockefeller family.[2] Also Francisco Bulnes Correa, who belonged to old landowning families and a large landowner himself, was director of five large corporations as well as president of the Liberal Party in the mid-forties, deputy from 1921 to 1924, and senator from 1947 to 1953.[3]

As these cases demonstrate, the members of the

---

[1].- See Roger J. Burbach, op.cit., pp 192-202; Lynda Ann Ewen, op.cit.; Richard Earl Ratcliff, op.cit., pp.388-389; Lía Cortés, Jordi Fuentes, Diccionario Político; and Arturo Matte Larraín. Un Hombre de Excepción (Santiago, 1980).

[2].- See Roger J. Burbach, op.cit., pp. 192-202; Lynda Ann Ewen, op.cit., pp. 156 and 273; and Richard Earl Ratcliff, op.cit., p. 392.

[3].- See Lynda Ann Ewen, op.cit., pp.146, 191; Richard Earl Ratcliff, op.cit. pp. 366, 501; and Lía Cortés, Jordi Fuentes, Diccionario Político

economic groups also maintained close links with the peak entrepreneurial associations whose origins can be traced back to the XIXth century.

Entrepreneurial Associations.

Since the XIXth century the economic elite has been institutionally represented by four large entrepreneurial or producer associations, namely, the Sociedad Nacional de Agricultura (SNA), the Sociedad de Fomento Fabril (SFF), the Cámara Central de Comercio (CCC), and the Sociedad Nacional de Minería (SNM). From their very beginnings all of them were related through informal links as well as shared values and aspirations.[1]

It goes without saying, the economic elite of the XIXth century which was represented by the entrepreneurial associations was the same as the social and political elite. There were no internal divisions in it. As noted

---

[1].- On the origins of the SNA see: Thomas C. Wright, Landowners and Reform, chapter 1; and Gonzalo Izquierdo, Un estudio de las ideologìas chilenas. La Sociedad de Agricultura en el siglo XIX (Santiago, 1968).

On the initial period of the SFF, and especially on the diversification of interests of a single elite see Henry Kirsch, Industrial Development, pp. 17 ff.

On the origins and organisation of the CCC see "La Cámara Central de Comercio de Chile", in Carta Quincenal de la Cámara Central de Comercio de Chile (hereafter cited as CQ) N. 20, Valparaíso, 5 Aug. 1946, pp. 5-6; and "Historia de la Cámara Central de Comercio en su primer centenario", in EM 6 Aug. 1958, p. 19.

A brief history of the SNM is found in "'La Sociedad Nacional de Minería. Síntesis de sus principales actividades.'por Raúl Rodríguez Merino, pro-secretario de la Sociedad Nacional de Minería", in Boletín Minero (hereafter cited as BM) Dec. 1941, pp. 1202-1207; and in "Homenaje a ex-presidentes rindió la Sociedad Nacional de Minería" in BM, July-Dec. 1957 pp. 3363-3370.

by Kirsh, "among the first three presidents of the SFF before 1891 were Agustín Edwards Ross, Ramón Barros Luco, and Domingo Matte Pérez, all outstanding figures in finances, commerce, and agriculture"; as well as politics, we should add: Ramón Barros Luco, for example, was President of the Republic between 1910 and 1915. Of course, this was not an exception with respect to the directors of the Sociedad de Fomento Fabril.[1]

The peak entrepreneurial associations continued to represent the economic elite in the XXth century. For instance, in 1962, of the 28 elected directors of the SFF, 18 occupied directorships or top executive positions in four or more corporations or were close relatives of such top businessmen; and as many as 9 of the 11 honourary directors held directorships or top executive positions in four or more corporations.[2]

Therefore, it is not surprising that in 1968, these four entrepreneurial associations represented 80% of the physical volume of production and commerce, even if amongst its potential affiliates only 10.8% belonged to the CCC, 12.7% to the SNA, 17% to the SFF, 55% to the SNM.[3]

As to their political role, the producers associations

---

[1].- See H. Kirsch, Industrial Development, pp. 102-104, 130.

[2].- See Dale L. Johnson,"Industry and Industrialists in Chile" (Stanford Univ. PhD. 1967) pp. 156-157. Also, James Petras, Politics and Social Forces, p. 71; Roger J. Burbach, "Chilean Industrial Bourgeoisie", pp. 135-145.

[3].- Constantine Menges, "Public Policy and Organized Business in Chile: A Preliminary Analysis", Journal of International Affairs, vol. XX, N. 2 (1966) pp. 345 ff.

in the XIXth century were more like administrative branches of the government or developmental agencies than pressure groups. However, in the 1920s, in response to the new challenges posed by mass politics, the producers' associations began to assume a far more political role.

Beginning in the mid-1920s, the State in Chile began to expand its range of action to include economic development and social welfare. The State became an arbiter in labour conflicts and an agent of social welfare programmes. Moreover, it assumed a decisive role not only in the development of production but also in the control of the main variables of the country's economy. For instance, by creating the Central Bank --in 1925-- the public sector was able to mould and partially control the financial system; a few years later, when numerous fiscal credit agencies were established to promote development, the public sector became a crucial dispenser of capital. Similarly, the State began to acquire its entrepreneurial character as early as the 1920s when it became directly involved in enterprises such as the Compañía Siderúrgica e Industrial de Valdivia, Línea Aérea Nacional (LAN) and Fábrica de Maestranzas del Ejército (FAMAE). The creation of the Ministerio de Fomento, in 1927, corroborated the transformation of the State as agent of economic development. The expansion of the State's role in the economy became consolidated after the Great Depression. During this time, the State initiated price fixing of essential commodities and control of foreign trade through

the use of quotas, import licences and pegging the value of the national currency through multiple exchange rates.[1]

What must be emphasized is that from the very beginning, the traditional entrepreneurial associations obtained the legal right to be represented in the governing bodies of those State agencies which were responsible for economic regulations and social welfare.

Parallel to this they also improved their organisations in order to better defend employers' interests. On the whole this was achieved through re-organisation, which enlarged membership while preserving the control of each association in the hands of the old elite through an oligarchic organisational structure. Each of the four major associations (SNA, CCC, SFF, SNM) set up an administration which included an Executive Committee (Comité Ejecutivo) consisting of five to ten officers, a Council (Consejo) of around 60 to 100 representatives, and a Junta General de Socios, or member's assembly. Ultimate authority rested on the Council which nominated the Executive Committee. The Council was composed of elected officers, honourary members and representatives of both

---

[1].- See Adolfo Ibáñez Santa-María, "Los Ingenieros, el Estado y la Política en Chile. Del Ministerio de Fomento a la Corporación de Fomento. 1927-1939", Historia N. 18 (1983) pp. 77 ff.; Henry Kirsch, Industrial Development, pp. 129 ff.; P. T. Ellsworth, Chile, pp. 49 ff.

The importance of the creation of an Industrial Department dependent of the Ministerio de Fomento, has been underlined by María Rosaria Stabili, Il Cile. Dalla Repubblica Liberale al Dopo Pinochet (1861-1990) (Firenze, 1991). Luis Ortega Martínez, et.al., in Corporación de Fomento de la Producción. 50 años de Realizaciones 1939-1989 (Santiago, 1989) p. 19, have also underlined the importance behind the creation of a Ministerio de Fomento.

regional and specialised commodity associations. Since re-elections were permitted most of the Council's members remained in office for ten or more years.[1]

The number of voting members in each election of councilors varied significantly from year to year. This was most likely influenced by situations of relative threat or complacency felt by the members with respect to the government's policies. Against these the member counted on the defence provided by the entrepreneurial association he belonged to. We know, for instance, that in the election of councilors to the SNA only 37 members voted in 1933, figure which increased to one hundred after 1936, reaching 597 electors in 1938, and diminishing afterwards to 143 in 1942, when the leftist threat in rural areas had been neutralised, as we shall see in the next chapter.[2]

Given that these associations were so tightly controlled by a minority it seems reasonable to ask what sort of benefits did someone get from his membership in any of the major producer associations. In the first place, he would be provided with various technical services. But, more importantly perhaps, each of the producer associations acted as an internal regulator of its sector as well as represented the sector's economic interests within the State apparatus. An example of benefits derived from

---

[1].- For details on the organisational structure see: Genaro Arriagada, La Oligarquía Patronal Chilena (Santiago, 1970).

[2].- See Rafael Cabrera Méndez, "¿Qué pasa en la Sociedad Nacional de Agricultura?", in EC, Jan. 1944, p. 47.

regulatory functions was the distribution and allocation made by these associations to its member firms of export permits, quotas which enabled the buying of foreign currency and other scarce fiscal permits.[1]

Organisational renovation culminated with the creation of the Confederación de la Producción y del Comercio (CPC) in the mid 1930s. Their is little doubt that the four major producer associations (SNA, CCC, SFF, SNM) felt they should join forces to better confront the increasing power and militancy of the labour movement, as well as the increasing State intervention in the economy. They also believed that the creation of an entity which might group them was becoming necessary insofar as, in their opinion, the political parties had lost cohesion and influence, and continued to live in the "distant past" of the XIXth century. In this respect, they conceived the new Confederation as an agent that might stimulate "our traditional parties in order to evolve from their present organisation and its programmes, thus consulting the new needs of the social and economic context we now live in".[2]

---

[1].- See, Constantine Menges, "Public Policy", pp. 347-348. Also, Ben G. Burnett, Political Groups in Chile. The Dialogue Between Order and Change (Austin 1970); Jean Carrière, "The 'Sociedad Nacional de Agricultura' in Chilean Politics: 1932-1970" (Univ. of London, PhD. thesis, 1978); David Francis Cusack, "The Politics of Chilean Private Enterprise under Christian Democracy", (Univ. of Denver, PhD. thesis 1970); Dale L. Johnson, "Industry and Industrialists"; Thomas Wright, Landowners and Reform; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie in Chile: 1938-1964", (Univ. of California, PhD. thesis, 1975); and Paul W. Drake, "Corporatism and Functionalism"

[2].- Quoted by Sergio Ceppi M. de L. et.al., Chile. Cien Años de Industria (1883-1983) (Santiago, 1983) pp. 125, 127.

However, their criticism of the traditional parties should not be misleading. The links between the producer associations and the parties of the right had always been close. Personal ties --such as sharing the same members-- and informal channels linked these entrepreneurial associations not only among each other and with the economic groups, but also with the political parties, mainly the Conservative and the Liberal parties, and to a lesser degree, the Radical Party. It was not unusual to find directors of any of the four major associations taking part in the governing councils of the above mentioned parties. For example, in 1945, of the 85 SNA council directors, six were members of the Conservative Party's Executive Committee, three of the Liberal Party's Executive Committee and one was member of the Radical Party's Executive Committee; there were also two cabinet members, six senators and thirteen deputies. In the early 1960s, 32% of the SNA council members had held seats in Congress and 12% were current party leaders.[1]

Their presence in all of the major political parties,

By traditional parties they refer to the Conservative, Liberal and Radical parties, which had been founded in the XIX century.

See also Thomas C. Wright, Landowners and Reform, p. 96; Roger J. Burbach, "Chilean Industrial Bourgeoisie", p. 51; Paul Drake "Corporatism and Functionalism", p. 102; Constantine Menges, "Public Policy", p. 345.

[1].- Jean Carrière, "The 'Sociedad Nacional de Agricultura'", p. 61; and Robert Kaufman, The Chilean Political Right and Agrarian Reform: Resistance and Moderation (Washington, 1967) p. 17.

except those of the left, served them well.[1] The associations could thus project an image of non-partisanship and apoliticism, which reinforced the technical character that they tried to project. "The Sociedad Nacional de Agricultura, in whose interior we find thousands of associates of different political ideas, has no party, nor could it have one", said its president.[2]

In fact, the associations rarely became actively involved in partisan politics. However, an exception to this is the 1938 presidential election, when the Confederación de la Producción y del Comercio campaigned for Ross --while the CTCH, the confederation of labour unions, backed the Popular Front's candidacy of Aguirre Cerda. Yet, this militant stand very soon proved to have been a serious mistake since their normal channels of communication with the government were temporarily closed

---

[1].- An exception to this was the SNM for in its directorate there were Socialist politicians. This can be explained because in this association medium and small size miners were represented, the latter being organised in local associations. The large copper mining sector, being foreign owned, was not represented in the SNM. On the other hand, because of the very character of the mining activity, this was highly dependent on State support, factor which explains why the association was constantly looking for ways of linking itself with leading politicians of the most divergent tendencies. For example, for more than twenty years (1937-1964) the president of the SNM was the Liberal senator Hernán Videla Lira; and during the 1940s we find as directors of the SNM politicians such as Oscar Schnake, presidential pre-candidate of the Partido Socialista, Juan Antonio Ríos, Radical leader who became President of the Republic, and the then Falangist, subsequently Christian Democrat, Eduardo Frei, also eventual President of the Republic. See Boletín Minero between 1939 and 1964.

[2].- "Discurso pronunciado en la Exposición de Peñuelas por el presidente de la Sociedad Nacional de Agricultura, don Máximo Valdés Fontecilla", in BM (March 1949) p. 106.

after Aguirre Cerda's electoral victory.[1]

The creation of the Confederación de la Producción y del Comercio as the pivotal association that was to coordinate all economic sectors shows us once again the intertwining of this elite. So undeniable was this intertwining of all sectors in a sole elite that most members of the SNA board, in the 1930s had interests in all other sectors of the economy, be it in commerce, industry, banking or mining. Moreover, in 1961 the president of the SNA sat concurrently on the board of directors of the Banco Pan-Americano and of other industrial corporations while the president of the SFF was himself a large landowner.[2]

The intertwining of sectoral entrepreneurs in a sole economic elite meant that they shared common views on essential issues. Industrialists could clash with merchants, miners or agriculturalists on what was perceived as issues of less importance, such as protectionist tariffs, ceiling prices for foodstuffs, or the allocation of government investments. But what is most important is that all of them agreed on what they themselves considered essential issues, i.e. the limitation of the welfare and interventionist State and tax restrictions, as well as the

---

[1].- See Thomas C. Wright, Landowners and Reform, pp. 54-56, 88-89.

[2].- See Thomas C. Wright, Landowners and Reform, pp. 13-21, 70-73, 217-221; and Roger J.Burbach, "Chilean Industrial Bourgeoisie", p.146. The same could be said of the SFF at the end of the XIXth and beginnings of the XXth centuries, when its directors were at the same time of the SNA. See H.Kirsch, Industrial Development, pp. 58 ff.

control of the labour movement; they shared the same political concerns, prejudices and ideals, as well. Actually, given these common views, conflicts rarely went beyond particular issues.[1]

What Thomas Wright could observe and highlight with respect to the SNA in the 1920s, in all probability can be said of all the entrepreneurial associations at mid-century, namely that

> "the Society's leaders were men of the national elite by birth, wealth, politics or commonly all of the above, and that as a result they had a national upper-class view of the world ... [They] saw the political priorities and interests of landowners within the context of, and as one variable in, the broader upper class interest. In the case of conflict between the immediate economic interest of landowners and the long-range welfare of the upper social strata, the latter was likely to take precedence".[2]

EL MERCURIO

The political parties and the producers' associations were not the only spokesmen for the Chilean right. The

---

[1].- See: Oscar Muñoz G. and Ana María Arriagada, "Orígenes Políticos y Económicos del Estado Empresarial en Chile", Estudios Cieplán, N. 16 (Sept. 1977); Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie"; Oscar Landerretch-Gacitúa, "Inflation and Socio-Political Conflict in Chile, 1955-1970" (Oxford Univ. DPhil. thesis, 1983). Also, Paul W. Drake, "Corporatism and Functionalism",; Roger J. Burbach, "Chilean Industrial Bourgeoisie"; and Constantine Menges, "Public Policy".
An opposite view which puts emphasis in sectorial conflict is that of Jean Carrière, "The 'Sociedad Nacional de Agricultura'", and that of Markos Mamalakis, "Explicaciones Acerca del Desarrollo Económico Chileno. Una Reseña y Síntesis", Historia vol. 19 (1984), pp. 143 ff.; and by the same author, "Public Policy and Sectorial Development. A case study of Chile 1940-1958", in Essays on the Chilean Economy, Markos Mamalakis and Clark Winton Reynolds (Homewood, Illinois, 1965).

[2].- Thomas C. Wright, Landowners and Reform, p. 81.

upper-class view of the world mentioned above was expressed most sharply and lucidly by the El Mercurio newspaper.

El Mercurio was founded in Valparaíso in 1827. In 1879 it was bought by Agustín Edwards Ross, who transformed it into the most prestigeous paper in the country. After his death, in 1897, the ownership of the daily was passed to his son, Agustín Edwards Mac Clure, who, when he was 22 years of age, in 1900, founded El Mercurio of Santiago. Until his death in 1941, Agustín Edwards Mac Clure personally directed the El Mercurio press company, which carried with it a direct control of the newspaper. The direction of the company was passed to his son, Agustín Edwards Budge, who had been educated at Eton and Oxford while his father was serving as Ambassador to Great Britain. Edwards Budge maintained control of the newspaper chain company until his death in 1956. He was also followed by his eldest son, Agustín Edwards Eastman. It is a unique trait of the El Mercurio newspaper chain that it is organised as a joint-stock company; however, its control has always remained in the hands of the Edwards family. For example, in the late 1950s, the company's board of directors was composed of Agustín Edwards Eastman, who presided, M. Isabel Eastman de Edwards, Roberto Edwards Eastman, Carlos Eastman B., and Santiago Lyon Giralt. Obviously we are dealing here with a family enterprise, property of the Edwards clan, and subject to the vigilant

supervision of the family's eldest son.[1]

The Santiago El Mercurio soon became the principal and most influential newspaper in the country, introducing a new style to national journalism. Emulating the London Times and the New York Herald, El Mercurio imposed an informative type journalism, written by professional employees, with aspirations of objectivity and impartiality, moving away from the doctrinaire type of press which characterised the XIXth century. Commentaries and opinions were given a distinct space in the editorial page, pretending thus to preserve the objectivity of news. In turn, the editorial page was given a dispassionate, distant and impersonal tone, an "olympian tone", in words of the British Ambassador. The press impact of El Mercurio has been so strong that until this day we hear in Chile of a "mercurial style".[2]

Even though El Mercurio was linked from the outset to

---

[1].- Raúl Silva Castro, El Mercurio de Santiago (1900-1960) (Santiago, 1960) pp. 113-129; Raúl Silva Castro, Prensa y Periodismo en Chile (1812-1956) (Santiago, 1958) chapter 3; José Peláez y Tapia, Historia de El Mercurio (Santiago, 1927); Agustín Edwards, "Recuerdos de un Cincuentenario" in Carlos Silva Vildósola, Medio Siglo de Periodismo (Santiago, no date); Claudio Durán "'El Mercurio' Contra la Unidad Popular. Un Ejemplo de Propaganda de Agitación en los Años 1972 y 1973", in Araucaria de Chile, Dec. 1982, p. 63.
See also, EDI, 28 Aug. 1946, p. 10.

[2].- From Sir C. Orde to The Right Honorable Anthony Eden. Despatch N. 83 E. Santiago, 29 May 1943. Public Records Office. Foreign Office Records (hereafter cited as FO) 371.33754 A. 5646/324/9. Enclosure N. 1.
Eduardo Santa-Cruz A., Análisis Histórico del Periodismo Chileno (Santiago, 1988) pp. 45-49; Claudio Durán, "'El Mercurio'", pp. 63-64.
El Mercurio's pretension to being neutral as to information has been strongly criticised by E. Santa-Cruz, G. Sunkel, F. Ossandón, C. Ruiz, C. Durán and P. Urzúa.

the interests of the entrepreneurial groups, through the Edwards clan, its primary function was not to be a source of utility for the group, but rather its aim was to be a creator of public opinion. El Mercurio was not subject to a specific form of representation of interests, nor was it controlled by the parties of the right. This enabled it to gain legitimacy as a modern, serious, independent and objective medium. At the same time, it could represent the interests of the upper class as a whole, and become an efficient advocate of a capitalist economy. For this purpose its distance from the different factions of the right was essential, an aim which was made possible by the fact that the newspaper relied on lucid intellectuals whose outlook went beyond the immediate interests in conflict.[1]

In this manner, El Mercurio was able to portray itself as representative of "public opinion", independent of class divisions and political parties. Its objective was to be spokesman of reason and common sense. It defended the values of the ruling class, the capitalist social order, and presented them as necessary and universal. It identified its interests with those of the nation, of Western Christian civilisation and the common good.[2]

---

[1].- Guillermo Sunkel, 10 Años de Educación Político-Ideológica. 1969-1979 (Santiago, 1983) pp. 52-69; Fernando Ossandón, "El Mercurio y la Represión, 1973-1978", in Investigaciones sobre la Prensa en Chile (1974-1984), Fernando Reyes Matta, Carlos Ruiz, Guillermo Sunkel, compiladores (Santiago, 1986) pp. 115-117; Eduardo Santa-Cruz A., op.cit., pp. 80-83.

[2].- Eduardo Santa-Cruz A., op.cit., p. 116; Claudio Durán y Carlos Ruiz, "La Ideología del El Mercurio y la Política de la Oposición", in Revista de la Universidad Técnica del Estado,

Consequently, El Mercurio fulfilled the function of informing and ideologically directing the ruling class as a whole, aside from exercising an unmeasurable influence among the middle sectors and the public realm. For this reason, a study of the Chilean right and its relation to politics, cannot leave out this medium, and must take into consideration its capacity as spokesman of the general interests of class; after all, it is one of the most efficient instruments that the right has had in its strategies of approchment and co-optation vis-á-vis the reformist middle sectors.

* * *

As can be expected whenever the elite is challenged by political forces which call for an alternative society, we are in the presence of leftist forces, and consequently, we can also expect this same elite to constitute itself into a political rightist sector. This phenomenon took place in Chile during the decade of the 1930s.

The intention of this chapter has been to characterise the Chilean right taking into account its different

---

special volume, N. 13-14 (Mar.-Apr.-May-June 1973) pp. 140, 156; Claudio Durán and Patricio Urzúa, "On the Ideological Role of El Mercurio in Chilean Society", LARU Studies vol. 2, N. 3 (June 1978) p. 56.

expressions: parties, entrepreneurs and media. Following a XIXth century tradition, the elite expressed itself through two political parties, the Liberal Party and the Conservative Party. Both differed from each other basically on the issue of religion. This element had repercussions both in the style and strategies of both parties, making it possible and reasonable for the right to be divided into two political tents. However, far more important were the points of convergence between the two parties. In effect, both Liberals as well as Conservatives ultimately represented the traditional elite and the property-owning sectors. This obviously implied an overall convergence on basic issues and questions, such as the defence of private property, the limitation of State attributions, the need to control the trade union movement, and a strong anti-Communist sentiment. Both parties worked well within the liberal democratic system, of which both were ardent defenders.

It is worthwhile to underline that the Chilean economic elite was characterised by its homegeneity and cohesion. Economic groups interlocked through common business interests and through family connections, diversified their interests among the different areas of the economy, be they urban or rural, wherein they controlled both the ownership as well as the management of the various enterprises. Institutionally, the economic elite was organised in entrepreneurial associations, organisations which integrated formally through a

confederation of producers and commercial groups, and informally through personal connections between their leaders. Close ties also connected the economic groups with the entrepreneurial associations, and both of these with the rightist parties and at times these links would extend wide enough to include the centre parties.

As can be expected, there were inevitable minor sectorial conflicts, but on the whole the economic elite, as well as the parties of the right, had "a national upper-class view of the world", in which there prevailed the long range interests of the upper class over the immediate economic interests of any one sector.

One of the more lucid tribunes of this national upper-class view of the world, is to be found in the El Mercurio newspaper which became a platform for the right as a whole, achieving great efficacy as defender of its overall interests and essential values.

The right which has been described in this chapter was to confront the reformist administrations led by the Radical Party, which governed the country for fourteen years beginning in 1939. The manner in which the right was able to adapt itself as well as restrain reformism will be the subject of the next chapter.

CHAPTER II

THE RIGHT UNDER REFORMIST GOVERNMENTS: INFLUENCE THROUGH NEGOTIATION AND CO-OPTATION

The 1938 presidential election saw the victory, by a small margin of votes, of the Popular Front candidate, the Radical Pedro Aguirre Cerda, over the candidate of the rightist parties and of the business world, Gustavo Ross.[1] From 1938 until 1952 the Executive was held by the Radical Party, which governed with various party alliances, the left being included in almost all them.

With the triumph of the Popular Front coalition, the right lost the control of the administrative apparatus. This was by no means unimportant given that in the early 1940s the State had become a vital economic agent in either controlling or influencing all sectors of the economy: be it manufacturing, trading, mining, agriculture or finance. It applied price controls and protectionist tariffs, allocated credits, regulated labour relations, managed the social security system and the health services, designed development planning, etc.

There were two fundamental problems which the right had to confront during the Popular Front administration

---

[1].- On the 1938 presidential election, see Marta Infante Barros, Testigos del Treinta y Ocho. (Santiago, 1972); and Tomás Moulian and Isabel Torres Dujisin, Discusiones Entre Honorables. Las Candidaturas Presidenciales de la Derecha 1938-1946 (Santiago, without date) chapter 2.

that came to power towards the end of 1938. The first wa: related to the extent of the State's control of th: economy, at the time when the right was forced t: relinquish the command government. This problem aros: during Aguirre Cerda's administration on account of : proposal to create a new public institution in charge c: production development, which was later to become CORFC the Corporación de Fomento de la Producción.

The other problem dealt with the social policies c: the Popular Front. Specifically, the right saw itsel: confronting a government which, given its politica: composition, was prone to extending trade unionism int: rural areas. Although this process was contemplated in th: 1931 Labour Code, it had been suspended by the Artur: Alessandri government through administrative measures. Bu: now the question and threat were to arise again for it wa: feared that rural unions could actually be permitted give: the political line of the new government. As ou: discussion will show, rural trade unions were indeed a: extremely serious challenge to the right.

In this chapter we will see how the right confronte: this difficult issue. An uncompromising opposition to th: Aguirre Cerda government gave way to a more conciliator: policy, as the right began to perceive the benefits tha: could be obtained from negotiation. Making use of it: power in the National Congress and relying on its capacit: to co-opt reformist politicians, the right was able t: maintain its basic economic and social power.

Consequently, the reformist governments, which made their debut with the Popular Front, were not to prove, in the end, a threat to the right.

In this chapter we will describe the strategies used by the right acting as opposition to the Popular Front. Special attention will be given to the strategies of negotiation and co-optation. We shall see how these were successfully applied when the right had to confront the administration of a centre-left coalition on two specific issues, namely the creation of the Corporación de Fomento de la Producción and rural trade unionisation. We will also focus in this chapter on the underpinnings of the right's negotiating capacity: on the one hand, its electoral strength, which made Congress the most important arena for political negotiation, and on the other, the corporatist representation of the entrepeneurial associations within the State.

THE RIGHT FACES THE POPULAR FRONT GOVERNMENT

The Right And CORFO's Creation

The Corporación de Fomento de la Producción (CORFO) was created as a consequence of the devastating 1939 earthquake. President Aguirre Cerda proposed to Congress, where the right held a majority, a package of legislation aimed at confronting the needs of reconstruction as well as promoting policies directed towards increasing production.

The government's project seized the ideas conceived by

a generation of engineers concerned with the economic modernisation of the country. They were all members of the Instituto de Ingenieros de Chile, in addition to being closely linked with entrepeneurs, the SFF specifically, and not with the centre-left parties which were then governing the country. Such is the case, for instance, of Walter Muller Hess, one of the men behind the CORFO project, who at the time also presided over the SFF, a post which he held for twenty years, from 1935 to 1955.[1]

It is interesting to note in this respect that when the law which created CORFO was discussed, the government newspaper, La Nación, stated that the plan for the developmnent of production had already been elaborated by a team of experts from the previous Alessandri administration, and that it coincided on the whole with the economic project of Gustavo Ross. In turn, the weekly, Hoy, criticised the CORFO project because it considered it to be too similar to the economic policy promoted by Ross as Finance minister in Arturo Alessandri's cabinet.[2]

---

[1].- See Adolfo Ibáñez Santa María, "Los Ingenieros"; Sergio Ceppi M. de L., et.al., Chile. 100 Años, p. 134.

[2].- La Nación, 5 Feb. and 8 Mar., 1939, quoted in Luis Ortega Martínez et. al., Corporación de Fomento, p. 57. The quote from the weekly Hoy can be found in Germán Urzúa Valenzuela, La Democracia Práctica. Los Gobiernos Radicales (Santiago, no date) p. 144. In this respect. see also Aníbal Pinto S.C., "La Ofensiva Contra el Estado-Económico", in Estudios Cieplán N. 21 (June 1987) pp. 117-127.

It should be borne in mind as Luis Ortega Martínez et.al. have noted, "that an important factor of legitimacy of the new positions was the eruption, on an international level, of the new outlooks on economic planning, as a way of counteracting the effects of the cyclic crises". Luis Ortega Martínez et.al., op.cit., pp. 42-43, 70; and Paul Drake, Socialism and Populism pp. 84 ff.

Even though the idea of creating a development corporation was closely associated with the right, its discussion in Congress produced an arduous debate. The right was suspicious of the Popular Front government and feared the enormous power that this new institution might give to the Executive which was then controlled by the centre-left forces.

It has often been said that the rightist parties negotiated with the government the creation of CORFO in exchange for the illegalisation of rural unions.[1] However, in our opinion this affirmation is poorly backed, for as we shall see below, in order to stop rural trade unions, the right resorted to a strategy of co-optation with the Radical Party, which among its members were a good number of landowners.[2]

Moreover, CORFO was the outcome of a long held aspiration of the entrepeneurial sectors. In effect, the Confederación de la Producción y del Comercio, which grouped the four principal business and producers' associations, had called, from its very beginnings in 1934, for the creation of a Consejo de Economía Nacional responsible for coordinating economic policies within a project of industrialisation.[3] Consequently the thesis

---

[1].- See Oscar Muñoz Gomá and Ana María Arriagada, "Orígenes Políticos y Económicos", pp. 35-39.

[2].- See Arturo Olavarría Bravo, Chile Entre Dos Alessandri. Memorias Políticas (Santiago, 1962) vol. 2, pp 452-453.

[3].- Luis Ortega Martínez et.al., Corporación de Fomento, p. 29; Adolfo Ibáñez Santa María, "Los Ingenieros", pp. 81 ff.; Oscar Muñoz Gomá, Chile y su Industrializaciòn. Pasado, Crisis

that argues the rejection by the political right towards the CORFO project presumes differences and tensions between the economic or entrepeneurial right and the political right, as well as between the landowners which dominated Congress and the industrial entrepeneurs, all of which is unfounded according to the data presented in Chapter I.

In addition to this, the Sociedad de Fomento Fabril, as well as the political right, were strongly opposed to CORFO being financed preferentially by taxes; and pressured so that in its management direction the entrepeneurial representatives might predominate over the representatives of the State. The Sociedad Nacional de Agricultura, in turn, applauded the creation of CORFO. And the Conservative Party expressed its conformity with the positions held by the Cámara Central de Comercio on the CORFO project.[1]

In conclusion, the resistance of the right focussed on the whole on the financial aspects of the new entity and on the composition of its board of directors. In the long run, though, it was relieved on both accounts, for the negotiation in Congress was to result in CORFO not being financed by taxes only, and its board of directors was to contemplate an ample representation of entrepeneurial sectors.[2]

---

y Opciones. (Santiago, 1986) pp. 87-92.

[1].- See Luis Ortega Martínez et. al., op.cit., pp. 52-62.

[2].- Luis Ortega Martínez, et.al., op.cit., pp. 48-51; Germán Urzúa Valenzuela, La Democracia Práctica, pp. 142-149.

CORFO's directive board consisted of the minister of Economy and Commerce, who presided it, the Executive Vice-President, appointed by the President of the Republic, two representatives of the Senate, two representatives of the Chamber of Deputies, plus a representative of each one of the following State institutions: the Caja de Crédito Hipotecario, Instituto de Economía Agrícola, Consejo Nacional de Comercio Exterior, Instituto de Crédito Industrial, Caja de Crédito Minero, Caja de Crédito Agrario; in addition to a representative of the following associations: Sociedad Nacional de Agricultura, Sociedad de Fomento Fabril, Sociedad Nacional de Minería, the Chambers of Commerce of Chile, the Instituto de Ingenieros de Chile, the Confederación de Trabajadores de Chile; and six representatives of the President of the Republic.[1]

CORFO's work was to be conditioned by the start of the Second World War and the economic difficulties that it provoked. Consequently, CORFO was to undertake the systematic study of the country's natural resources, which eventually was to provide for the formulation of a general plan of development. Moreover, it was to finance those activities for which it was difficult to attract private investment as they were not very profitable at first, but

---

On the financing of Corfo, see Luis Ortega Martínez et.al., op.cit., pp. 51-52, 109-110; Adolfo Ibáñez Santa María, op.cit., pp. 95-96; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 122; Markos Mamalakis, "Public Policy", pp. 18-20.

[1].- See Corporación de Fomento de la Producción, Cinco años de labor 1939-1943. (Santiago, no date).

which could help substitute imports. It also brought about the creation of basic industries such as hydroelectric energy, steel, and oil.[1]

The primary concern of CORFO centred on the development of the manufacturing industry, for which a close collaboration between the government and the private sector was necessary, the latter being provided with technical and financial assistance, be it through credits or through capital investment. In this case, CORFO never exercised its legal right to interfere in the management of the firms in which it was a partner. Moreover, once a business became profitable, CORFO sold its shares to private entrepreneurs, and as Cavarozzi has emphasized, "there was not one example of a businessman complaining about the price asked by Corfo in this type of operations".[2]

Undoubtedly CORFO contributed substantially to the strength and expansion of the private manufacturing industry. This obviously strengthened the entrepreneurial sector, notwithstanding the fact that this also meant that the State was to acquire an enormous economic power.[3]

---

[1].- Luis Ortega Martínez, et.al., op.cit., chapter 3.

[2].- Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 145.

[3].- In an interview with Raúl Sáez, Director General of CORFO between 1961 and 1965 and Vice-President between 1965 and 1969, held on 8 Oct. 1986, Sáez insisted on a very marked alliance between CORFO and the private sector, and indicated that CORFO had also consolidated and stimulated the private sector through the demand of inputs and capital goods on the part of its great affiliates, ENDESA, ENAP, CAP.
CORFO's support for the private sector was considerable.

Therefore, it is not strange that entrepreneurs, for instance the Sociedad de Fomento Fabril or the Sociedad Nacional de Agricultura, supported CORFO's work. Although they insisted in putting an expressed limit to its policies --like non-interference with private initiative-- private entrepreneurs were very satisfied that CORFO might thus

---

During its first five years, CORFO contributed capital towards the creation of: El Instituto Bacteriológico de Chile S.A., Farmoquímica del Pacífico S.A., the Sociedad Industrial de Colorantes S.A., the Sociedad Maderera del Sur S.A., Electromat S.A., the Sociedad Anónima Radios de Chile (Chilean branch of RCA Victor), the spinning mill for artificial silk of Said e Hijos, the Industria Nacional de Neumáticos (INSA), Distribuidora de la Industria Casera S.A., Manufacturas de Cobre S.A. (MADECO), Industrias Metalúrgicas Mecánicas Reunidas S.A. (IMMAR), the Sociedad Astillero y Maestranza Valdivia S.A., the Sociedad Agrícola y Ganadera Rucamanqui, the Sociedad Chilena de Fertilizantes, the Sociedad Borax de Chile, the joint stock company Comercio Exterior, the firm Vinos de Chile S.A. (VINEX), the Sociedad Exportadora de Maderas de Chile, the Sociedad Abastecedora de la Minería, the Constructora y Explotadora de Hoteles de Turismo S.A., Hotelera Riñihue Ltda., Hotelera Panguipulli, the Sociedad Hotelera Lagunas de Portillo S.A. Special mention deserves the Compañía de Acero del Pacífico (CAP), created with private and State capitals and with United States loans.

In this period CORFO also provided financial help to: Laboratorios Chile S.A., the Sociedad Técnica Harseim y Cìa. Ltda., Hilanderías Rudloff, the Sociedad Lavadora de Lanas, Talleres Minerva, the Sociedad Sericícola Ltda., Hilandería de Lino La Unión, the Sociedad Cerámica Castro Olivera, the Fábrica Nacional de Loza S.A. (FANALOZA), the Sociedad Cerámica Carrascal, MADEMSA, Siam di Tella S.A., Mecánica Industrial S.A., shipyards Gutiérrez de Constitución, Carvallo e hijos de San Vicente, the Astilleros y Maestranzas B.W. Cernocer y Cía de Angelmó, the electric-iron and steel works Compañía de Valdivia, the Sociedad Frutera Peumo (SOFRUCO), small and medium sized miners through the Caja de Crédito Minero, the Sociedad Calerías de Polpaico Ltda. etc.

For the above information see Luis Ortega Martínez et.al., op.cit., pp. 94-105. See also pp. 73-77, 89-91. And Oscar Muñoz Gomá and Ana María Arriagada, "Orígenes Políticos y Económicos", apppendix.

The strengthening of the industrial and financial business sector during the decade of the 1930s is suggested by Aníbal Pinto S.C., "Estado y Gran Empresa: De la Pre-Crisis Hasta el Gobierno de Jorge Alessandri", Estudios Cieplán N. 16 (June 1985) pp. 18-23.

contribute to the private sector by providing it with the scant financial resources which were available.[1]

Therefore, what might have been a source of friction and conflict for the right --given the enormous power CORFO held over the national economy-- resulted instead in an opportunity for the national entrepeneurial sectors to bolster their power. Hence, the right soon became aware that the Popular Front government was not the socialist menace that it had feared at the outset.

It was still an open question, though, if that potential danger could also be neutralised on a yet another crucial matter, that of the extension of trade unions to rural areas, one of the most important reforms demanded by the Socialist and Communist parties.

The Right And Rural Workers' Unionisation

During the presidency of Pedro Aguirre Cerda (1939-1941), the parties of the right, fearing the Popular Front coalition which governed the country for the first time, used their congressional power in order to present a strong opposition to the initiatives of the Executive. Nonetheless, at the same time they tried to gain the favour of several figures of the Radical Party, especially those who were landowners, with the intent of negotiating one of the policies which challenged most their interests, namely extending the right to organise trade unions amongst rural workers.

---

[1].- See Luis Ortega Martínez et.al., op.cit., p. 112.

The case is illustrative. At the beginning of the Popular Front government numerous unions were constituted in rural areas, all of which requested of the government that they be given legal recognition as demanded by law. In other words, rural unions were legal, and for their constitution it was merely necessary that the Executive recognise them as such, as bearers of legal person; Congress lacked attributions in this matter.

The right asked the government to suspend the legalisation of rural trade unions while legislation corresponding with the reality of rural work was passed. Given its unique nature, they argued, rural work could not be paralysed during the periods of planting and harvest. Moreover, they held that rural unions were not an autonomous initiative demanded by rural workers, but rather it fitted within a revolutionary strategy of the Marxist left parties,, especially the Communist Party. The right always made it a point to distinguish between the government and the leftist parties. Its discourse was addressed to the President of the Republic and the Radical Party. The main argument used was that without social peace and rural activity paralised, the government would be incapable of bringing about its plans for developing production; in that case, food supplies for urban areas could be seriously threatened.[1]

---

[1].- See EC, March and April 1939; EM, editorials of 14, 15, and 17 Mar., 4 Apr., 12 Dec., 1939 and 11 July, 17 and 18 Oct., 1940; SCL.CD., speeches by the Conservative deputies Enrique Alcalde, 1 Mar. 1939, and Julio Pereira Larraín, 30 May 1939; and the Liberal deputies Raúl Marín Balmaceda, 18 Apr. 1939 and

For the right this issue was crucial, and not only because rural demands would increase the price of hand labour. It was felt that rural unions would also mean the break-up of the inmemorial seigneurial order which governed the highly hierarchical and patriarchal hacienda. Moreover, as we will examine shortly, the right's congressional power resided to a large degree on the control of the inquilino vote. Needless to say, congressional power in turn allowed the right to negotiate. We shall come back to this point later.

Rightist co-optation turned out to be successful. The Aguirre Cerda government suspended the constitution of the rural unions, while a tripartite commission --made up of landowners, workers and representatives of the government-- undertook the task of studying a legal project to regulate rural unions. It was believed that this legal project would have to contemplate the peculiar characteristics of agrarian work. Moreover, the government took a strong stand and forcefully repressed leftist political activity in rural areas. In the meantime, the legal project proposed by the commission was held up in the congressional discussion, and the enactment of the 1947 law on rural unionisation was to stipulate a number of requisites for their constitution, all of which were to make these unions in effect illegal. As can be expected, the right applauded

---

Fernando Ruiz Correa, 29 Aug. 1939.

President Aguirre Cerda's measure.[1]

In order to suspend rural trade unionism, the right had several assets to its favour. In the first place, a significant proportion of the leadership of the Radical Party was made-up of southern landowners. It is interesting to note that at the time the government was defining its position with respect to rural unions and inquilino strikes, the Minister of Agriculture was the Radical Party leader, Víctor Moller Bordeau, himself a landowner, who moreover had two brothers who also were members of the board of directors of the Sociedad Nacional de Agricultura.[2]

Secondly, the Radical Party possessed a constituency of urban middle class sectors, which would see their living standards affected if, for instance, rural workers were to press for wage rises which would inevitably increase the price of food. And if they were compensated by salary readjustments, the increase of costs would threaten the government's project of

---

[1].- Rural unionisation was finally legalised as late as 1967, during the Christian Democrat government.

On rural unionisation during the Popular Front see Almino Affonso et.al., Movimiento Campesino Chileno (Santiago, 1970), Vol. 1, Chap. 2; Paul Drake, Socialism and Populism, pp.221-223; Thomas C. Wright, Landowners and Reform, chapter 7; and Brian Loveman, Struggle in the Countryside. pp. 200 ff.

On the approval of the right to the suspension of rural unionisation in 1939 see for example EC, Apr. 1939; EM, editorials of 22 Mar. 1939 and 18 Aug. 1940.

[2].- See EC 1940; Arturo Olavarría Bravo, Chile Entre Dos Alessandri, vol. 1, p. 426; and Luis Valencia Avaria Anales de la República (Santiago, 1951), vol. 2, p. 443.

industrialisation.[1]

Thirdly, the fact that the Radical Party did not have a presence in industrial workers' trade unions was also an influence, as rural unionisation was sure to reinforce the Socialist and Communist parties, thus threatening the Radical hegemony in the centre-left coalition.[2]

Bearing this in mind and counting on how these aspects affected the Radical Party, the right was able to neutralise the parties of the Marxist left in their attempts to extend their influence on the rural world.

Negotiation and Co-optation Prevails

The approval of the CORFO project, according to the satisfactory terms of the right, was to demonstrate that negotiation could bring about better results than a congressional opposition impervious to any Executive initiative. Moreover, the strategy of co-optation --"the sirens' song of the right" in the words of Arturo Olavarría-- had shown its effectiveness in its attempt at paralysing the constitution of rural unions. Henceforth, negotiation and co-optation prevailed in the political strategies of the right, beginning in 1941 when the infighting between Radicals, Socialists and Communists broke-up the Popular Front coalition. The Liberal Party, less doctrinaire than the Conservative Party, tried to

---

[1].- Paul Drake, Socialism and Populism, p. 223.

[2].- See Thomas C. Wright, Landowners and Reform, pp. 159-160.

create links with the governing Radicals with the intention to distance them from their Marxist allies.[1]

Thus, in the presidential elections of 1942, an important Liberal faction led by Arturo Alessandri rejected the decision of the Liberal and Conservative parties to support the candidacy of former dictator Carlos Ibáñez, and supported instead the Radical candidate, Juan Antonio Ríos, who had the backing of the Socialist and Communist parties. "The majority of the Rightist decided to support General Ibáñez, in the short sighted hope that his dictatorial methods would result in more efficient government and a cessation of labour troubles", reported the British Embassy.[2] However, five senators and fifteen deputies of the Liberal Party aligned themselves with Arturo Alessandri in his support for Ríos, along with the leading figures of the party, including its president, Gregorio Amunátegui. Certainly, the British Embassy was correct when it reported that

> "the fact that quite a number of Liberals, headed by Señor Gregorio Amunátegui, supported Señor

---

[1].- See Germán Urzúa Valenzuela, La Democracia Práctica, pp. 166 ff.; Paul Drake, Socialism and Populism, p. 206-213, 244-246. In Drake's words, "initial overreaction to the 1938 electoral victory of reform forces was followed by surprising moderation and accommodation. This occurred because of both the tenacity and sophistication of the Right and the caution and composition of the Left" (p. 213).

[2].- From Sir C. Orde to Mr. Eden. Despatch N. 34. Santiago, 25 Feb. 1942. FO. 371.30434 A 3236/18/9; and from Sir C. Orde to Mr. Eden. Despatch N. 181. Santiago, 10 Nov. 1944. FO. 371.37982 AS. 6270/31/9.

See also, "El candidato nacional y su programa", en EDI, 12 Jan. 1942, p. 3 editorial.

Pedro Aguirre Cerda died on 25 Nov. 1941 and presidential elections were called for 2 Feb. 1942.

> Ríos, and that even Señor Arturo Alessandri Palma, gave him his support, meant that the old formula of 'the Left in power alone' had died an unmourned death".[1]

The support given by Arturo Alessandri to Ríos was decisive in the electoral results; and the Liberal Party would exercise an important influence in the government, in which it was to have cabinet participation.[2]

In the following presidential election (1946), the Radical candidate, Gabriel González Videla, triumphed with the support of the Communist Party.[3] But, by not obtaining the absolute majority of the votes, his election

---

[1].- From Sir C. Orde to Mr. Eden. Despatch N. 181. Santiago, 10 Nov. 1944. FO. 371.37982 AS. 6270/31/9.

See also, EDI, 6 Jan. 1942 pp. 3 and 12, and 7 Jan., p. 7. Also Dec. 1941 and Jan. 1942; Germán Urzúa Valenzuela, La Democracia Práctica, pp. 203-204; Luis Palma Zúñiga and Julio Iglesias Meléndez, Presencia de Juan Antonio Ríos (Santiago, 1957) pp. 69-70; and Tomás Moulian and Isabel Torres Dujisin, Discusiones Entre Honorables, Chapter 3.

Ríos was also backed by the Conservative leader Rafael Luis Gumucio; as well as by the Partido Agrario, which in 1938 had supported Ross; and by the Falange Nacional, which provoked disaffiliations from the Falange to the old Conservative trunk. However, on the other hand, there were some Radicals who were favourable to Ibáñez.

[2].- Interview which took place on 17 Sept. 1986 with Víctor Santa-Cruz Serrano, Liberal deputy in 1945; interview which took place on 10 Sept. 1986 with Felipe Herrera, member of the Partido Socialista Popular, Secretary of the Treasury in 1953. See also Arturo Olavarría Bravo, Chile Entre Dos Alessandri, vol. 2, p. 8.

Liberal ministers in the first Ríos cabinet (Apr. to Oct. 1942) were Ernesto Barros Jarpa, in Foreign Affairs, and Benjamín Matte Larraín in Finance. Also between Sept. 1943 and Oct. 1944 Arturo Matte Larraín was Finance minister and Osvaldo Vial Vial was minister of Tierras y Colonización. See Luis Valencia Avaria, Anales, pp. 447-457; Germán Urzúa Valenzuela, La Democracia Práctica, pp. 227 ff.; Luis Palma Zúñiga and Julio Iglesias Meléndez, Presencia, pp. 75-92.

[3].- Juan Antonio Ríos died on 27 June 1946, and the presidential election was set for 4 Sept., 1946.

had to be ratified by Congress, where the right held a majority. The Radical Party thus had to begin negotiations with the Liberals.

They provided the votes which ratified González Videla as President of the Republic. They obtained in exchange the promise of the Executive to back a special law dealing with rural unionisation, in addition to three ministerial posts in a cabinet in which Radicals and Communists also shared political responsibilities.[1]

The Liberal strategy was to continue its efficacy when a law on rural unionisation was passed, but which put such obstacles that in actual practice rural unions were prohibited. Moreover, the Liberals showed how particularly skillful their strategy of approachment towards the Radical Party could be when Gabriel González broke with his Communist allies, and their party was outlawed.

Co-optation was made possible by the nature of the Radical Party. This party identified itself with the

---

[1].- Liberal ministers in the first González Videla cabinet (from Nov. 1946 to Apr. 1947) were: Guillermo Correa Fuenzalida, in Justice; Fernando Claro Salas, in Salubridad, Previsión y Asistencia Social; and Manuel Bulnes Sanfuentes, in Defense. Also Jorge Alessandri Rodríguez was minister of Finance between Aug. 1947 and Feb. 1950. The break between Gabriel González Videla and the Communists meant the creation of a cabinet with Liberals, Conservatives and Radicals in July 1948. The Conservative ministers were: Luis Felipe Letelier Icaza, in Justice, between July 1948 and May 1949, and in Labour, between Feb. 1949 and Feb. 1950, and Guillermo Varas Contreras, in Salubridad, Previsión y Asistencia Social, between July 1948 and Feb. 1950. The Liberal ministers appointed were: Germán Riesco Errázuriz, in Foreign Relations between July 1948 and Feb. 1950, and Víctor Opaso Cousiño, in Agriculture between July 1948 and Feb. 1950. See EM, 20 Dec. 1947; Luis Valencia Avaria, Anales, pp. 458-465; and Germán Urzúa Valenzuela, La Democracia Práctica, pp. 288 ff.

middle sectors, which, in Drake's words, "were torn between imitating and placating the elites or pressing them for greater concessions." He adds, "The middle groups simultaneously sought acceptance from the upper class and support from the workers, and thus they played an ambiguous role in politics as well as society".[1]

Seduction and flattery was a powerful instrument in the hands of the traditional elite. An illuminating example is Gabriel González Videla, politician of the left wing of the Radical Party, of provincial origins as well as from the middle class, who was also an adamant critic of the traditional elite before assuming the presidency. In a letter to Arturo Olavarría, dated 5 April 1940, he wrote:

> "We must convince ourselves, on the other hand, my dear Arturo, that with our creole oligarchy nothing can be done. What she has done to you shows her nakedly for what she is. The more one favours her in her legitimate interests so as to attract her towards an appeasement or harmony (your way of dealing), the more perfidious and treacherous she is with the man of our class who extends his hand. Convince yourself, Arturo, one has to do away with these people; one has to make her bite the dust of defeat, we must disorganise her and not give her nor provide her with economic means. She must be destroyed by any means, at the cost of any sacrifice. Her social and economic influence must end; it poisons and disturbs our middle class, which, in turn, must rise up sometime above its inferiority complex and reverential fear towards an uncultured caste, vicious and insolent, and which feeds on the morbid pretense that her own men are the only ones called on to govern the country".[2]

---

[1].- Paul Drake, Socialism and Populism, p. 43. On the middle classes see also pp. 26-27; and Arturo Olavarría Bravo, Chile Entre Dos, vol. 2, pp. 41-53.

[2].- Arturo Olavarría Bravo, op.cit., vol. 1, pp. 423-424.

Nonetheless, far from destroying the oligarchy and putting a stop to its social and economic influence, Gabriel González Videla ended up ascending the social ladder and becoming a part of the elite. During long periods of his tenure as President, he governed with its help. Years later he was to write in his memoirs that his Conservative ministers "possessed the characteristics which singled out the members of this political collectivity: extraordinary public spirit... [for] they postponed their party interests on behalf of the supreme good of the country".[1]

His two daughters married well-known and accepted members of the traditional elite, linked moreover to the great economic groups we described in the previous chapter. Rosa married José Claro Vial, and Sylvia married Alfonso Campos Menéndez.[2] In addition to this, González Videla himself, after his period as President, became member of the board of directors of three large industrial corporations, Manufacturas Sumar S.A., Textil Progreso S.A., and RCA Victor --a trasnational corporation-- and was appointed president of the Banco Francés e Italiano.[3]

We can see thus that co-optation was a strategy displayed simultaneously by the parties of the right as

---

[1].- Gabriel González Videla, Memorias (Santiago, 1975) vol. 2, p. 957.

[2].- Luis Palma Zúñiga, Historia del Partido Radical (Santiago, 1967) p. 250.
On the elite's social openness, see Paul Drake, Socialism and Populism, pp. 118-120.

[3].- Roger Burbach, "Chilean Industrial Bourgeoisie", p. 193.

well as by the big business groups. In effect, the entrepeneurial sector's capacity to co-opt during the Radical administrations was so powerful that there were numerous cabinet ministers who at the same time were members of the board of directors of one of the four largest entrepeneurial associations. The following tables illustrate this point.[1]

Administration of Pedro Aguirre Cerda

- Cristóbal Sáenz Cerda (Radical Party):

    - Minister of Foreign Relations, February to July 1940
    - Councillor of the SNA, 1940-1943

- Víctor Moller Bordeu (Radical Party):

    - Agriculture Minister, February to October 1940
    - Landowner and brother of two members of the directorate of the SNA in the same period

- Oscar Schnake Vergara (Socialist Party)

    - Minister of Fomento, September 1939 to December 1941
    - Councillor of the SNM, 1940-1942

Administration of Juan Antonio Ríos

Juan Antonio Ríos was council member of the SNM (1940-

---

[1].- For all the following information see: EC, 1939-1952; Industria, 1939-1952; BM, 1939-1952; Luis Valencia Avaria, Anales, vol. 2, pp. 441-465; and Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 140.

1942) before becoming President. The motto of his administration was "to govern is to produce". His ministers who doubled as councillors of the producer associations are the following:

- Oscar Schnake (Socialist Party)

  - Minister of Fomento, April to October 1942
  - Councillor of the SNM, 1940-1942

- Pedro Enrique Alfonso Barrios (Radical Party)

  - Minister of Economy and Commerce, May 1945 to February 1946
  - Councillor of the SNM, 1945-1947

- Benjamín Matte Larraín (Liberal Party)

  - Finance Minister, April to October 1942
  - Councillor of the SNA, 1939-1943

- Fernando Moller Bordeu (Radical Party)

  - Minister of Agriculture, August 1942 to June 1943
  - Minister of Economy and Commerce, September 1943 to October 1944
  - Minister of Justice, February to September 1946
  - Councillor of the SNA, 1939-1945.

- Rodolfo Jaramillo Bruce

  - Minister of Economy and Commerce, February to June 1943
  - Councillor of the SNA, 1939-1944
  - Councillor of the SFF, 1940-1946
  - Councillor of the SNM until the previous year, 1940-1942

- Benjamín Claro Velasco (Radical Party)

  - Minister of Education, October 1942 to June 1943; September - October 1943; February to September 1946
  - Councillor to the SFF, 1945

Administration of Gabriel González Videla

- Jorge Alessandri Rodríguez

    - Finance Minister, August 1947 to February 1950
    - Councillor of the SFF, 1942-1963
    - President of the Confederación de la Producción y del Comercio, 1943-1958

- Julio Ruiz Burgeois

    - Minister of Economy and Commerce, February to August 1950
    - Councillor of the SNM, 1940-1945

Moreover, an important number of cabinet ministers of González Videla had been councillors of one of the entrepeneurial associations in previous years. It is the case of:

- Roberto Wachholtz Araya

    - Minister of Economy and Commerce, and Finance Minister, November 1946 to January 1947
    - Councillor of the SNA, 1943-1944

- Luis Felipe Letelier Icaza (Conservative Party)

    - Minister of Justice, July 1948 to May 1949
    - Minister of Labour, February 1949 to February 1950
    - Councillor of the SNM, 1940-1942

- Víctor Opaso Cousiño (Liberal Party)

    - Minister of Agriculture, July 1948 to February 1950
    - Councillor of the SNA, 1943-1944; 1957-1962

- Pedro Enrique Alfonso (Radical Party)

    - Minister of Interior, February 1950 to March 1951
    - Councillor of the SNM, 1945-1947

- Fernando Moller Bordeu (Radical Party)

    - Minister of Agriculture, February 1950 to November 1952
    - Councillor of the SNA, 1939-1945

- Benjamín Claro Velasco (Radical Party)

    - Minister of Economy and Commerce, August 1950 to November 1952
    - Councillor of the SNA, 1945

The entrepreneurial associations' capacity to co-opt during the Radical governments becomes more evident if we observe how prominent figures from the first of these administrations became councillors of the entrepeneurial associations in the decade of the 1940s. For instance, of Pedro Aguirre Cerda's ministers, Pedro Enrique Alfonso Barrios, Radical, who was Interior minister between December 1938 and December 1939, and Finance minister between December 1939 and November 1940, was elected member of the SNM for the period between 1945 and 1947; and Roberto Wachholz Araya, Finance minister between December 1938 and December 1939, was councillor to the SNA between 1943 and 1944.[1]

In addition to the parties, the entrepeneurial associations and the economic groups were instruments of the strategy of co-optation mastered by the right. El Mercurio also played a key role in this, due to its enormous prestige as a result of the seriousness of its

---

[1].- See Luis Valencia Avaria, Anales, pp. 441-465; and EC, 1939-1942; Industria, 1939-1942; BM, 1939-1942.

information and non partisan nature, notwithstanding its ideological tendency. In its editorials, El Mercurio always spoke in the name of the national public opinion, imprinting thus to its discourse an apolitical and democratic character.[1]

THE ELECTORAL STRENGTH OF THE RIGHT

Having lost control over the Executive branch in consecutive presidential elections since 1938, we have seen how the right, especially the Liberal Party, adapted itself to the new circumstances by developing a political strategy which combined co-optation and negotiation. We shall examine now the reasons which made possible the development of this strategy; in the first place, its electoral strength.

The capacity of the right to negotiate politically resided in its congressional power. Thanks to its electoral force, which was almost always over 40% until the 1950s, the parties of the right were able to maintain decisive control over the National Congress.

In the congressional elections of 1937, the Liberal Party obtained 20.7% of the votes and the Conservative Party 21.3%, which added up to a combined 42% of the electorate. They were followed by the Radical Party, with

---

[1].- See Eduardo Santa-Cruz A., Análisis Histórico, pp. 45-49, 80-83, 116.

18.6%, and the Socialist Party with 11.2% of the votes.[1]

After the triumph of Aguirre Cerda, due to the enormous expectations which awakened the new forces of government amongst the popular sectors, the vote for the parties of the right descended to 31.1% in the congressional elections of 1941. The Conservative votes dropped to 17.1% while the Liberal votes fell to 14%. For the first time, the highest plurality was polled by the Radical Party with 21.8%, while the Socialist Party gathered 16.7% of the votes, a figure which put them ahead of the Liberals. However, the disillusion caused by the policies of the Popular Front was to bring about an electoral recovery of the right. This sector was able to overcome the electoral defeat of 1941, and from March 1944 it began to triumph in all special congressional by-elections. It came out first in the by-elections of March 1944 for the post of deputy of Llanquihue and Aisén; in the August 1944 senate election in Curicó, Talca, Linares and Maule; in the 1945 deputy elections for the 4th district of Santiago; and in the 1945 November deputy election in Chillán, Bulnes and Yungay. Thus, in the congressional elections of 1945, the Conservative vote had risen to 23.4% and the Liberal vote to 18.4% which, when compiled, added up to 41.8% of the votes.[2]

---

[1].- See Anuario Estadístico, 1937.

[2].- Anuario Estadístico, 1937, 1941, 1945; Ricardo Cruz-Coke, Historia Electoral, p. 81; Germán Urzúa Valenzuela, La Democracia Práctica, pp. 166, 237 ff.; and Paul Drake, Socialism and Populism, pp. 232-234.
Also from Santiago Chancery to South American Department.

VOTE OF THE RIGHT IN CONGRESSIONAL ELECTIONS

	1937	1941	1945
Conservative Party	21,3%	17,1%	23,4%
Liberal Party	20,7%	14,0%	18,4%
Total	42,0%	31,1%	41,8%

Source: Anuario Estadístico, 1937, 1941, 1945.

Undoubtedly during the 1930s and 1940s the electoral power of the right continued to rely, as at the beginning of the century, on the clientelistic connections of the provincial caciques, in the cohecho or buying of urban votes and in the vote of highly disciplined subordinated rural workers (inquilinos).

From the end of the XIXth century until 1949, when women gained the right to vote in the parliamentary and presidential elections, only male, above the age of 21, literate and enrolled in the electoral registers were permitted to vote. In actual terms this meant that in the 1940s elections the proportion of enrolled citizens in the electoral registers was close to 11% of the total population. In addition to this low proportion of

---

Santiago, 10 Sept. 1945. FO. 371-44926 AS.5082/291/9. And, from Claude Bowers to Secretary of State. Despatch N. 11,789. Santiago, 15 Mar. 1945. NA.DS. 825.00/3-1545.

registered voters we must account for electoral abstention, which was always higher than 20% in the congressional elections of the 1940s. Consequently, the proportion of voters was close to 8% of the national population.[1] An important proportion of this low electoral population could be incorporated into clientelistic network links, be subject to cohecho, or simply utilised given the long submission of the inquilino, as we shall see next.

Clientelistic Links

According to John Duncan Powell, in a typical clientelistic transaction,

> "the low status actor (client) will receive material goods and services intended to reduce or ameliorate his environmental threats; while the high status actor (patron) receives less tangible rewards, such as personal services, indications of esteem, deference or loyalty, or services of a directly political nature such as voting".[2]

In the case of Chile, during the Radical governments, clientelistic politics basically was an urban and provincial phenomenon. In rural areas there were no

---

[1].- See Ricardo Cruz-Coke, op.cit., pp. 35-43; Atilio Borón, "La Evolución del Régimen Electoral y Sus Efectos en la Representación de los Intereses Populares: El Caso de Chile", Revista Latinoamericana de Ciencias Políticas, vol.3, N. 3, (Dec. 1971) p. 432; and Chile Election Factbook, September 4, 1964 (Washington, 1963) p. 15. Also Paul Drake, op.cit., p. 15, where he emphasises the fact that "restrictions on the franchise and the standard propensity for the underpriviledged to register and vote less than the middle or upper classes slanted the electoral power toward the wealthier groups." He pressumes a 4% to 5% of voters from the lower classes out of a total 9%

[2].- John Duncan Powell, "Peasant Society and Clientelist Politics", American Political Science Review, N. 64, June 1970, p. 412.

clientelistic networks because there were no transactions as such, as we shall see below. In Santiago, where power was concentrated, politics had a marked programmatic accent. Instead, in the provinces there predominated individualistic transactions with particularistic ends.[1]

Political clienteles expected local caciques to facilitate favours and paper work relating to the central bureaucracy, in other words, they were expected to act as the middlemen between the centralised administration, located in the capital, and the clients. The local cacique --who could be, for instance, an owner of a grocery store, or the highest employee of the post-office, the local physician, the head of the local infirmary, or a landowner living in the province-- could fulfil this function due to his links with any of the congressional members of the local constituency. This was a link of a personal character, notwithstanding it being instrumentalised by the political party whose affiliation was shared by both the clientele and the middleman. The member of Congress expected the local cacique to obtain the necessary votes for his reelection; the cacique in turn expected of his congressman efficacy in obtaining the favours requested for

---

[1].- See Brian Loveman, Struggle in the Countryside, p. 207-208; and Arturo Valenzuela, Political Brokers in Chile: Local Government in a Centralized Polity (Durham 1977) pp. 161 ff.

Arturo Valenzuela, op.cit., pp. 164, 168, emphasises the fact that the same party which at the very bottom of the file and rank "mobilized clienteles primarily through particularistic means and served as networks for processing individual transactions" had at the same time, on a national level, a strong ideological character. Hence, he argued, Chile was characterised by a dual political system, in which "clientelistic" type politics coincided with "ideological politics".

his clientele, which would allow him to preserve his share of power. Thus, politics became a constant interchange of small favours. For example, between 1938 and 1958, 55.2% of all laws passed in Congress dealt with "asuntos de gracia", that is, matters related to pensions and retirement benefits. Favours could also involve matters that had to be channelled through the Public Administration, where petitions coming from members of Congress were given preference and were expeditiously dealt with, as these same congressmen were highly influential in the hiring and promotion of civil servants.[1]

This notwithstanding, there was also an interchange of views as well as political and ideological opinions between the member of Congress and the local cacique, although almost always the opinion of the congressman predominated. In the end, political decisions were made in Santiago by a small clique.[2]

Cohecho

On the practice of cohecho, or urban vote buying, the diplomatic archives reveal significant information which

---

[1].- See Jorge Tapia Valdés, La Técnica Legislativa (Santiago, 1960) quoted by Arturo Valenzuela, Political Brokers, p. 138. See also Arturo Valenzuela, op.cit., chapters 4 and 6.

[2].- Interview with Víctor Santa-Cruz Serrano; and Hernán Errázuriz Talavera, delegate to the Liberal Party Youth movement before the Executive Board of the party between 1961 and 1963, which took place on 23 Jan. 1992.
Arturo Valenzuela argues that in the Chilean case we would not be dealing with a model of clientelistic politics; he uses the concept "broker-politics" (op.cit., chapter 7). For a different interpretation see John Duncan Powell, "Peasant Society", pp. 413 ff.

helps us measure its overall importance.

A report from the British Embassy in Chile estimated that in the 1938 presidential elections "as many as 100.000 votes, out of a possible maximun of 450.000 ... will need to be purchased" with a total cost of some 200 million pesos, about 1.600.000 pounds.[1] British diplomats were sure that Gustavo Ross, the candidate of the right was going to be elected President; after all, he was a rich man and so were the parties which supported him. However, Ross' defeat proved that money was not as decisive a factor as it had been at the beginning of the century. This seems to be confirmed by the right's defeat in the congressional elections of 1941. According to the British interpretation, bribery was thought to have been "excercised to some extent in vain, for voters [were] known to accept money and give their vote to the opposite side".[2]

But apparently, disappointment with the Popular Front's policies brought a renewal of bribery once again, according to British Embassy reports. In 1945 they described a congressional by-election in these terms:

> "There is no doubt that as usual the Rights did hand out money on quite a considerable scale, but the fact that voters were willing to sell their votes denotes a lack of faith, amongst other things, in the promises of the Radical candidate. Had the Lefts since 1938 been successful in Government and carried out their promises these

---

[1].- From Sir C. Bentinck to Viscount Halifax. Despatch N. 102. Santiago, 26th Apr. 1938. FO. 371-21437 A. 3536/571/9.

[2].- From C. Orde to Mr. Eden. Despatch N. 25. Santiago, 6 Feb. 1942. FO. 371-30434. A.2304/18/9.
The same idea can be found in Arturo Olavarría Bravo, Chile Entre Dos Alessandri, vol. 1, p. 467.

> voters would, as they did at that time, have voted accordingly to their opinions or beliefs and not have sold themselves to the Liberals".[1]

Towards the beginning of the 1950s the practice of cohecho continued. We know, from a memorandum from the Embassy of the United States to the State Department, that in the 1952 presidential election,

> "the Matte forces [the Right] feel confident they can win and with their usual cynicism say that their campaign of vote buying will swing the election. The Mattistas claim to have a 100 million peso sum available to buy the voters at 1,000 pesos a head on election day. At the going rate, they will need more money than that".

But not only did the right buy votes; according to this same memorandum from the American Embassy we also know that

> "the Alfonsistas [the Radicals], who are hard up for cash, are desperately trying to build up an election day war chest. They are putting the heat on everyone who has cash, including political appointees in the diplomatic service".[2]

---

[1].- From Santiago Chancery to South American Department. Santiago, 10 Sept. 1945. FO. 371-44926 AS.5082/291/9.

[2].- From Carlos C. Hall to Department of State. American Embassy, Santiago, 26 August 1952. Despatch N° 215. NA.DS. 725.00/8-2652.

Arturo Matte was the candidate of the Liberal and Conservative parties. Pedro Enrique Alfonso was candidate of the governing Radical Party. The other candidates in the electoral contest were Salvador Allende, candidate of the Partido Socialista de Chile; and General Carlos Ibáñez del Campo, former President (1927-1931) who was backed by independent and nationalist sectors, by minor parties of recent creation and by the Partido Agrario Laborista and the Partido Socialista Popular. The victory was General Ibáñez's by a wide majority.

On the cohecho realised by the Radical Party, see also Arturo Olavarría Bravo, Chile Entre Dos Alessandri, vol. 1, p. 462.

Previously, an American Embassy report on the Santiago Senatorial by-election of 26 Nov., 1950 had stated that "a maximum estimate of the amount spent would be 18,000,000 pesos

Once again the defeat of the rightist candidate, who had the greatest economic power, in the presidential elections of 1952, allows us to see, that even though cohecho could still influence electoral results, its impact was not decisive.

Control Over the Peasant Vote

Control of the rural vote was by far the most reliable source of electoral support for the right.

The labour force in the Chilean countryside consisted of inquilinos and peones. The inquilino was a resident worker attached voluntarily to the fundo, while the peón or afuerino (outsider) was a seasonal migrant worker. The inquilino normally received a small cash wage, a dwelling, a ration of food, a small plot, often the right to graze a few animals, and occasionally a daily ration of bread and cooked beans, in payment for his work and that of some other family members. Although he lacked in prospects of upward mobility, he enjoyed relative security of tenure and a certain minimum level of subsistence. The peón, instead, worked for a daily subsistence wage and a ration of food during the harvest and other periods of labour demand; on

---

by the rightist candidate [the Senator elected Arturo Matte] and 13,000,000 by the government combination. The amount paid for votes was between 200 and 300 pesos apiece, considerable less than had been anticipated". It added, however, "the bulk of the campaign funds was used for radio time, newspaper advertising, posters, etc." From Carlos C. Hall to Department of State. American Embassy, Santiago, 14 Dec. 1950. Despatch N. 561. NA.DS. 725.00/12-1450.

the whole he lacked security.[1]

What is most important for our discussion is the unique relationship that existed between landlord and inquilino. The fundo was a community in itself. It usually ran a school and most often had a chapel, in which case the landlord invited a priest to say mass. The fundo was a self-contained world wherein the patrón exercised an authority that was traditional, particular, and patriarchal. In exchange for protection, the landowning patrón expected an unquestionable loyalty on the part of the inquilino and his family, which extended far beyond the fulfillment of his obligations. The paternalistic relation between patrón and inquilino did not extend to the peón afuerino, whose relationship was ruled by contractual stipulations.[2]

Given the nature of the relationship between patrón and inquilino, cohecho was not practised in the countryside, as it has been affirmed by numerous authors. The practice of buying votes was essentially an urban phenomena. In the rural world the patrón could reward his inquilinos with a feast during election time, but there was nothing like a market of votes opened-up to the best offer. The inquilino, until the 1960s, voted for the candidate chosen by the patrón, which in all probability was a

---

[1].- Thomas C. Wright, Landowners and Reform, p. 144.

[2].- See Raúl Urzúa, La Demanda Campesina (Santiago, 1969) pp. 100-102; Arnold J. Bauer, Chilean Rural Society, chapter 6, especially p. 170; William C. Thiesenhusen, Chile's Experiments in Agrarian Reform (Madison, 1966) pp. 15-27; James Petras, Politics and Social Forces, pp. 261-262.

Liberal or a Conservative and possibly a Radical in the case of the southern regions. We should bear in mind the fact that until 1958 each candidate printed his own votes which were personally carried by the voters to the ballot box, seriously limiting thus the secrecy of suffrage.[1]

The importance of the campesino vote for the right can be exemplified by the 1945 election for deputies of the agrarian province of Colchagua. Of the ten candidates presented on this occasion, the two Conservative Party candidates were elected, in addition to one from the Liberal Party and the only candidate representing the Radicals. The losers in this elections were the candidates of the Partido Democrático, of the Falange Nacional, of the Partido Socialista and of the Partido Socialista Auténtico. Whereas the combined votes of the Conservatives and Liberals added up to 9307, the two Socialist parties only obtained 358 votes.[2]

Some scholars, like Federico Gil and James Petras, have singled out the year 1952 to indicate peasants'

---

[1].- An important number of landowners of the southern regions belonged to the Radical Party. See Paul Drake, Socialism and Populism, pp. 109, 132, 247-249.

On the control of the votes of rural labour see J. Petras, op.cit., p. 262; and interview with Hernán Errázuriz Talavera. It is usual to speak of "cohecho rural". Amongst others, for example Brian Loveman, Struggle in the Countryside, pp. 202 ff.

The idea that cohecho implies for the voter the possibility that he might choose within an electoral market can be found in María Rosaria Stabili, "Mirando Las Cosas Al Revés: Algunas Reflexiones A Propósito del Período Parlamentario", in Luis Ortega, ed., La Guerra Civil de 1891. Cien Años Hoy (Santiago, 1993).

[2].- Data can be found in Anuario Estadístico 1945, pp. 20-21.

electoral autonomy because of the large amount of votes polled in rural areas by Ibáñez. Yet, in 1952 Ibáñez polled only a narrow majority in the rural provinces of O'Higgins, Talca and Linares. The first of these was not completely a rural province since the miners of El Teniente voted there as well. The latter two were strongholds of "ibañismo" due to family and personal ties: Ibáñez himself was a landholder in Linares while his wife's family owned large estates in Talca. Besides, an American Embassy report informs us that

> "it is known that there is a group in the Social Christian Conservative Party that is sympathetic towards him [Ibáñez] ... and there are Liberals in the Matte camp who are with him. As one instance, Senator Pedro Opaso Cousiño of Talca has gone over to Ibáñez".[1]

Moreover, it should be taken into consideration that he also received the support of the nationalist right, led by Jorge Prat, which included a significant number of landowners. On the other hand, Ibáñez polled a large majority in the southern rural provinces --from Bío-Bío to Llanquihue-- because many landowners of that region favoured the ibañista Agrarian-Labour Party. Consequently, since there was a significant number of landowners who backed Ibáñez, it is altogether exaggerated to say that in 1952 the inquilinos were liberated from the political

---

[1].- From C. Allan Stewart to Department of State. American Embassy, Santiago, 26 July 1952. Despatch N. 52. NA.DS. 725.00/7-1652.

tutorship of the patrón.[1]

A significant feature during this period was the over-representation of rural districts in Congress. Given the landowners' control of inquilino votes, this was understandable. In effect, in the 1940s, 1950s and 1960s the less populated rural provinces were able to proportionally elect more Chamber deputies than the more populated urban areas. Rural over-representation was created by the fact that the number of Chamber deputies each province could elect was determined by its population according to the 1930 census. Needless to say, there had been a considerable increase of urban population in comparison to rural areas since then. In fact, the 1930 rural population figure of 50.6% had diminished to just 33.5% thirty years later.[2]

THE RIGHT IN CONGRESS

As pointed out previously, the electoral system

---

[1].- Federico Gil, Sistema Político, pp. 95, 251; James Petras, Political and Social Forces, pp. 166-167; Cristián Garay Vera, Partido Agrario Laborista.
For electoral figures see Anuario Estadístico 1952.

[2].- See H. E. Bicheno: "Anti-Parliamentary Themes" pp. 100, 110. See also Daniel Charles Hellinger, "Class Mobilization and Change in the Chilean Electorate, 1946-1970" (Rutgers Univ., The State Univ. of New Jersey, PhD. thesis, 1976)
The charge has been made that the right maintained these distortions in order to profit from its traditional rural support. Notwithstanding this, the rightist parties could poll large number of votes in urban districts, too. The Conservative Party, for example, obtained more than 25% of Santiago's votes in all congressional elections from 1941 to 1949, as well as more than 20% of Valparaíso city's votes in the congressional elections of 1945 and 1949. For electoral figures see Anuario Estadístico 1941, 1945, 1949.

favoured the representation of the different "rights" in the National Congress. If the Radical governments wanted to promote reformist policies which affected the interest of the right, they found themselves without congressional majorities. Thus they were forced to negotiate with the opposition and come to agreements in order to forward projects of law submitted for congressional discussion. Thus, if the Executive set the basic agenda, the Legislature was the key institution for the aggregation of interests, since no single party nominally commanded a majority of the votes necessary for decision-making.[1]

In addition to its important congressional representation, the right had an additional quota of power in Congress through its presence in parliamentary commissions. These were especially important in the process of political negotiation, particularly the Senate committees, which were in charge of studying the legislation before discussion on the main floor, where usually it was passed as approved by the committee. The Senate was the legislative branch par excellence; since deputies spent most of their time doing favours for their constituencies or engaging in partisan activities they seldom had time to study the legislation submitted for their consideration. Hence, the Senate committees acted as the centres of decision-making. In these committees would

---

[1].- See Arturo Valenzuela, Political Brokers, p. 162; and Weston H. Agor, The Chilean Senate. Internal Distribution of Influence (Austin, 1971) p. xvi.

be represented all, or almost all, of the political parties, additional reason which explains why it was necessary to be permanently negotiating agreements. Weston Agor's study of the Chilean Senate has clearly shown how in the Senate committees there prevailed an environment in which norms of expertise, specialisation, reciprocity and deference would temper norms of partisanship, thereby permitting inter-party compromise and agreement. The reduced size of these committees--only five members-- and the fact that sessions were closed to the public allowed for inter-party agreements. Also worthy of notice is that committee membership tended to be very stable in the parties of the right and in the Radical Party, thus enabling those senators to build a reputation of expertise in certain subjects, which in turn, served them as a base for personal power, which enabled them to influence committee work far beyond their numerical weight.[1]

In addition, the producers' associations used their personal contacts with the Executive and the Legislative branches to press their own viewpoint in the legislative process. It was not at all unusual for the producers' associations to draft the legislation on matters relating to their particular sectors. Their best asset for such purpose was their capacity to do very specialised and complex economic studies. In turn, their participation gave legitimacy to the whole process. Not surprisingly

---

[1].- See Weston H. Agor, op.cit., pp. xviii, 40 and 76 to 90; Arturo Valenzuela, op.cit. pp. 132-133.

then, the major producers' associations were invited to actively participate in congressional committees in charge of preparing the laws that were to be discussed by Congress. This was hardly a legal right, but it turned out to be a very common practice at least until the mid 1960s.[1]

In sum, the considerable congressional power of the right permitted it to negotiate with the Radical Party, allowing it to neutralise any policy that might be adverse. Thus, leftist proposals did not threaten the rightist sources of power, either in agriculture, banking, commerce or industry.[2]

With good reason, when popular demands went beyond the control of the parties during the 1950s, El Mercurio stated: "Congress is a barricade against the uncontrollable and exorbitant appetite... the democratic institutions are a guarantee for all Chileans". El Mercurio also emphasized that in the institutional organisation of the country rested the best defence for the right of property: "The economic organisation provided for the State by the Political Constitution promulgated in 1925... is none other than liberal economy".[3]

The same defence of the institutional regime can be

---

[1].- Constantine Menges, "Public Policy", p. 352.

[2].- Paul Drake, Socialism and Populism, p. 215, has pointed out the fact that "the inclusion of Marxist mass politics in the multiparty bargaining network deflected attacks against the system toward particular officeholders or laws."

[3].- See EM 12 Feb. 1950 editorial, and "La Semana Política", EM 6 July 1947.

found in Conservative and Liberal party documents. "Our past and our doctrine demand of us to join all those who see the constitutional regime as the only possible way of coexistence", is how the Conservatives put it. Needless to say, this option was shared by Liberals; according to them, when the constitutional norms are abandoned, "in order to give way to deliberation amongst the armed forces, opening up the doors to impudence and the spirit of adventure of any military chief, then no one can answer the excesses to which one can arrive at by the tortuous road of mutinies".[1]

It is evident therefore that it was its congressional strength which allowed the right to negotiate and neutralise any reform which might profoundly affect its interests. This, in turn, explains why the Chilean right, unlike other Latin American rights, discarded from its options the military coup and, on the contrary, why during the greater part of the XXth century, it was respectful of electoral results and of constitutional precepts. The maintenance of the constitutional democratic and liberal regime, was its main bulwark against any political offensive.

ANOTHER SOURCE OF POWER: CORPORATIST REPRESENTATION

In addition to its political capacity facilitated by its congressional representation, the right used as a

---

[1].- SCL.CD., 16 May 1955, speeches by Conservative deputy Correa Letelier, and Liberal deputy Sepúlveda Garcés.

source of political power the representation it could muster in the producers' associations within the State organisations which were in charge of administration, and economic and social regulation.

Towards the 1920s, as administrative intervention in the economy increased, entrepeneurs found themselves needing to exercise a greater influence on the State. Hence they looked for ways which might allow them to being represented in it directly. As a matter of fact, the traditional entrepreneurial associations obtained the legal right to be represented as voting members in State agencies and in numerous policy-making government bodies created to regulate the economy and forward social welfare.[1]

These State agencies were presided by boards composed of presidential appointees, representatives from the four main entrepreneurial associations, representatives from both chambers of Congress since 1946, and technical personnel. So, the four major producer associations enjoyed a monopolistic control while representing the business sector in the State apparatus.[2]

---

[1].- See Constantine Menges, "Public Policy", pp. 348 ff. Menges, has termed this system "quasi-corporativism", following the category of J. La Palombara. See also Henry Kirsch, Industrial Development, pp. 132 ff.; and Thomas C. Wright Landowners and Reform, pp. 90-97.

[2].- Labour was given only a token representation. For example, on CORFO's board out of 24 delegates only one was a representative for labour and he was appointed by the President of the Republic himself; moreover, in 1960 when the composition of CORFO's board was modified, labour representation was suppressed. See Manuel Barrera, "Participation by Occupational Organizations in Economic and Social Planning in Chile", International Labour Review, vol.96, N. 2, Aug. 1967, p. 158; CORFO, Cinco Años de Labor; Federico Gil, Sistema Político, p.

Some scholars have assumed that because the producers' associations were represented in State agencies, corporatist models should be applied to the Chilean case. The point has been made by Philippe Schmitter in his influential article, "Still the Century of Corporatism?". Since then, this argument --which we deem to be mistaken-- has been constantly repeated.[1]

The existence of functional representation is not enough to characterise the Chilean political system as corporatist. In effect, business associations were neither singular nor their membership compulsory; rather, competition was always possible in as much as in all of them membership was voluntary. Moreover, the State did not rule over them: it did not control their leadership selection nor their internal functioning, and no government representative sat on the association's boards. Nor in legal terms were business associations subject to the State. Once business associations refused to transform themselves into entrepreneurial syndicates, they were virtually left out of the Labour Code, which was enacted in 1931, thus avoiding the kind of legal supervision the State was supposed to exercise over labour unions. Therefore, there was no State domination over those business associations that benefitted from functional

---

125; Constantine Menges, "Public Policy", pp. 340-350.

[1].- Philippe Schmitter, "Still the Century of Corporatism?", in The New Corporatism. Social-Political Structures in the Iberian World, edited by Fredrick B. Pike and Thomas Stritch. (Notre Dame, 1974)

representation.

No doubt, as Thomas Wright observes,

> "the result was the anomaly of private voluntary associations, which set their own membership requirements and internal governance and which in reality represented privileged minorities within their own economic sectors, exercising critical decisional powers within the public administration in the name of the entire sectors".[1]

As a last point on this matter, we should bear in mind how important competitive pluralist party politics were in Chile.

Though we are not in the presence of a corporatist political system as such, functional representation was so extended that in 1964, for example, the Sociedad de Fomento Fabril appointed directors in 20 government policy-making boards and in 8 government advisory councils.[2]

Obviously this corporatist representation scheme, which was never questioned by the reformist governments, strengthened the entrepeneurial associations vis-à-vis the State as well as the business sectors. Moreover, it facilitated communication and agreement amongst the producers' associations, and between them and the political sectors of the centre and even the left at times. Thus, the councils and boards of directors of the State agencies and corporations became privileged places where the convergence of interests and points of view between

---

[1].- Thomas C. Wright, Landowners and Reform, p. 91.

[2].- Constantine Menges, "Public Policy", p. 349.

entrepeneurs and politicians could be worked out.[1]

Not surprisingly, this peculiar system of functional representation became a powerful instrument of political influence for the business sector. It is quite reasonable, therefore, to agree with Thomas Wright when he argues that the producers associations constantly pressured for more functional representation "as a means of thwarting reformist legislation produced by competitive mass politics".[2]

When the producers' associations had to defend themselves from redistributive legislation and policies, the strategy they favoured most was the "insider approach", i.e., the use of personal, informal contacts to water down or prevent legislation and policies they deamed detrimental to their interests.[3] This strategy demanded a high degree of pragmatism: the entrepreneurial associations had to be able both to co-opt mildly reformist politicians as well as make concessions. Robert Kaufman has described the Sociedad Nacional de Agricultura's pragmatic style as

---

[1].- Germán Urzúa Valenzuela, La Democracia Práctica, p. 31; Aníbal Pinto, "Desarrollo Económico y Relaciones Sociales", in Chile Hoy, Aníbal Pinto et.al. (Mexico, 1970) pp. 25-26; and Arturo Olavarría Bravo, Chile Entre Dos Alessandri, p. 368.

Radical governments' complacency with corporatist representation in the State agencies is underlined by Ignacio Muñoz Delaunoy, Historia del Poder: La Sociedad Nacional de Agricultura Durante el Período del Frente Popular (Santiago, 1991) pp. 29-30. However Thomas C. Wright, Landowners and Reform, p. 93 explains the benefits brought to the governments by corporatist representation. See also Constantine Menges, "Public Policy", p. 362.

[2].- Thomas C. Wright, Landowners and Reform, p. 204. See also Paul Drake, Socialism and Populism, p. 221.

[3].- See Thomas C. Wright, op.cit., pp. 38-47.

follows: "it tried to 'get along' with government powers by avoiding unreasonable demands and needlessly antagonistic postures. It sought compromise in cases of disagreement, and marginal defeats were accepted gracefully".[1]

Not surprisingly, though, there were great risks involved in the "insider approach". Compromises and concessions tended to be unpopular among constituencies suffering social or economic pressures. Hence, the creation of a parallel nation-wide competitive association was always a threat. It must not be forgotten that in Chile all the producers' associations functioned on a purely voluntary basis. The four major entrepreneurial associations responded to the competitive challenge with their favourite strategy: co-optation. For example, in 1929, the Sociedad Nacional de Agricultura revised its statutes in order to allow one representative from each of the four regional agricultural societies on its board, which up to then existed outside of its ranks. As far as the competitive organisations are concerned, they had much to gain joining their corresponding major association; all in all they gained access to the State apparatus. Consequently, the small and medium-sized business organisations were not a threat to the major associations, and were largely ignored by both the State and the major producers' associations at least until the mid 1960s.[2]

---

[1].- Robert Kaufman, The Chilean Political Right, p. 28.

[2].- See Thomas C. Wright, Landowners and Reform, p. 63; and David Francis Cusack, "The Politics of Chilean Private Enterprise".

If the "insider approach" failed the producers' associations would campaign publicly, resorting sometimes to their nation-wide membership to show numerical strength and unity.[1]

Not without reason, therefore, it has been noted that until 1964, when the Christian Democratic government began, the producers' associations were the most powerful pressure group in the country. Their enormous resources, their connections with congressmen and the representation they had in the economic institutions of State assured them a preeminent role in the decision making process.[2]

* * *

In summary, in the 1938 presidential elections the

---

[1].- See Thomas C. Wright, op.cit., pp. 86-87.

[2].- See Ben Burnett, Political Groups in Chile, p. 267.
The importance of business associations as pressure groups can also be noted for instance when one observes that the principal activity of the top leaders of the SNA was not agriculture but rather politics, as stated by Luis Quiroz Varela, "Chile: Agrarian Reform and Political Process", in Kenneth Medhurst, ed., Allende's Chile (London, 1972) pp. 150-151.
On the entrepeneurial organisations during the Christian Democrat government see David Cusack, "The Politics of Chilean Private Enterprise"; and during the Popular Unity government see Guillermo Campero, Los Gremios Empresariales en el Período 1970-1983. Comportamiento Socio-Político y Orientaciones Ideológicas (Santiago, 1984).

right lost control of the Executive branch, which fell in the hands of a centre-left coalition headed by the Radical Party allied to the Socialist and Communist parties. Reformist governments, presided by Radicals, were again elected in 1942 and 1946.

The defeat in the presidential elections had great significance considering that the Executive controlled the State apparatus, which was increasingly expanding its attributions over economic processes and labour relations.

In order to counteract this relative weakness, the parties of the right, especially the Liberal Party, resorted to a successful strategy which combined co-optation with political negotiation. This enabled them to paralyse the policies which threatened the interests of the elite, as the case of rural unionisation demonstrates.

The strategy of negotiation and co-optation allowed the Liberal Party to influence decisively during long periods the centre-left governments, providing ministers in areas of such importance to the right as Finance. They could thus prevent the policies of the reformist governments from endangering the economic power of the elite. On the contrary, it could be argued that the power of the entrepeneurial sectors tended to consolidate and even increase throughout this period, on account of the policies of industrialisation promoted by the Radical administrations.

The corporatist representation of the producers' associations within the State agencies responsible for the

economic and social areas was not questioned by the Radical governments. Obviously, such representation gave the entrepeneurs an enormous leverage, allowing them to influence forcefully the policies that were to be implemented, and to be privy to confidential information.

To these sources of power must be added the capacity of co-optation over Radical politicians by the producers' associations, the economic groups, and the parties of the right in particular.

In addition to all this, the capacity of negotiation of the parties of the right was enhanced by its considerably strong congressional representation, which permitted it to control the two chambers of Congress almost throughout this whole period. The electoral power of the right was built in part on a clientelistic network over an urban provincial electorate, in part on cohecho of urban popular mass, and above all thanks to the control of the inquilino vote.

Finally, given that Congress became the preferred arena for political negotiation, the Chilean right came to be characterised by its respect for liberal democracy which prevailed in the country. Because its power basically resided in its congressional force helps to explain why the Chilean right did not have to resort to the military in order to defend its interests, which remained unaltered throughout the Radical administrations.

CHAPTER III

THE CRISIS OF THE CONSERVATIVE PARTY: SOCIAL-CHRISTIAN POPULISM OR LIBERAL CAPITALISM

Although the strategy of negotiation and co-optation achieved much political success, the right had to confront between 1946 and 1950 a new scenario wherein this very strategy came to be questioned. The challenge came from the Social-Christian tendencies of the Conservative Party. Those years were a crucial turning point for the right: it had to choose between defining itself with Social-Christian populism or liberal capitalism. This Chapter analyses the evolution and resolution of this conflict.

The historical period we shall hereby review begins with the presidential election of 1946. This was a unique conjuncture for the right as it split into two opposing camps, supporting different candidacies, even if together they summed-up sufficient votes to have achieved victory in the election.

THE 1946 PRESIDENTIAL ELECTION: THE DIVISION OF THE RIGHT

Cruz-Coke's Candidacy

In the wake of the 1946 presidential election, the right showed a strong electoral support. In effect, in the congressional elections of 1945 the Conservative vote had

risen to 23.4% and the Liberal vote to 18.4%, which consisted of 41.8% of the electorate.[1] If both parties would have presented one candidate, he would have in all probability been the future President of the Republic, for the alliance between Radicals, Socialists and Communists had collapsed and the centre-left forces were going to present separate candidates.

The rightist parties --the Conservative, Liberal and Agrarian-Labour parties-- met at a joint convention in order to nominate their candidate, with the certainty that they were in fact electing the next President.[2] Although efforts were made, through several votes undertaken on different days of the convention and after subsequent negotiations, it became impossible to come-up with a joint candidate. The Liberals refused to accept the Conservative leader, Eduardo Cruz-Coke, as the right's option. On the other hand, the Conservatives were unwilling to leave out Cruz-Coke's name. As a matter of fact, their intention for holding the convention was to simply ratify their candidate, who had already begun his campaign several

---

[1].- See Anuario Estadístico, 1945.

[2].- As it was already mentioned, in the years 1945 to 1948, the Agrarian-Labour Party was a small rightist party. This character was maintained while it was presided by Jaime Larraín García-Moreno, former president of the SNA and founding president of the Confederación de la Producción y el Comercio, which grouped --as explained above in Chapter I-- the main four business associations of the country. The predominance of the ibañistas within the party forced Jaime Larraín García-Moreno to withdraw from its rank-and-file in 1951. See Lía Cortés and Jordi Fuentes, Diccionario Político.

months earlier while touring the country.[3]

At the beginning of the convention, not all Conservatives were supporters of Cruz-Coke. Topaze, the influential satirical magazine assured that the

> "old conservatives... who fear what they call the demagogic attitudes of Dr. Cruz-Coke... do not hide their desire that the candidate of the Right to the Presidential seat be the head of the Liberal Party, don Francisco Bulnes Correa".[4]

Nevertheless, the party strongly supported its candidate both for reasons of internal party-discipline as well as the possibility of being able to elect a president from its party membership. A report from the American Embassy stated that

> "while perhaps many of the older Conservatives would have been glad to drop the candidacy of Cruz Coke when he was unable to gain the necessary quorum, they found that he was too big for them to break with unless they seriously damaged the framework and structure of the Party represented by their youth, which in turn was the

---

[3].- For a detailed version of the convention of the right, see Tomás Moulian and Isabel Torres Dujisin, Discusiones Entre Honorables, Chapter 4; and Ricardo Donoso, Alessandri, Agitador y Demoledor. Cincuenta Años de Historia Política de Chile (México, 1954), vol. 2, Chapter XXII.

See also EDI, 2 Aug. 1946, p. 3, editorial; Pedro Lira Urquieta, "Reflexiones Políticas", in EDI, 5 Aug. 1946, p. 3. And the following reports from the American Embassy to the State Department: From Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 17 July, 1946. Despatch N. 14,209. NA.DS. 825.00/7-1746; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 24 July, 1946. Despatch N. 14,249. NA.DS. 825.00/7-2446; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 31 July, 1946. Despatch N. 14,278. NA.DS. 825.00/7-3146.

[4].- Topaze, 5 June 1946.

future of the Conservative Party".[1]

Undoubtedly, Cruz-Coke was a charismatic leader with strong popular appeal, who also awoke great enthusiasm amongst the young. He was professor in the School of Medicine of the University of Chile, where he had distinguished himself for his scientific research. His numerous students, as well as a great number of academics, supported him unconditionally. Moreover, his political credentials were backed by his work as senator and above all by his performance as minister of Health in the administration of Arturo Alessandri (1932-1938), a post in which he had pressed for important laws regarding public health.[2]

The Conservatives were highly impressed by the popular fervour awoken by Cruz-Coke, which was not only unusual for a rightist candidate but also an indispensable attribute if they were to defeat the left. Given the increasing discontent among workers which was manifested in many

---

[1].- From Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 17 July, 1946. Despatch N. 14,209. NA.DS. 825.00/7-1746. Also from Hugh Millard to the Secretary of State. American Embassy, Santiago, 24 Jan., 1946. NA.DS. 825.00/1-2446.

[2].- See George Grayson, El P. Demócrata Cristiano, p. 232; EDI: 31 July 1946, p. 3, editorial; 19 Aug. 1946, p. 2; radio speech by the Conservative leader Eduardo Irarrázabal Concha in EDI, 29 Aug. 1946, p. 1; "Ante la elección", Joaquín Irarrázabal, in EDI, 31 Aug. 1946, p. 3; "El Dr. Eduardo Cruz-Coke", Dr. Luis Michel C., in EDI, 4 Sept. 1946, p. 3.

The medical social laws forwarded by Cruz-Coke as Health minister were the law concerning preventive medicine and the law protecting mother and child. See for example, "Cruz-Coke y la protección a la madre y al niño", Dr. Arturo Scroggie Vergara, EDI, 18 Aug. 1946, p. 6.

strikes, the Conservatives in 1946 thought it necessary to respond to popular aspirations and thus prevent the destruction of the social order.[1] Conscious also of the situation in Europe, they insisted that this was only possible within the framework of Social-Christianism. Cruz-Coke's candidacy, they held, "puts an end to what we may call the colonial stage of our politics. We put ourselves in tune with the world standards".[2]

For Chilean Conservatives, the triumph of the Catholic parties of post-war Europe had great importance. In Germany the democratic reconstruction had been possible due to the Social-Democratic and Christian-Democratic Parties, the latter of Catholic inspiration although open to Protestants. Even more influential than the German example were the political events of France and Italy. In the first post-war elections there, at the end of 1945 and beginning of 1946, three parties appeared to dominate the political scene: the Communists, the Socialists and the Christian-Democrats. In France, the three manifested a similar voting power, whereas in Italy, the Christian-

---

[1].- Of the 60 strikes that took place in 1944 involving 26,000 workers, the figure reached 512 strikes involving 80,000 workers the following year. See Crisóstomo Pizarro, La Huelga Obrera en Chile. 1890-1970. (Santiago, 1986)

[2].- "Reflexiones sobre la candidatura Cruz-Coke", Eduardo Irarrázabal Concha, EDI, 6 July 1946, p. 3.
See also EDI: 15 July 1946, p. 3, editorial; 16 July 1946 p. 3, editorial; 20 July 1946, p. 3, editorial; 2 Aug. 1946, p. 3, editorial. "Cruz-Coke", Joaquín Irarrázabal, EDI, 15 July 1946, p. 3. Letter of Rafael L. Gumucio to the president of the Conservative Party, Horacio Walker L., and response from the latter, in EDI, 4 Aug. 1946, p. 1. "Significado de la candidatura Cruz-Coke", Pedro Lira Urquieta, EDI, 18 Aug. 1946, p. 3.

Democrats held a considerable advantage over the leftist parties.[1]

These three parties had shared a common experience in the Resistance movement. In the first post-war years (1946-1947) they had formed coalition governments, which increased the role of the State in the economy and social life. In those days the aim in Europe was to survive the possibility of disaster, meaning mass-unemployment, hyper-inflation and even bloody revolution. There was a general consensus in Christian-Democrat and Social- Democrat circles in Europe on the need for various social reforms designed to spread social welfare as much as possible. In sum, the purpose of their policies was full employment and income redistribution. In post-war Europe the predominant view was that economic and social reconstruction could not be left at the mercy of private enterprise and market forces. In France, the government nationalised the coal mines, the gas and electricity services, as well as the great insurance and banking firms. A similar path was followed by the Labour government in Great Britain.[2]

---

[1].- An editorial of the Conservative Party newspaper, El Diario Ilustrado, dated 4 June 1946 stated: "what is stimulating for us Catholics, is that the prime electoral force in the land known for its jacobin and freethinking past has now come to be held by the Popular Republican Movement, of Social-Christian tendency". See also "Declaración del presidente del Partido Conservador", EDI, 22 Aug. 1946, p. 1; and EDI, 31 Aug. 1946, p. 3, editorial.

[2].- This political option did not continue beyond 1947. These kind of policies ran directly counter to the American desire to restore a liberal world economy, so the United States began to press for a change of policies in Europe. Henceforth, in 1947 the Communists ceased to participate in the governments of France and Italy. The government

Influenced thus by European events and strongly impressed by the charisma of their chosen leader, the Conservatives insisted that the rightist candidate had to be Cruz-Coke. On the other hand, the Liberals demanded that it should be anyone but not him. Therefore, after numerous unsuccessful attempts at an agreement, the right came to participate in the presidential election with two candidates: Eduardo Cruz-Coke for the Conservatives, and Fernando Alessandri representing the Liberals. The Agrarian-Labourites supported Fernando Alessandri. Both candidates went as far as to look for political support from the left. As a matter of fact, both approached the Socialist Party, but they were unsuccessful.[1] Nevertheless, both parties were able to obtain the backing of other parties which were part of the centre-left spectrum. The Liberal candidate won the support of the Radical-Democratic Party --which grouped those Radicals which were unwilling to ally themselves with the Communists--, as well as the backing of the Democratic Party, and of the Partido Socialista Auténtico --under the

---

remained in the hands of Christian-Democrats, who received the support of the United States. This was the beginning of the Cold War, and the United States came to see an economically strong Europe as a crucial bulkwark against Russian expansionism. For this reason the United States decided to inject millions of dollars to help support the weak post-war Europe, the so called Marshall Plan, which started in 1948. The Marshall Plan required, though, economies which were to progressively become liberalised, thus abandoning statist dirigisme. Consequently, in 1948 a new era had begun in European politics, wherein the conflict between East and West was to be accentuated.

[1].- See EM, 21 Aug. 1946, p. 19; and EDI, 22 Aug. 1946, p. 4.

leadership of the caudillo of Chilean socialism, Marmaduke Grove. Lastly he received the blessing of General Ibáñez himself, and with him the support of the ibañista movement. In turn, Cruz-Coke obtained the endorsement of the Falange Nacional.[1]

This small Catholic party, although it had emerged as a splinter group of the Conservative Party Youth in 1938, could no longer be thought of as part of the right by the 1940s. On the contrary, it had made alliances with the parties of the left. In 1939 it had signed a congressional pact with the Popular Front; some time later its militants had entered the Confederación de Trabajadores de Chile which was dominated by the leftist parties abandoning previous efforts to promote parallel trade unions, and had subsequently supported the establishment of diplomatic relations with the Soviet Union.[2]

Its electoral force was minimal, it never went beyond 4% ; but as far as the candidacy of Cruz-Coke was concerned its endorsement was important for it helped to legitimate him as a vanguard Catholic. In effect, the Falangists challenged the Conservatives by arguing that in Europe --in France, Hungary, Austria, Luxembourg, Norway, Denmark and

---

[1].- The Cruz-Coke candidacy was also backed by the small Liberal Democratic Party. See EDI, 19 Aug. 1946, p. 2.

See also EDI, 4 Aug. 1946, p. 1; 13 Aug. 1946, p. 4; 28 Aug. 1946, p. 6; and EM, 18 Aug. 1946, p. 3, editorial.

[2].- See Michael Fleet, The Rise and Fall of Chilean Christian Democracy (Princeton, 1985) pp. 49-50; and George Grayson, El P. Demócrata Cristiano, p. 185.

Italy-- ,

> "the results of the elections are similar in all countries: the right has been stumped out; there is a marked inclination in favour of popular parties; a strong Social-Christian current has emerged in the political scene; and, above all, the old criterion which divides amongst the rights and lefts has been defeated".[1]

By way of answer, the Conservatives affirmed that it was they --who had always shown concern by dictating social laws-- which were more in the line of the Catholic parties of Europe.[2]

The impact of Social-Cristianism in the Conservative Party is, in my opinion, crucial in order to understand the division of the right in the presidential election of 1946, although some have interpreted this break-up as a problem of personalisms between Arturo Alessandri on the Liberal side, and Cruz-Coke on the Conservative. A different view argues that the division took place because the Liberals refused to support a Conservative, given that historically this candidacy had always gone to a Liberal.[3]

---

[1].- Política y Espíritu, Año 2, N. 7, Jan. 1946, pp. 25-27.

[2].- See EDI: 14 June 1946, p. 3, editorial; and 17 June 1946, p. 3, editorial.

[3].- The personalist explanation can be found, for example, in Topaze, 24 May 1946 and 7 June 1946. A memorandum from the United States Embassy to the State Department, analysing the failure of the convention, affirmed that "the manipulation behind the scenes who made failure inevitable was Alessandri". From Bowers to Spruille Braden. American Embassy, Santiago, 16 July 1946. NA.DS. 825.00/7-1646. See also from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 17 July, 1946. Despatch N. 14,209. NA.DS. 825.00/7-1746; from Bowers to the Secretary of State. American Embassy, Santiago, 24 July, 1946. Despatch N. 14,249. NA.DS.

Undoubtedly, the personalist factor had great influence; however, in my opinion, the crux of the problem was far more significant. The question was whether the right was to join the side of Social-Christianism, or instead, would accentuate a liberal capitalist line.[1]

Social-Christian Populism

As already pointed out, thanks to the support of the Falange Nacional, Cruz-Coke became the undisputed leader of Social-Christianism, which was understood as a vanguard form of Catholicism. To his followers, Social-Christianism appeared as the only alternative to Marxism, in confronting the existing social, economic and political problems. It was characterised as a spiritual movement opposed to materialism; and --as it was often proclaimed-- liberalism belonged to a materialistic order and

---

825.00/7-2446.

The second explanation was the one given by the Conservatives in 1946. See for example, speech by the Conservative deputy Enrique Cañas Flores, EDI, 3 Aug. 1946, p. 4. This interpretation was also given by Héctor Correa Letelier, Conservative Party deputy from 1941 to 1949 and 1953 to 1957, in an interview of 13 Oct. 1986; and by Sergio Diez Urzúa, university leader of the Conservative Party in 1946, delegate of the Youth to the Executive Council of the Conservative Social-Christian Party in 1950, subsequent congressman of the Partido Conservador Unido, in an interview of 11 May 1992.

Nonetheless, in the process of designation of a sole candidate for the parties of the right, the Liberal Party was willing to support a Conservative, so long as it was not Cruz-Coke. See from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 31 July, 1946. Despatch N. 14,278. NA.DS. 825.00/7-3146.

[1].- A similar opinion has been formulated by Nicolás Cruz Barros in "Horacio Walker y la División Entre Tradicionalistas y Socialcristianos" in Sofía Correa S. et al, Horacio Walker y su Tiempo (Santiago, 1976).

consequently could not be an alternative to Marxism. The Church, it was further argued, had equally condemned both liberalism and communism, for which purpose Catholics had to choose Social-Christianism. Moreover, liberalism, as a force and doctrine, was thought overly decadent.

But, what was Social-Christianism? A Conservative leader defined it as such:

> "The Social-Christian order conceives clearly the concept of human person, defends his emminent dignity and his inaliable rights: protects the family and envigorates property. It assigns its attributions, but also its limitations, which will never make it illusory. Lastly, it attributes the State the role of presiding organism, divesting it of its pompous bureaucratic dressings..."

Another Conservative added: Social-Christianism "assigns to human capital the value which belongs to it against monetary capital". Greater precision cannot be found.[1]

The Social-Christian avalanche in the Conservative Party cannot be explained solely as an ideological phenomenon; it also had a social dimension. Pedro Lira Urquieta, an important figure of Conservatism, alluded to three circumstances which explained, according to him, the predominance of Social-Christian ideas in the Conservative Party. In the first place, the conscience on the part of the "more emminent Conservatives" that "to reform in due time means precisely to conserve", an awareness which had

---

[1].- See "La bruma se disipa ... del todo", Manuel Blanco Valverde, EM, 8 Aug. 1946, p. 19; "Disipemos la bruma", Pedro Lira Urquieta, EM, 9 Aug. 1946, p. 25; "No hay bruma en el orden social cristiano", Francisco Huneeus, EM, 11 Aug. 1946, p. 25.

been ratified by "imperative Papal instructions" on these matters. To this it should be added, he continued,

> "the change that has taken place in what may be called the ethnic composition of the party... To the elements of clear Basque extraction, powerful landowners on the whole, have been added professional elements or civil servants who are of European or mestizo origin."

Lastly, he added, there was the influence of world events.[1]

This same idea was suggested by Sergio Diez, the youth leader of Social-Christianism, who stated in an interview we conducted, that, although it could not be generalised, one could affirm that Social-Christians were on the whole professionals and university professors, whereas the Traditionalists were, generally speaking, landowners. He insinuated also that Social-Christians were more cosmopolitan, because they had read Maritain, Berdaieff, and Papal documents, and considered themselves closely linked to European Catholics.[2]

Conservative Social-Christianism acquired a more rupturist character with the support that the Falange gave to the candidacy of Cruz-Coke, imposing it an anti-capitalist and non rightist bias. The falangistas demanded

---

[1].- See "Reflexiones Políticas", EDI, 4 Aug. 1946, p. 3.

It has been traditional for the Chilean social elite to make a racial interpretation of the country's social stratification. According to this interpretation, the ruling class had a Castillian-Basque origin whereas the popular classes and middle classes were mestizos, i.e. of mixed breed. The socialisation of these ideas can be attributed basically to Francisco Antonio Encina, author of a well known history of Chile of twenty volumes.

[2].- Interview of Sergio Diez Urzúa, which took place on 11 May 1992.

that the president of the Conservative Party as well as its candidate, explicitly accept "without reservations" the idea that the electoral campaign, as well as Cruz-Coke's government, must have "a definite Social-Christian, non capitalist, nationalist and non-rightist orientation".[1]

Conservatives explained that the "national" orientation demanded by the falangistas meant that the Cruz-Coke electorate was to reach beyond the parties that supported him, including votes from other social classes. In other words, the candidate himself was thought to be above the parties that were backing him. As far as they were concerned, a candidacy such as Cruz-Coke's had to put an end to the political formula of negotiations and party transactions. The candidate was central, not the parties. Their aim was to make him into a "Chief" of a "great crusade of patriotic recuperation", a leader of a "great movement of national purification", "an apostle of national renovation", and bearer of the country's "moral redemption". In the words of an editorial of El Diario Ilustrado, Cruz-Coke "calls the electorate to a Holy War for the welfare of the fatherland".[2]

---

[1].- EM, 5 Aug. 1946, p. 30.

[2].- See EDI: 2 Aug. 1946, p. 1; 3 Aug. 1946, p. 4; 31 July 1946, p. 3, editorial; 8 Aug. 1946, p. 2; 14 Aug. 1946, p. 3, editorial; 14 Aug. 1946, p. 1; 16 Aug. 1946, p. 5; 17 Aug. 1946, p. 3, editorial; 19 Aug. 1946, p. 4; 21 Aug. 1946, p. 3, editorial; 3 Sept. 1946, p. 3, editorial; radio speech by Conservative leader Eduardo Irarrázabal Concha, in EDI, 29 Aug. 1946, p. 1. Also from Hugh Millard to the Secretary of State. American Embassy, Santiago, 24 January, 1946. NA.DS. 825.00/1-2446.

The magazine Topaze (2 Aug. 1946) ironically commented on Cruz-Coke's character: "possessed by a mystic disease

However, "old Conservatives" thought otherwise. They were inclined to think that this was a national candidacy, and they viewed this in exactly the same terms as candidacies had been conceived by the right ever since the thirties, in other words, that once elected, the new President would call the leading personalities of all the rightist parties to compose his cabinet. These "old Conservatives" continued to think of themselves as rightists. One of them wrote: "If doctor Cruz-Coke wins, the Right shall triumph". He added that the fact that in the presidential convention Liberals, Conservatives and Agrarian-Labourites had not been able to come to an agreement, did not mean that they did not continue to think the same, in other words, "that the Popular Front is the sole cause of the moral desintegration of the Republic".[1]

The Social-Christian non-capitalist orientation was explained by Conservatives, as a necessity in order to put capital at the service of man and of society, without combatting it. In synthesis, this meant "the christianisation of economic life". Liberals, who did not feel comfortable at all with this language, asked themselves, "what is meant by 'christianisation of economic

---

of an evident psycho-sensorial origin, he thinks of himself as an envoy of destiny."

Fernando Alessandri's campaign also centred on the candidate, but he did not have a striking personality nor was a charismatic leader. See radio speech by José Maza Fernández, in EDI, 31 Aug. 1946, p. 6.

[1].- See "No hay bruma en el orden social cristiano", Francisco Huneeus, EM, 11 Aug. 1946, p. 25; and "La derecha no se ha roto", Fco. de B. Cifuentes, EDI, 6 Aug. 1946, p. 3.

life'? In what other way than the present can 'capitalism' be put 'at the service of man'?... at the service of whom is it today?".[1]

If the Social-Christian formulations were so imprecise, the political propositions of Cruz-Coke were also extremely vague. His speeches reflect this characteristic:

> "My action will be opportunity, for all, not mendicacy. That no one be deprived of the opportunity to be more than what he can be. Chile needs to give all that it is capable of, everything that it has so that it can be great and respected. The country can walk alone: it only needs a suitable prop in order to move assured. To produce is to win. And in order to win, Chile needs machines to exploit its lands, to build houses and awaken all its economic potential. The opportunity to rise-up must be at the reach of all".[2]

His diagnosis of Chilean reality was highly critical. He alone had the solution for all the mounting problems. But, this solution, he affirmed, did not reside in mere political combinations. His prescription was:

> "to increase in Chile the quantity of work, the production of work, establishing the factors which might serve this: conscience amongst the people that without it we shall perish, and acceptance and institution of a discipline which can regulate all this. Machines and housing. Truth and no lies. Conscience and no force. No profound order can be imposed by force. The force to sustain justice, discipline to organise and permit liberty; discipline as organ of

---

[1].- "Orientación Social-cristiana", Carlos Urenda Z., EDI, 7 Aug. 1946, p. 3. And "Disipemos la bruma", Gustavo Rivera, EM, 9 Aug. 1946, p. 25.

[2].- EDI, 11 Aug. 1946, p. 2.
There are very few speeches by Cruz-Coke as candidate reproduced in the press. Another exception can be found in EDI, 20 Aug. 1946, p. 2.

liberty in a true brotherhood".[1]

As to the limits of State intervention, Cruz-Coke affirmed:

> "The State must have as function the protection and aid of the weak in the widest sense of the word; but to protect and help the weak does not mean to attack and damage the strong, but rather to take advantage of him with intelligence for ends of common benefit".[2]

As pointed out by Grayson, during Cruz-Coke's electoral campaign, Chile all of a sudden became a "patient" examined from head to toes in theatres, city squares and street corners all across the land. His final prescription, given in the afternoon of the election, mixed nationalism, promises of welfare and Social-Christian ideals.[3]

By way of conclusion, we can state that even though European political events had an impact on Chilean Conservatives and Cruz-Coke's candidacy was greatly inspired by them, the analysis of his campaign and of his rhetoric suggests that his candidacy should be understood in the context of Latin American populism.

We should bear in mind that Latin American populism has been defined as a movement of dissatisfied masses

---

[1].- Radio speech by Eduardo Cruz-Coke pronounced two days before the election, in EM, 3 Sept. 1946, p. 18.

[2].- Quoted in EDI, 23 Aug. 1946, p. 3, editorial.

[3].- George Grayson, El P. Demócrata Cristiano, p. 240. The empahsis is mine. The speech referred to by Grayson can be found published in EM, 3 Sept. 1946, p. 18.

congregated by a charismatic leader; and, as such the populist movement involves contradictory social interests. Its programmes and political postulates are very vague and ecclectic, containing some nationalist references and promises of social justice. What really unites the movement is the charismatic figure of the leader, with whom people can identifity in emotional terms.[1]

Although some authors, such as Paul Drake, have linked populism with socialist movements, José Luis Romero instead, has characterised Latin American populism as a political phenomenon belonging to the right. In his opinion, it derives from seigneurial groups, which were out-flanked by liberal-bourgeois oligarchies, and it fits more with a Catholic, pre-capitalist and anti-liberal conception. Romero affirms that one of the fundamental characteristics of Latin American populism is both its anti-liberal and anti-Marxist character. It is precisely this anti-liberalism which places it on the side of the forces of change, close to the left, which it wants to combat though, and whose challenge it pretends to respond to. But, if the left wanted to construct socialism, Latin

---

[1].- See Ian Roxborough, "Populism and Class Conflict", in Eduardo P. Archetti, Paul Cammack and Bryan Roberts, editors, Sociology of "Developing Societies". Latin America (London 1987) pp. 119-123; Steve Stein, "Social Control", in ibid., pp. 128-131; Torcuato S. Di Tella, "Populism and Reform in Latin America", in Claudio Veliz, editor, Obstacles to Change in Latin America (London, 1965) p. 47; Paul Drake, Socialism and Populism pp. 2-11; Jean Grugel, "Populism and the Political System in Chile - Ibañismo (1952-1958)", Bulletin of Latin American Research, vol. 2, N. 2 (May 1992); Margaret Canovan, Populism (London, 1981) chapter 7.

American populism aspired instead to reconstruct a world wherein anti-utilitarian and Catholic principles would prevail, according to Romero.[1]

In our opinion, it is within this current of right-wing populism that we should understand the Social-Christian conservatism of the late 1940s. The vagueness of its affirmations, the pretension of being a national alternative distant from the right as well as from the left, and above political parties, as well as the exaltation of Cruz-Coke as charismatic leader with strong popular appeal, give the 1940s version of Social-Christianism a populist character.

Liberal Rejection of Social-Christian Populism

Cruz-Coke's populism was vigorously rejected by the Liberals.[2] Because of its Social-Christian non-capitalist character as defined by the falangistas, Liberals accused cruz-cokismo of being socialist and statist, its intention being to "nationalise" the great enterprises of the

---

[1].- Paul Drake, Socialism and Populism; José Luis Romero, El Pensamiento Político de la Derecha Latinoamericana (Buenos Aires, 1970) pp. 161-167.

Michael Fleet, The Rise and Fall, pp. 37-39, has underlined the populist character of both the Social-Christians as well as of Traditionalist Conservatives.

[2].- Nevertheless, there was support from some Liberals for Cruz-Coke. These created the Movimiento Nacional de Juventud Liberal, presided by a deputy, the sole dissident Liberal congressman. See EDI, 7 Aug. 1946, p. 6.

There were also Agrarian-Labourites who backed Cruz-Coke. See, for example, EDI, 23 Aug. 1946, p. 2.

On the other hand, there were Conservatives who gave their support to Fernando Alessandri. See EDI, 23 Aug. 1946, p. 4.

These dessertions are not unusual in Chilean politics.

country, and introduce "religion into politics, which is truly, not reassuring either for Catholics or for the country". Liberals congratulated themselves, therefore, for "having closed the path to this extremely dangerous orientation", which constituted, in their opinion, "a tendency towards dictatorship compromising matter and spirit". This is why, they declared, "liberalism, which was born to eliminate dictatorships from the world must combat this new stand".[1]

In 1948 the president of the Liberal Party characterised the Social-Christians as intolerant and totalitarian.[2] This perception was ratified to us by Hernán Errázuriz Talavera, who a few years later was to become a youth leader of the Liberal Party. In his opinion, the Social-Christians were difficult to deal with because they were extremely self-righteous, which made them incapable of dialogue, negotiation and political transactions with other political forces; with them, said Errázuriz, one could only be subject to revealed truth from the highest. The Radicals, instead, could be trusted once agreements were arrived at. He concluded by saying that the triumph of Cruz-Coke would have meant an all out

---

[1].- "Se disipa algo la bruma", Gustavo Rivera, EM, 7 Aug. 1946, p. 19. And speech by Liberal deputy Pedro Opaso Cousiño, EM, 11 Aug. 1946, p. 33.

[2].- From Claude G. Bowers to Secretary of State. American Embassy, Santiago, 28 May, 1948. Despatch N. 371. NA.DS. 825.00/5-2848.

disaster for the country.[1]

This Liberal rejection of Cruz-Coke was so crucial that Agustín Edwards, owner of El Mercurio newspaper (president of the El Mercurio company), removed the director of his newspaper, because he sympathised with the Conservative candidate. The directorship of El Mercurio passed from Clemente Díaz to Rafael Maluenda.[2]

Maluenda and Edwards made El Mercurio support the Liberal candidate, thus ending the traditional neutrality which characterised the newspaper whenever political disputes among rightists were at play. The decisive argument on behalf of Fernando Alessandri was that he, unlike Cruz-Coke, "does not engender doubts as to how things will be during his administration". As to the fervour which Cruz-Coke awoke, the newspaper's position was that "government tasks are not justified by a consensus inspired by mystic impulses. These operate in terms of

---

[1].- Interview with Hernán Errázuriz Talavera, delegate of the Liberal Youth Movement before the Executive Board of the party between 1961 and 1963, which took place on 23 Jan. 1992.

[2].- See Ricardo Donoso, Alessandri, Agitador, vol. 2, p. 436; and EDI, 28 Aug. 1946, p. 1.

Víctor Santa-Cruz, Liberal deputy between 1945 and 1949, in an interview which took place on 17 Sept. 1986, insisted to us on the close friendship between Arturo Alessandri and Agustín Edwards Budge's family, and according to him, it was his influence which would have determined Rafael Maluenda's appointment as director of El Mercurio. This comment is ratified by a letter written by the American ambassador: confidential letter from Claude G. Bowers to Spruille Braden. Santiago, 29 Aug., 1946. NA.DS. 825.00/8-2946.

realities which no mistique controls".[1]

Not unlike the Conservatives who were inspired by European politics, Liberals had their eyes turned towards the United States. It was in this country's politics where they found the formula to come to terms with the economic and social problems of Chile.

The United States emerged from the war as the main world power, with increased economic strength and political influence, and with the determination to reconstruct a liberal world economic system. In this new world order built on traditional liberal principles, the North Americans thought that any plan for full employment had to be based on the removal of trade barriers, because only free markets for expanding trade could avoid cyclical swings of activity. These liberal policies produced an intense wave of strikes in the United States during the first post-war years, specifically between 1946 and 1948. Public opinion held that workers and unions were responsible for the high rates of inflation and subsequent economic disruption. Parallel to this, businessmen were gaining prestige; by increasing investment, they were building-up the foundations for a new period of prosperity. Congress, with a Republican majority since 1946, curtailed most of the powers granted to the trade unions during the 1930s, thus curbing rising costs. The North Americans were convinced that the measures which were introduced during

---

[1].- EM: 25 Aug. 1946, p. 3, editorial.
See also, EM: 24 Aug. 1946, p. 3, editorial; 3 Sept. 1946, p. 3, editorial.

the war to control the economy had to be stopped as soon as possible.

In the immediate post-war years the Europeans resisted the economic policies that the United States wanted to impose worldwide. These policies were expressed in the Bretton Woods Agreement of 1944 that set-up the two new international monetary institutions of the post-war world, the International Monetary Fund and the International Bank for Reconstruction and Development. Some time later, the economic and political power of the United States was able to push Europe towards accepting liberal capitalism. But in the first post-war years, until 1947 approximately, two socio-economic models were being offered in the Western world, in order to confront the problems of inflation, unemployment and economic growth. One involved strong State intervention intent on carrying out protectionist policies and full employment, the other was the liberal non- interventionist model. These two models made their appearance in Chile in the midst of the conflict between Conservatives and Liberals which ensued during the presidential elections of 1946.

Above all, the Conservative alternative was strongly populist in character. The Liberals preferred to risk losing the Presidency of the Republic than accept the uncertainty that the populist and messianic option seemed to entail, as was the case of Cruz-Coke's 1946 Social-Christianism. They preferred to continue their policy of conciliation with the Radicals, working from the

opposition, as they had been doing with great success since 1939. After all, the transactions and agreements which Cruz-Coke rejected, had permitted the right to maintain the basis of its social and economic power.

The results of the 1946 presidential election were the following:

Gabriel González Videla	40.23%	(Radical and Communist parties)
Eduardo Cruz-Coke	29.81%	(Conservative Party and Falange Nacional)
Fernando Alessandri	27.42%	(Liberal Party and Partido Agrario Laborista, Partido Socialista Auténtico, Partido Radical Democrático)
Bernardo Ibáñez	2.54%	(Socialist Party).[1]

As expected, the candidates of the right were defeated. The winner was Gabriel González Videla, candidate of the Radicals and Communists. Nevertheless, González Videla did not obtain an absolute majority in the polls, which meant that the last word would be that of the National Congress. According to the Constitution, the latter must elect the President of the Republic from among the first two electoral pluralities.

---

[1].- See "Estadísticas Electorales 1925-1969", Boletín de Información General N. 66, Oficina de Informaciones del Senado (1970) P. 8.

When González Videla sat down to negotiate in Congress his ratification as President, he found that the Liberals were quite willing in this regard, notwithstanding the fact that Cruz-Coke had been the second electoral majority. The Liberals discarded outrightly the possibility of electing Cruz-Coke. Instead, they decided to resort to strategies which had proven extemely beneficial in the past. In exchange for their support in Congress they demanded a presence in González Videla's cabinet --to act "as a brake to counteract Communist excesses"-- as well as the promulgation of a law, as restrictive as possible, dealing with rural unionisation.[1]

THE ANTI-COMMUNIST ISSUE: DIVISION OF THE CONSERVATIVE PARTY.

Even though the Social-Christian current --centred around Eduardo Cruz-Coke-- had imposed itself within the Conservative Party in 1946 thus ending the alliance with the Liberal Party, not all Conservatives approved of Social-Christianism as professed by Cruz-Coke and his followers. Many of them had aligned with this tendency,

---

[1].- From Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 20 Dec. 1946. Despatch N. 14,739. NA.DS. 825.00/12-2046.

See also, Germán Urzúa Valenzuela, pp. 287 ff.; Ricardo Donoso, Alessandri, Agitador, vol. 2, pp. 437-441.

In 1947 a law concerning rural unionisation was approved which put up such restrictions in order to create rural trade unions that, in effect, prohibited them. In addition, no strikes were permitted during the periods of sowing and reaping.

but only because they saw that this might lead them to the Presidency of the Republic. Once defeated, though, they "saw as an inexplicable deviation, as sheer madness, the attitude assumed and the ideas held during the presidential campaign".[1]

The existence of two currents within the party became evident in the convention celebrated in 1947 to reformulate the programme and the party's organisation, issues which reflected the existing struggle between the two sectors of the party: that of the Social-Christians and the Traditionalists. The essential difference between the two revolved around the question of political alliances. Whereas some wanted to maintain a rightist bloc with the Liberals, others did not want to close ranks with them at all in order to preserve the purity of a Social-Christian political line. The Social-Christian current was to predominate in the leadership of the party.[2]

The differences amongst the two groups widened on account of the congressional discussion concerning the

---

[1].- See Política y Espíritu N. 33, June 1948, p. 162. Several years afterwards the Conservative Senator Sergio Fernández Larraín was to say that Cruz-Coke "was a man who lacked firm ideas and his speeches, therefore, he stands on absolutely superficial and garrulous terrain". See Aspectos de la División del Partido Conservador. Informe Presentado a la Primera Convención del Partido Conservador Tradicionalista, por el Senador don Sergio Fernández Larraín. (Santiago, 1950) p. 80. See also Nicolás Cruz Barros, "Horacio Walker", pp. 133-135, 152. This author has affirmed that the division within the Conservative Party was already a fact in the presidential election of 1946.

[2].- See Ignacio Arteaga Undurraga, compilador, Partido Conservador. XIV Convención Nacional. 1947 (Santiago, 1947). Also, EM: 13 June 1947, p. 25; 25 June 1947, p. 25.

project of the Ley de Defensa Permanente de la Democracia, which González Videla had proposed to Congress. This law intended to prohibit the Communist Party and order the elimination of all its militants from the electoral registers.

In effect, the entente between González Videla and the Communists did not last too long, because, notwithstanding their participation in the government, they had stimulated labour conflicts in rural areas and in key sectors of the economy. The sharpenning of the labour conflict, promoted by the Communist Party, put serious constraints on the normal functioning of the economy. Especially crucial was the coal strike of 1947. On that occasion González Videla accused the Communist Party of trying to control the sources of production of prime and strategic resources, in case a conflagration between the United States and the Soviet Union were to take place. He forced the Communist party members to leave all public posts, and he broke off diplomatic relations with Checkoslovakia, Yugoslavia and the Soviet Union. The Communist Party responded by provoking strikes in the mining and industrial centres, attitude which the government deemed to be revolutionary. Moreover, mid-way through the Cold War when the conflict between the superpowers was at its highest point, the United States pressed the Chilean government to adopt a decisively anti-Communist foreign policy.[1]

---

[1].- See Andrew Barnard, "Chilean Communists, Radical Presidents and Chilean Relations with the United States, 1940-1947", JLAS, vol. 13, part 2 (November 1981) pp. 363-

Communist foreign policy.[1]

The conflict between González Videla and the Communist Party culminated in 1948 when the President proposed to the National Congress a law prohibiting the party. Due to wide congressional support, the latter became the Ley de Defensa Permanente de la Democracia. This law eliminated the Communist militants from the electoral registers, prohibited them from occupying trade union posts, and, in general, condemned acts which might attempt to disrupt the political regime or disturb the normal development of

---

[1].- See Andrew Barnard, "Chilean Communists, Radical Presidents and Chilean Relations with the United States, 1940-1947", JLAS, vol. 13, part 2 (November 1981) pp. 363-374. Also Alan Angell, Partidos Políticos, pp. 123-124; Germán Urzúa Valenzuela, La Democracia Práctica, p. 308; Heraldo Muñoz, Carlos Portales, Una Amistad Esquiva. Las Relaciones de Estados Unidos y Chile (Santiago, 1987), pp. 45-51.

See also: From Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 4 Dec., 1946. Despatch N. 14,685. NA.DS. 825.00/12-446; from Hugh Millard to the Secretary of State. American Embassy, Santiago, 31 Jan., 1947. Despatch N. 14,877. NA.DS. 825.00/1-3147; from Hugh Millard to the Secretary of State. American Embassy, Santiago, 5 Feb., 1947. Despatch N. 14,890. NA.DS. 825.00/2-547; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 17 Apr., 1947. Despatch N. 15,156. NA.DS. 825.00/4-1747.

See also: From Mr. Leche to Mr. Bevin. Despatch N. 432. Santiago, 6 Dec. 1946. FO 371.52004 AS 7853/16/9; from Mr. Leche to Mr. Bevin. Despatch N. 7. Santiago, 2 Jan., 1947. FO. 371.61230 AS 334/32/9; from Mr. Leche to Mr. Bevin. Despatch N. 77. Santiago, 10 Feb., 1947. FO. 371.61230 AS 1114/32/9; from Mr. Leche to Mr. Bevin. Despatch N. 131. Santiago, 9 Apr., 1947. FO. 371.61230 AS 2293/32/9; from Mr. Leche to Mr. Bevin. Despatch N. 169. Santiago, 5 May, 1947. FO. 371.61231 AS 2858/32/9; from Mr. Hadow to South American Department. Washington, 5 June, 1947. FO. 371.61231 AS 3349/32/9; from Mr. Leche to Mr. Bevin. Despatch N. 311. Santiago, 13 Aug., 1947. FO. 371.61231 AS 4866/32/9; from Mr. Leche to T.R.H. C.R. Attlee. Despatch N. 43. Santiago, 26 Jan., 1948. FO. 371.68205C. AS 834/834/9.

The anti-Communist legislation was preceded by an intense campaign by El Mercurio, intended to prohibit the Communist Party. The newspaper's editorial page stated:

> "In the end what is at stake is the Christian and democratic conception of life on the one hand and the atheist and collectivist barbarian adjustment on the other. The countries in whose orbit Chile lives belong to the Christian and democratic group".

The newspaper continued by saying: "everything that is done to uproot from the country the Communist weed shall be a service to the patria and an offering to its traditions".[1]

As can be expected, this campaign also carried the support of the parties of the right, and was applauded by the producers' organisations, who believed that behind the strikes loomed the manipulation of the Communists.[2]

However, the Social-Christians, with Cruz-Coke leading and his unconditional followers --including the young leaders in the party-- opposed the dictation of the anti-Communist legislation. They held that the only way to defeat Communism was by pursuing a Social-Christian policy. They rejected repressive measures, because in their view,

---

Santiago, desinfranchisment of Communists was quite significant in mining districts. For example, between the congressional elections of 1945 and those of 1949 the number of elegible voters decreased 29% at Sewell (copper mine), 58% at Lota (coal mine) and 34% at Pedro de Valdivia (nitrate office). See from Allan Stewart to Department of State. American Embassy, Santiago, 9 Jan., 1950. Despatch N. 17. NA.DS. 725.00/1-950.

[1].- "La Semana Política", EM 22 June and 6 July 1947. See also, 29 June and 20 July, 1947.

[2].- See for example, EC, Jan. 1950, editorial pp. 6-7; speech by the president of the Sociedad de Fomento Fabril, in Industria, Jan. 1949, p. 7.

Communism was the result of the social conditions of the people, and because ideas as such could not be subject to repression. The Traditionalists, instead, thought that Communism was caused by the action of foreign agents alien to the spirit of nationhood, and that it was perfectly lawful to repress the propagation of ideas. Both sides quoted Papal documents to uphold their arguments.[1]

In the National Congress, the only congressmen of the right who were opposed to the anti-Communist project were the senators of the Social-Christian current, Manuel Muñoz Cornejo, Horacio Walker, then president of the Conservative Party, and Eduardo Cruz-Coke. Walker affirmed that the project was unconstitutional, and although he approved it in its general vote, he voted against some of its essential articles in the more specific discussion of the bill. Cruz-Coke voted against the whole project, on account of his rejection of its repressive character; he was the only right-wing congressman who voted against the project.[2]

---

[1].- From Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 18 Mar., 1948. Despatch N. 197. NA.DS. 825.00/3-1848; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 25 Mar., 1948. Despatch N. 211. NA.DS. 825.00/3-2548; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 30 Apr., 1948. Despatch N. 311. NA.DS. 825.00/4-3048.

One of the main exponents of the Conservative Social-Christians in these matters was Horacio Walker. See Nicolás Cruz, op.cit., pp. 152-155; and EDI 12 Mar. 1948, editorial; 13 Mar. 1948, p. 20; 14 Mar. 1948, p. 4; "La nueva junta ejecutiva del Partido Conservador a los correligionarios y al país", in EDI, 18 May 1949, p. 5.

[2].- See Ricardo Donoso, Alessandri, agitador vol. II, p. 452-456; Virginia Krzeminski Font, "Horacio Walker y la Ley de Defensa de la Democracia", in Sofía Correa S. et. al., Horacio Walker y Su Tiempo (Santiago, 1976) pp. 200

Once its anti-Communist policy became defined, González Videla looked for ways to widen the party basis of his government and asked two Conservatives and two Liberals to form part of his cabinet.[1]

The dictation of the anti-Communist law permitted, for the first time, the Conservatives to enter and share government responsibilities with the Radicals. We should not forget that the Vatican always maintained a strong anti-Communist position, which was accentuated in the post-war years on account of the Soviet occupation of Eastern Europe and the strong support obtained by the Communists in Italian elections. The post-war Vatican emphatically reiterated its explicit prohibition of all cooperation between Catholics and Communists.

Nevertheless, the Executive Board of the party, which was dominated by the Social-Christians, did not allow the new Conservative ministers to enter the cabinet. After insisting that they would join the government, they were censured. In their interest to distance themselves from the right, the Social-Christians rejected any agreements

---

ff.; Aspectos de la división del Partido Conservador, pp. 39 ff.; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 15 June, 1948. Despatch N. 403. NA.DS. 825.00/6-1548.

[1].- The Justice post was taken by the Conservative Luis Felipe Letelier, and that of Health by the Conservative Guillermo Varas. The Liberals Germán Riesco and Víctor Opaso assumed, respectivelly, Foreign Affairs and Agriculture. In Finance was to continue Jorge Alessandri --then president of the Confederación de la Producción y del Comercio--, who, although linked to the Liberal Party, was above all a representative of the entrepeneurial sectors.

See Luis Valencia Avaria, Anales, vol. 2, pp. 460-463.

insisting that they would join the government, they were censured. In their interest to distance themselves from the right, the Social-Christians rejected any agreements with liberalism, which, in their opinion, was condemned by the Papal teachings just like Communism. The result was that one fraction of the Conservative Party shared responsibilities in the government while the leadership, which had moved to the left, had aligned with the opposition and was becoming closer to the Falange Nacional. Given this context, the break-up of the party was inevitable.[1]

Although efforts to avoid the division were made, unity became more and more difficult, and conflict ensued. This climaxed in December 1948 when the fraction which rejected the Social-Christian leadership registered in the Electoral Register a new party, the Partido Conservador Tradicionalista. Their aim was to prevent the imposition, by the leadership of the party, of Social-Christian candidates in the congressional elections scheduled for March 1949. Consequently, in those elections two Conservative parties were to figure in the polls, eventhough there was still no formal division of the party, and its vote reflected both the support of Social-Christians as well as that of the Traditionalists.[2]

---

[1].- See Nicolás Cruz, "Horacio Walker", pp. 157-158; Aspectos de la División del Partido Conservador, pp. 53 ff., 95 ff.

[2].- See Germán Urzúa Valenzuela La Democracia Práctica, p. 313-316; Nicolás Cruz, "Horacio Walker", pp. 159-162; Aspectos de la División del Partido Conservador, op.cit.,

In these elections the Social-Christian current of the Conservative Party suffered a very serious defeat. Of their four senatorial candidates, only Cruz-Coke was elected, whereas the other two candidates of the Traditionalist fraction triumphed. In the race for deputies, the Social-Christians elected eleven candidates, while the Traditionalists obtained twenty-one members.[1]

The break-up of the Conservative Party took place towards the middle of 1949. The Executive Board, dominated by Social-Christians increased its opposition to the government while at the same time it tightened its links with the Falangists. On the other hand, the Traditionalists actively supported the government's anti-Communist stand and its economic policy geared at stopping inflation by restricting public spending.[2]

---

pp. 135 ff.; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 5 Aug., 1948. Despatch N. 520. NA.DS. 825.00/8-548; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 10 Dec., 1948. Despatch N. 775. NA.DS. 825.00/12-1048.

Several authors have committed the error of analysing the electoral strength of Social-Cristians and Tradicionalists based on the 1949 congressional elections, given that in them the Partido Conservador Tradicionalista was registered. However, it is necessary to insist on the fact that the Tradicionalists had not left the party yet, and therefore their vote was included in the common results of the Conservative Party.

[1].- See Ricardo Donoso, Alessandri, Agitador, p. 477; Nicolás Cruz, "Horacio Walker", p. 160; Aspectos de la División del Partido Conservador, pp. 148-149; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 12 Apr., 1949. Despatch N° 258. NA.DS. 825.00/4-1249.

[2].- The Conservador Tradicionalista leader, Sergio Fernández Larraín affirmed that the division of the Conservative Party was due to differences in confronting Communism. According to Fernández there were no

The nomination of a party candidate for a senatorial special by-election precipitated the split. The Traditionalist congressmen, arguing that they were the genuine representatives of the Conservative constituency, decided to form a new Executive Board, parallel to the one dominated by the Social-Christians. In January 1950, the Tribunal Calificador de Elecciones decreed that the name Partido Conservador could be used by the Executive Board wherein dominated the Social-Christians. The break-away faction grouped itself in the Partido Conservador Tradicionalista. The congressional representation of the Traditionalists retained its six senators and twenty-one deputies; the Social-Christians continued with two senators and eleven deputies.[1]

---

differences in matters of social and economic policy between Tradicionalistas and Socialcristianos prior to the definitive split in the party. In effect, the Tradicionalistas saw themselves as defenders of the Social-Christian order, understood as the permanent aspiration of the Conservative Party, which had expressed in multiple social laws advocated by congressmen of the party. See Aspectos de la División del Partido Conservador, pp. 128-129; also pp. 10 ff, 77 ff. The same opinion was voiced in the Chamber of Deputies by the Conservative-Traditionalist deputy Francisco Bulnes. See SCL.CD., 11 Apr. 1950.

See also EDI: 15 June 1948, p. 2: statements of Sergio Fernández Larraín; 29 June 1948 p. 3: editorial by Francisco Hunneus Gana; 18 May 1949, p. 5: "La nueva junta ejecutiva del Partido Conservador a los correligionarios y al país".

[1].- See Germán Urzúa Valenzuela, La Democracia Práctica, p. 318; Nicolás Cruz, "Horacio Walker", pp. 162-171; Aspectos de la División del Partido Conservador, pp. 150 ff.; EDI 15 May 1949, p. 7; 22 Jan. 1950, p. 13, editorial; "La nueva junta ejecutiva del Partido Conservador a los correligionarios y al país", in EDI, 18 May 1949, p. 5; EM: 7 Aug. 1949, p. 31; 11 Aug. 1949, p. 29; 14 Aug. 1949, p. 23; official memo directed to the minister of Interior by the director of the electoral registrar in EM, 19 Feb. 1950, p. 27; from Charles C. Hall

The Traditionalists proposed the consolidation of a rightist alliance with the Liberals. The Social-Christians, on the contrary, rejected any understanding with the Liberals. They argued that it was necessary

> "to make contact again with national life in all that which remains pure, decent and clean... it is still possible to find in the people, the salaried workers, in many patrones, in almost all intelectuals and students, living forces not contaminated by old pacts of a political chess game incapable of creating anything else in Chile... We want to be the interpreters not only of the Conservatives but also of all Chileans...".[1]

In other words, they wanted to put an end to politics centred on party alliances and, instead, they wanted to reach out to the people in a more direct fashion. It was this populism which the Traditionalists abhored.

The division between Tradicionalistas and Socialcristianos involved above all a dispute concerning strategies and political alliances. The Traditionalists remained on the right, increasing their links with the Liberal Party, choosing, in fact, liberal capitalism instead of Social-Christian populism, a political

---

to Department of State. American Embassy, Santiago, 20 Feb., 1950. Despatch N. 205. NA.DS. 725.00/2-2050.

[1].- See "Manifiesto de la junta ejecutiva del Partido Conservador", in EDI, 20 May 1949, p. 7.

See also "La misión de un partido", Luis A. Silva, in EDI, 11 Jan. 1950, p. 3; "En defensa de nuestro partido", Francisco Hunneus Gana in EDI, 29 June 1948, p. 3, and 3 July 1948, p. 3. "La nueva junta ejecutiva del Partido Conservador a los correligionarios y al país", EDI, 18 May 1949, p. 5. "Declaración del presidente del Partido Conservador don Joaquín Prieto Concha", in EDI, 21 May 1949, p. 27. And speech by the Conservative-Tradicionalist deputy Francisco Bulnes in SCL.CD., 11 Apr. 1950.

alternative which was to be eliminated from the right-wing spectrum.

THE RIGHT UNITED BEHIND LIBERAL CAPITALISM

The option in favour of liberal capitalism, which united the Liberals and the majority of the Conservatives, expressed itself in the support they gave Jorge Alessandri as minister of Finance in the González Videla administration, post which he held from mid-1947. Minister Alessandri, who was at the same time president of the Confederación de la Producción y del Comercio, was determined to stop inflation by balancing public finances through the restriction of public spending.

When inflation did not subside, the government decided, in January 1950, to request Congress to enact a general wage, salary and price freeze. After the Senate's approval of the bill, the white-collar workers, who would be the most affected by the new law, started a protest strike in Santiago. The organisations of white-collar workers were able to act with a certain degree of freedom for there were no Communist leaders among them, being dominated instead by the Radicals.[1]

---

[1].- See Alan Angell, Partidos Políticos, pp. 161-163; Maximiliano Salinas C., Clotario Blest (Santiago 1980) pp. 97-103; Albert O. Hirschman, Journeys Towards Progress: Studies of Economic Policy-Making in Latin America (New York 1963) p. 190.

The militancy and trade union unity of the white-collar workers had its major rise between 1949 and 1951, when they mobilised in order to reject the anti-inflationary measures which were affecting the readjustment

The opposition parties, namely the Conservatives (Social-Christians), Falangists, Popular-Socialists and Agrarian-Labourites, strongly criticised the economic plan presented by Alessandri. This plan was the result of negotiations between the parties of the right and the Radical Party. But since it inspired strong rejection by the white-collar workers, where the Radical Party had its principal constituency, the governing party decided to shelve the Alessandri plan, break the alliance with the right, and come to terms with the parties of the left.[1]

The support which the Radical Party and the parties of the opposition gave to the workers who went on strike brought about the downfall of the whole cabinet. González Videla had to rethink his political alignments. He then called his opponents, among which were the Conservative-Social Christians, to become part of a new cabinet. This came to be known as the "Gabinete de Sensibilidad Social" (Cabinet of Social Sensitivity). The position in Finance passed from Jorge Alessandri to Carlos Vial, who was

---

of their salaries, or rather when the measures affected their capacity to demand readjustments greater to the ones allowed by law.

[1].- See EM, 27 Aug. 1949, p. 27. EDI: 8 Jan. 1950, p. 17, editorial; 15 Jan. 1950, p. 17, editorial; 20 Nov. 1949, p. 8, editorial; 13 Nov. 1949, p. 19, editorial; 11 Dec. 1949, p. 24, editorial. Política y Espíritu, N. 33, June 1948, p. 162. Sesiones de los Cuerpos Legislativos. Senado (hereafter cited as SCL.S.) Jan., 1950.

Also, from G.L. Mc. Dermott to Mr. Mc. Neill. Santiago, 7 Feb. 1950. Despatch N. 38. FO. 371.81315 AC. 1015/6. And, from Carlos C. Hall to Department of State. American Embassy, Santiago, 20 Feb., 1950. Despatch N. 205. NA.DS. 725.00/2-2050.

Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 182-183.

aligned with the Social Christian-Conservatives. In addition to this, the Executive withdrew the stabilisation bill which was currently being debated in the Senate.[1]

The right reacted bitterly against the González Videla's u-turn, not so much because they were excluded from the government, which had occurred many times before during the Radical administrations, but rather and above all because this political change had been precipitated by a strike of white-collar workers.

In Congress, the Liberal and Conservative congressmen declared that this relapse caused by the pressure and threat put on by the trade unions, signified

> "in our history as a democratic country, respectful of the Constitution and the law, a wretched period and a sad retrocession in our democratic and legalistic habits ... a wide field has opened for illegality, arbitrariness, revolutionary pressures and abuses".

They went so far as to proclaim that the agreements between the trade union leaders and the parties, which were until then in the opposition, meant

---

[1].- See Germán Urzúa Valenzuela, La Democracia Práctica, p. 328; Aspectos de la División del Partido Conservador, pp. 159 ff.; SCL.S., 7 Feb. 1950.

Prior to appointment of Carlos Vial E. to the Finance post it was held for 20 days by Arturo Maschke, general manager of the Central Bank. See Luis Valencia Avaria, Anales, vol. 1, pp. 460-463; Arturo Maschke, Cuatro Presidentes de la República desde el Banco Central de Chile 1940-1960 (Santiago 1990) pp. 66-70.

See also, Albert O. Hirshman, Journeys Towards Progress, p. 190; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 182-183. And, from G.L. Mc.Dermott to Mr. Mc.Neill. Despatch N. 33. Santiago, 7 Feb. 1950. FO. AC.1015/6; from Carlos C. Hall to Department of State. American Embassy, Santiago, 20 Feb., 1950. Despatch N. 205. NA.DS. 725.00/2-2050.

> "the breakdown of our legal and democratic regime, the suicide of the political parties and the consecration by the very same representatives of the people of a frank revolutionary trade unionism".[1]

Expressing the same apprehensions, El Mercurio pointed out that the trade unions

> "consider themselves to have legislative faculties and see in Congress only a countersigning intermediary between their demands and the President of the Republic".[2]

As a matter of fact, the right had good reasons for so much alarm. If from now-on politics was to be defined by union leaders and party leaders outside Congress, the capacity of the right to pressure and negotiate would be completely neutralised. Since this power lay, to a large degree, in its congressional strength, the right believed that this new way of doing politics was a revolutionary upheaval which threatened the democratic regime itself. The right largely blamed the Communist Party for this.[3]

Mid-way through 1949 the most acute criticisms to the economic regime came from the Social-Christian entrepeneur Carlos Vial, who was then president of the Banco Sud-Americano, and had served as president of the Compañía Sudamericana de Vapores, member of the board of directors of the Central Bank representing the private banks, and

---

[1].- See SCL.S., 7 Feb. 1950: speeches by senators Aldunate and Videla, and telegramme by senator Héctor Rodríguez de la Sotta to the president of the Senate.

[2].- "La Semana Política", EM, 5 Mar. 1950.

[3].- See "La Semana Política", EM, 1 June 1952.

president of the Bolsa de Comercio. Vial, in fact, had made a great fortune speculating in the Stock Exchange.[1]

In two conferences held at the Universidad de Concepción, Vial denounced that, because of inflation, during the Radical governments, capitalists had obtained great utilities whereas workers and white-collar employees had seen their buying capacity and retirement savings diminish. According to Vial, it was true that the country had become richer during this period, but this wealth did not extend to the hands of workers. He therefore proposed that the more affluent sectors, which had benefitted from inflation, should return to white-collar and industrial workers, victims of the latter, their lost buying capacity. This was to be achieved by means of higher taxes which could finance monthly readjustments of wages and salaries. He also believed that a policy for the reorientation of credit should be added, since the Radical administrations policy had given way to speculation, in luxury housing for example, rather than being aimed towards social ends and the increase of production. Lastly, he called for more effective State action in order to prevent economic crimes on the part of capital, and orientate private economy.[2]

Vial's proposals and position caused a strong

---

[1].- Carlos A. Vial, Doctrinas y Experiencia. Conferencias Dictadas en la Universidad de Concepción Sobre Temas Económicos los Días 23 y 24 de Junio de 1949 (Santiago, 1949). On his activities as speculator, see from Bowers to the Secretary of State. American Embassy, Santiago, 14 Nov., 1946. Despatch N. 14,613. NA.DS. 825.00/11-1446.

[2].- Carlos A. Vial, Doctrinas y Experiencia.

rejection in rightist circles. They accused him of demagogic pretensions as well as making wrong affirmations by distorting facts and figures in order "to create an illusory hope, the springboard to mount, without too much effort, to the highest public offices".[1]

The right --both the parties of the right and the entrepeneurs-- saw things differently from Vial. The right affirmed that during the Radical governments the incomes of the workers had increased beyond the economy's capacity. This had created inflation, which in turn had taken capital away from enterprises thus making it impossible to increase production, which was the only way to respond to the new buying power of Chilean consumers. As far as the right was concerned, the socio-economic problem did not involve the distribution of wealth but production, which had to be bolstered by defending producers and increasing private capitalisation in the country.[2]

In addition to giving conferences in which he criticised the ministerial performance of Jorge Alessandri, Vial made contacts with the trade union organisations of white-collar workers and encouraged them in their active campaigns against the economic policies of the then acting

---

[1].- "Las conferencias de don Carlos Vial", EDI, 8 Sept. 1949, p. 3, editorial.
See also "El mecanismo ideado por el señor Vial", EDI, 9 Sept. 1949, p. 3, editorial; "Cálculos sobre la inflación", EDI, 10 Sept. 1949, p. 3, editorial.

[2].- Speech by Jorge Alessandri, Finance minister, in SCL.S., 1 Feb. 1950; speech by Pablo Aldunate, Liberal deputy, in SCL.CD., 12 Apr. 1950; speech by senator Aldunate, Conservador Tradicionalista, in SCL.S., 18 Apr. 1950.

Finance minister, especially against the stabilisation project which contemplated a freezing of wages and salaries.[1]

When he took over the Finance ministry, Carlos Vial proposed an economic plan which embodied the ideas he had been propagating ever since his conferences at the Universidad de Concepción. These were the readjustment of salaries for public white- collar employees to an amount higher than the cost of living, a taxe increase in order to finance the new fiscal expenditures, the reorientation of credit through periodical fiscal instructions and legislation on economic crime. In his opinion this was necessary given that the law of supply and demand

> "tends to the slow absorption of the weak by the powerful who has means, knowledge and information to win el quien vive, stocking-up speculatively, increasing prices artificially and gaining thus an inmoral advantage over those who do not possess the means necessary to obtain such information";

he added, if the law of supply and demand were to prevail in labour contracts, we would return

> "to a regime of slavery, wherein the effort of the captive would only be compensated by a miserable crumb of bread as food".[2]

An image so negative of entrepeneurs emanating from someone who was part of that very same world, could not but produce a profound rejection within those circles.

---

[1].- See EDI, 27 Aug. 1949, pp. 1, 6, 10.

[2].- Speech by Carlos Vial Espantoso in the Chamber of Deputies, SCL.CD., 5 Apr. 1950.

Vial also took advantage of his close links with the employee trade unions to encourage them to call strikes in support of his economic projects which the opposition rejected in Congress. As the British Embassy reported

> "the Minister of Finance himself resorted to the dangerous and disloyal tactics of practically inciting these organizations to strike in support of his project and against what he described as the reactionary majority of the Senate."

Consequently, the Embassy added, "strikes of greater or lesser importance and duration occur almost daily".[1]

Vial did not have to wait too long before he was rejected by the parties of the right. The latter were joined by the entrepeneurs who until then, alluding to their "apoliticism", had remained on the sidelines of party polemics between Social- Christians against Liberals and Traditionalists. Vial was accused of ruining productive forces, accentuating the loss of the capital of the country, and untying an inflationist whirlpool for pure demagogic purposes. A Traditionalist-Conservative deputy

---

[1].- See from Mr. Mc.Dermott to Mr. Bevin. Despatch N. 15. Santiago, 12 Jan., 1951. FO. 371.90622 AC.1011/1; and from Mc. Dermott to Mr. Bevin. Despatch N. 93. Santiago, 26 May, 1950. FO. 371.81315 AC. 1015/20.

Also from Sir C.B. Jerram to A.S. Fordham. Despatch N. 1013/34/50. Santiago, 17 June 1950. FO. 371-81315 AC. 1015/22; from Mr. Mc. Dermott to Mr. Bevin. Despatch N. 15. Santiago, 12 Jan. 1951. FO. 371-90622 AC. 1011/1; from G.L. Mc. Dermott to Mr. Mc. Neill. Despatch N. 38. Santiago, 7 Feb. 1950. FO. 371.81315 AC. 1015/6; telegram from Santiago to Foreign Office. Despatch N. 52 dated 28 Feb. 1950. FO. 371.81315 AC. 1015/10.

Also, from Carlos C. Hall to Department of State. American Embassy, Santiago, 25 Apr., 1950. Despatch N. 461. NA.DS. 725.00/4-2550; from Carlos C. Hall to Department of State. American Embassy, Santiago, 5 June 1950. Despatch N. 625. NA.DS. 825.00/6-550.

said,

> "We can see in this programme a new step towards the disappearance of free enterprise, already so diminished in this country by the disproportionate growth of State intervention".

The same deputy referring to Vial's discourse as minister, stated: "we can confirm an obsession to flatter 'the mass', as he calls those who lack fortune". In this, said the rightist congressmen, Vial does not differ at all from the parties of the left, which promised the impossible.[1] The entrepeneurial sectors also complained that the Executive, when proposing bills which affected them, did not consider their opinion as it had invariably done until then.[2] In

---

[1].- Speech by deputy Prieto of the Partido Conservador Tradicionalista in SCL.CD., 12 Apr. 1950. See also speech by Francisco Bulnes, Conservative Tradicionalist deputy, in SCL.CD, 11 Apr. 1950; speech by Pablo Aldunate, Liberal deputy in SCL.CD., 12 Apr. 1950; statement by the finance and economy committee of the Liberal Party, in EM, 18 Apr. 1950, p. 31; speeches by senators Amunátegui (Liberal) and Aldunate (Conservative Tradicionalist), in SCL.S., 18 Apr. 1950.

[2].- On landowners opposition to the economic plan of Carlos Vial see EDI: 1 Oct. 1950, pp. 7, 9, 13, 15; 2 Oct. 1950, p. 3, editorial; 3 Oct. 1950, pp. 4, 7; 4 Oct.1950, p. 4; 7 Oct. 1950, p. 4; EC, June 1950. And especially the speech of the president of the Sociedad Nacional de Agricultura when inaugurating the 80th cattle fair, in EDI, 8 Oct. 1950, p. 4. On the opposition of industrialists see Sergio Ceppi M. de L., et. al., Chile. 100 Años, p. 139; and Industria, Jan. 1951, pp. 10-12. On the opposition of merchants see: "Comunicación a S.E. el Presidente de la República" in Carta Quincenal de la Cámara Central de Comercio de Chile (hereafter cited as CQ) N. 106, Valparaíso, 5 Mar. 1950, pp. 5-6; and vice-president of the Cámara Central de Comercio de Chile, in CQ, Ns. 112-113, Valparaíso, 20 June 1950, pp. 4-5. See also, letter of Jorge Alessandri, president of the Confederación de la Producción y del Comercio, to the president of the Cámara Central de Comercio de Chile and to the president of the Sociedad Nacional de Agricultura, 23 Aug. 1950, in Jorge Alessandri, personal papers, vol. 2, carpeta 6 titled

turn the El Mercurio editorial page assured that

> "the constitution of the February 1950 cabinet marks the beginnings of the most sterile period of the present regime and also the most dangerous for the stability of institutions... The lack of trust towards the political leaders has meant that trade unions have barged into Government, becoming a new power within the State".[1]

Consequently, Carlos Vial became a symbolic figure against which the forces of the right united while mustering strength to oppose Social-Christianism. This symbolic character resulted from, among other reasons, the fact that he was a wealthy entrepeneur and at the same time undertook interminable tirades against capitalists which were addressed to organised workers and white-collar employees. Additionally he supported their wage demands. The last straw was his replacement of Jorge Alessandri in the Finance ministry.

It is not surprising that the right considered very important the special by-election for Senator of Santiago, in November 1950, when the candidacies of Arturo Matte and Carlos Vial, with other additional minor tickets, fought each other out. As we saw in the first Chapter of this dissertation, Arturo Matte was a prominent entrepeneurial and political figure. He combined the interests of industrialists, landowners, financiers and commercial businessmen, in addition to being the connection between

---

Confederación de la Producción y del Comercio, folios 132-135. (non catologued archive kept in Biblioteca José Toribio Medina, Biblioteca Nacional, Santiago Chile.)

[1].- EM, 16 Apr. 1950, p. 5, editorial.
See also, "La Semana Política", EM, 25 May 1952.

these groups and the political right in his role as one of the main figures of the Liberal Party and key member of the Alessandri clan, the latter due to close family relations.

Matte was the candidate of Liberals, Conservative-Traditionalists, Agrarian-Labourites, "and the sectors of production and commerce", which since the 1938 presidential election had not identified themselves politically-wise. On the other hand, Vial was the nominee of the Social-Christian Conservatives, and received the backing of the Falange Nacional, the Radical Party --with which the Social Christians shared government responsibilities--, the Partido Democrático, and the trade unions and public employees.[1]

The Matte candidacy was presented to the electorate as a rejection of Vial's performance in the Finance ministry --"the demagogic experiment" as was called by the editorial writer of El Diario Ilustrado-- and especially against what Matte called "the persecution unleashed against the forces of production". In the opinion of El Mercurio -- which favoured Matte-- the alliance of Liberals, Traditionalist-Conservatives and Agrarian-Labourites behind his candidacy, was founded on the "defence of certain basic principles such as individual property and the limitation

---

[1].- See EDI: 15 Oct. 1950, p. 1; 18 Oct. 1950, pp. 4, 6; 30 Oct. 1950, p. 12; 5 Nov. 1950, p. 26. EM, 26 Nov. 1950, p. 5, editorial.

In this special election five candidates ran for office. In addition to Arturo Matte and Carlos Vial, participated Tomás Chadwick, candidate for the Frente Socialista; Rudencindo Ortega for the Partido Radical Doctrinario; and María de la Cruz, candidate for the Partido Femenino Chileno. See EDI, 26 Nov. 1950, pp. 1, 10.

of socialism in the economy".[1]

In turn, the trade unions of public employees assured that the electoral victory of Vial, who "represents the interest of the salaried class", would prevent "the ascension in the Legislative Power of the retardataire spokesmen of the capitalist reaction".[2]

Matte obtained the highest majority with over 85.000 votes, followed by Vial who obtained only 60.500 votes.[3] It can be argued that his comfortable triumph in this election definitively consolidated the defeat of Social-Christianism within the right. The Conservative electorate had voted for Matte. Moreover, on this occasion the first outright division within the Social-Christian Conservative Party took place when one deputy and dozens of top members resigned. One of the motives they cited for this decision was that the Social-Christian Conservative Party had backed the economic plan of Vial "which is the crowning of demagogic policy ... project which increases State socialism".[4]

In effect, Matte was to become the standard bearer of

---

[1].- See EDI: 15 Oct. 1950, p. 1; 18 Oct. 1950, p. 4; 19 Nov. 1950, p. 19, editorial; radio speech by Ladislao Errázuriz, president of the Liberal Party, published in EDI, 25 Nov. 1950, pp. 4, 5; 27 Nov. 1950, p. 3. Also EM: 5 Nov. 1950, p. 5, editorial; 19 Nov. 1950, editorial; 26 Nov. 1950, p. 5, editorial.

[2].- See EDI, 30 Oct. 1950, p. 12.

[3].- The candidate of the Radicales Doctrinarios, Rudecindo Ortega came third with over 17,000 votes. See EDI, 27 Nov. 1950, p. 1.

[4].- See EDI: 27 Oct. 1950, p. 6; 5 Nov. 1950, p. 26; 3 Nov. 1950, p. 6.

the right in the 1952 presidential elections. On that occasion the Social-Christians supported the Radical Party nominee, Pedro Enrique Alfonso, who was appointed by a centre-left convention. In fact, by the end of 1950, El Mercurio considered the Social-Christians among the forces of the left.[1]

In the congressional elections of 1953, the Social-Christian Conservative Party, was able to elect only two deputies, and no senator. The Falange Nacional obtained only 2.8% of the electorate, with which it could only elect three deputies. This weak showing made the leaders of the two parties, found the Federación Social Cristiana in 1953. The Social-Christian Conservatives distanced themselves entirely from the right. Not all of them followed this path though; a considerable number entered the Partido Conservador Tradicionalista, which adopted the name Partido Conservador Unido. In 1957 the Social-Christian Conservatives and the Falangists merged into a new party, the Christian Democratic Party.[2]

---

[1].- See Jorge Cash Molina, Bosquejo de una Historia. (Santiago, 1986) pp. 210-211. And, EM, 13 Nov. 1950, p. 3, editorial.

[2].- Shortly after its constitution the Social-Christian Federation was joined by members of the Movimiento Nacional Cristiano, a group of former Conservatives who had supported Ibáñez in 1952.
See Michael Fleet, The Rise and Fall, pp. 56-58. Also Sergio Guilisasti Tagle, Partidos Políticos, p. 24; Jorge Cash, Bosquejo, pp. 214-217; George Grayson, El P. Demócrata Cristiano, pp. 293-316.

* * *

In sum, between 1946 and 1950, the right had to face the criticism by the Social-Christian Conservatives of liberal capitalism.

Influenced by the emergence of Social-Christian parties in Europe, and impressed by Eduardo Cruz-Coke's magnetism, the Conservatives decided to adhere to the Social-Christian creed. This meant stubbornly supporting, in 1946, the presidential candidacy of Cruz-Coke, to which the Liberals were opposed, precisely because of its populist character which made the Conservative leader an unpredictable and politically dangerous figure. Liberal rejection of Social-Christian rhetoric intensified as the latter became more and more anti-liberal and anti-capitalist, distancing itself from the right. The Liberals preferred to risk the loss of the Presidency of the Republic, while continuing to come to terms with the Radicals as they had been doing since 1939, rather than accept a messianic populism imposed by the Conservatives. It could not escape them that a politics of transactions and agreements, rejected by Social-Christians, had allowed the right to preserve the basis of its social and economic power.

After the 1946 presidential elections, the Social-Christian current began to lose strength within the Conservative Party. Its stand against the anti-Communist position and the possibility of party alliances, allowed a growing opposition inside the party; the conflict between the two sectors culminated in the party's division.

The new Partido Conservador Tradicionalista, which possessed the greatest number of Conservative congressmen, began to define its strategies in close alliance with the Liberal Party. The joint aim was to pursue a policy of anti-Communist and inflation control through restricting public spending.

In turn, the Social-Christians confirmed their desire to distance themselves from the right when they accepted the invitation to participate in the cabinet at the end of the González Videla administration. From the Finance ministry they implemented a populist policy, with greater State control on private enterprise and increased taxes. These positions were strongly rejected by both Liberals and Conservatives as well as by the producers' organisations. At the same time, a significant number of Social-Christian Conservative leaders began to leave the party and were reincorporated into the Traditionalist camp.

The Social-Christian Conservatives consolidated their alliance with the centre-left parties, especially with the Falange Nacional. Already by the end of 1950 they were considered as part of the left. Thus, the Social-Christian option was removed from the right; however, this meant that

it was able to carry with it a small constituency and a few leaders. In turn, the right, by confronting Social-Christianism, began to clarify more precisely its position regarding liberal capitalism from now on.

CHAPTER IV

IBAÑISTA POPULISM : A NEW DANGER

We have seen that in the 1940s the right was able to accommodate itself to the Radical governments exerting a great influence on these administrations, either through the Liberal Party or the entrepreneurial associations. The right demonstrated its capacity to co-opt while at the same time it utilised its congressional strength in order to facilitate political negotiation. In these negotiations it made important concessions; however, it was able to preserve its essential power and interests. Throughout this period, then, there prevailed in Chilean politics a capacity for common understanding over ideological and partisan confrontation.

Nevertheless, in the early 1950s, this political cohabitation began to deteriorate. To a large degree this was caused by increasing economic and social problems, for which there seemed to be no solution within the existing framework of politics.

In this Chapter we shall analyse why the predominance of the Radical Party ended, and with it, the political style which, privileging negotiation over conflict, had allowed the right to maintain its fundamental interests while the country was governed by reformist forces. We will examine the economic problems which tended to grow worse in the second half of the 1940s, a period which was

characterised by a fatal mixture of inflation and economic stagnation. We shall see how these difficulties, together with the beginning of the Cold War, allowed for the rise of labour conflicts; and how these conditions contributed to the emergence of populism, which triumphed with the election of General Carlos Ibáñez to the Presidency of the Republic. Subsequently we shall study the meaning of the triumph of General Ibáñez in 1952. His candidacy resorted to a populist formula and thus seriously threatened the vital interests of the diverse sectors of the Chilean right. Finally we shall show which strategies the right used in order to face this new danger posed by the State.

In other words, in this chapter we will emphasize the analysis of the economic, social and political context which will help us comprehend why and how the formulation of a project of capitalist modernisation emerged within the Chilean right, subject which will be studied at greater length in Chapter V.

ECONOMIC PROBLEMS: INFLATION WITH STAGNATION

After the Great Depression, Chile, similar to other Latin American countries, adopted a developmentalist outlook which was centred on industrialisation and aimed at the import substitution of consumer goods. It was thought that industrialisation would bring about a process of sustained growth of the economy.

However, towards 1950 a number of problems associated with this model of development began to flare up all across Latin America. This model of industrialisation was highly protectionist and orientated towards captive internal markets, wherein industry required the importation of capital goods, technology and inputs. However it was incapable of generating the resources needed in order to finance these as the model did not concern itself with exports. Paradoxically, thus, Latin American industrialisation was to depend on the export capacity of the primary sector, precisely the sector which industrialisation was to replace as the motor of development. To the degree that industry was unable to generate sufficient foreign currency exchange, the Latin American economies suffered the pressures of inflation, devaluation, speculation, and a growing inefficient protectionism which resulted in raising the costs of industrial production. Moreover, the limitations of the national markets implied the creation of industrial monopolies which did not produce sufficient jobs and maintained idle a significant part of the installed industrial capacity.[1]

In Chile, in the five year period from 1945-1950, when

---

[1].- See Mauricio Rojas, "Reflexiones Acerca del Debate Sobre Los Orígenes de la Industrialización Latinoamericana y de su Entorno Ideológico", Estudios Cieplán N. 23 (Mar. 1988) pp. 70-71; Ricardo Ffrench-Davis and Oscar Muñoz G., "El Desarrollo Económico de América Latina y el Marco Internacional: 1950-86", Estudios Cieplán N. 23 (Mar. 1988) p. 14; Tulio Halperin Donghi, Historia Contemporánea de América Latina (Madrid, 1972) p. 367; Paul W. Drake, Socialism and Populism, p. 4.

the external stimulus was very small, the rates of revenue income increase of all the national activities except commerce, tended to fall. The economic policies of the period helped to aggravate problems. For instance, in order to stimulate industrialisation, governments fixed the interest rates at a level lower than the increase of the cost of living; in consequence, negative real rates of interest discouraged savings, while, on the other hand, households were able to consume far more than they produced.[1] In international commerce the tendency was to resort to multiple exchange rates and an overvalued peso, so as to protect national industry from external competition while at the same time imports of those goods, indispensable for industrial development, were subsidised. These goods included food products, capital goods, fuel and primary resources. As a result exports were not stimulated and this prevented their diversification. Consequently, access to foreign exchange became largely dependent on copper exports, which contributed with at least half the income originating in international trade. Thus, not surprisingly, instabilities in the price of copper gravely affected the national economy. The increasing demand for

---

[1].- Several authors consider that the propensity of the property classes towards consumption is a cultural phenomenon, given their inclination to imitate the consumption patterns of the elites of the more developed countries. See for example, David Felix, "Structural Imbalances, Social Conflict, and Inflation: An Appraisal of Chile's Recent Anti-inflationary Effort", Economic Development and Cultural Change, vol, 8, N. 2 (Jan. 1960) p. 114; and Henry Kirsch, Industrial Development, pp. 57-58. A counter-argument is well stated by Markos Mamalakis, "Public Policy", pp. 71-82.

imports was higher than the resources available for them.[1]

Another source of difficulty was in agriculture. Since the 1940s and throughout the 1950s agriculture was stagnant, and therefore it was incapable of satisfying internal consumption. The pace of agricultural production growth in the 1940s was 1.6% annually, whereas the population grew at a 1.8% annual rate. If an increase in the demand for food products due to the rise of per capita income --given that the industrial sector grew at an annual rate superior to 7%-- is added, we can see that the country was forced to slowly increase the importation of its agricultural products. This in turn aggravated the problem of the lack of foreign currency.[2]

It has been argued that although the effort to attract private investment to industry may explain some of the slowdown in agricultural expansion, basic institutional causes are far more important. Agricultural labour had no incentives; competitive agricultural imports were

---

[1].- See Osvaldo Sunkel, "La Inflación Chilena: Un Enfoque Heterodoxo", Trimestre Económico N. 100 (Oct.-Dec. 1958) pp. 579-585; David Felix, "Structural Imbalances" p. 118; Hugo Trivelli O. and Pablo Trivelli O., "El Crecimiento Económico Chileno", in Roberto Zahler et. al., Chile: Treinta y Cinco Años de Discontinuidad Económica, 1940-1975 (Santiago, 1978), pp. 251-254; Markos Mamalakis, "Public Policy, pp. 62, 75; Markos Mamalakis, The Growth and Structure of the Chilean Economy: From Independence to Allende (New Haven, 1976), p. 244, 340-344; CEPAL, Antecedentes, chapter 4; Instituto de Economía de la Universidad de Chile, Desarrollo Económico de Chile. 1940-1956 (Santiago, 1956), chapter 4.

[2].- See "Plan de desarrollo agrícola y de transporte. Resumen de sus aspectos generales", Panorama Económico, Dec. 1954, p. 817; David Felix, "Structural Imbalances", p. 120; Oscar Muñoz Gomá, Chile y su Industrialización, pp. 118-119; Instituto de Economía de la Universidad de Chile, Desarrollo Económico, chapter 6; Markos Mamalakis, "Public Policy", pp. 9, 122.

subsidised; input prices were high; taxation was negligible and did not penalise inefficiency; there was no strong economic pressure on landowners to shift to more intensive agriculture, and mechanisation within the existing system of administration and labour incentives did not yield spectacular results. The age-old latifundio structure needed a major reorganisation. In order to increase its productivity agriculture required detailed and enlightened supervision, change in labour incentives, and diversification aimed at intensive type crops and stock raising. Land reform --meaning the subdivision of big haciendas-- was necessary. However, as it has also been argued, a comprehensive governmental policy on agricultural modernisation was never drafted and therefore could not be implemented. Undoubtedly, the political class was mainly worried by issues of an urban sort.[1]

---

[1].- See David Felix, "Structural Imbalances", pp. 119-120; Markos Mamalakis, Growth and Structure, pp. 268-269.

Markos Mamalakis, "Public Policy", chapter 3, has concluded that agricultural stagnation was caused by government policies, which in their effort to industrialise, neglected agriculture. He has argued that the government's exchange, price, subsidy, and foreign trade policies consistently discriminated against agriculture. Thus, the transfer of resources from agriculture to industry was achieved by reducing agriculture's own rate of return and raising its alternative rate in industry. Agriculture was deprived of financial incentives required for investment which might lead to rapid technological change; long-term investment was discouraged. And, the argument continues, the lack of sufficient financial incentives for efficient allocation of resources and output maximisation forestalled a private revision of the land tenure system, while the government deliberately bypassed the problem. (pp. 118 to 120).

However, the generalised opinion that the economic policies of the Radical administrations totally neglected agriculture must be qualified. The support via credits and technologies that CORFO gave to the agricultural sector is well documented in Luis Ortega Martínez et.al., Corporación de Fomento, pp. 97-100, 119-122.

Another source of problems was public finances. The fiscal deficit became chronic. Fiscal entries depended more and more on income deriving from copper, to a large extent because the tax system was too contrived, inefficient and regressive. The payment of income tax was made after a year's delay and according to monetary values from the previous year, which were by then very depreciated, whereas the workers and employees paid their taxes on a monthly basis through discounts in their salary cheques. Moreover, the whole tax system rested on indirect taxes. Tax evasion was a general malaise. And the creation of parallel and superimposed taxes, together with the proliferation of regimes of exception increased the costs of operation of the tax system in addition to making its administration more difficult. There were cases wherein the costs of tax collection were higher than its yield. Thus, tax incomes did not allow the financing of current costs and the fiscal deficit became a permanent problem.[1]

Notwithstanding the reduced levels of fiscal revenue, public investment increased considerably during the 1940s: 70% between 1940 and 1954. This can be explained by the multiple new tasks assumed by the State. The greater part

---

[1].- See Osvaldo Sunkel, "La Inflación Chilena", pp. 582-583; Ricardo Ffrench-Davis, Políticas Económicas en Chile 1952-1970 (Santiago, 1973) p. 24; Luis Ortega Martínez et.al., op.cit., p. 134; Markos Mamalakis, The Growth and ..., op.cit., p. 113-117; Fernando Silva V., "Un Contrapunto de Medio Siglo: Democracia Liberal y Estatismo Burocrático 1924-1970", Historia de Chile, Sergio Villalobos R., et.al., vol. 4 (Santiago, 1974) p. 881-882; Federico Gil, Sistema Político, pp. 190-196.

Mamalakis has argued that leakages in the goverment's revenue system provided a safety valve against overtaxation.

of the scarcely available capitalisation of the country came from the exchequer. The State also assumed the costs which were the result of the redistribution of income on account of social policies, such as subsidies, social security, health, education and housing; as well as the absorption of potential unemployment through public posts. Public employment ended-up being a vehicle of upward social mobility for the middle sectors, and it is here where the Radical Party recruited most of its electoral strength. This is why from an original figure of 45,000 employees of the centralised Public Administration in 1939, the number increased to 71,000 in 1951; and the payment of salaries, which constituted 33% of the total public investment in 1940, rose to 42% in 1954. Between 1940 and 1955, public employment grew 60%, whereas in the same period the active population of the country rose by 23.5% only. In relation to the total active population of the country, Public Administration increased its personnel from 4.2% in 1940 to 5.4% in 1955, a figure which does not take into account the descentralised sector.[1]

Public investment financing was done through monetary emissions, therefore it was inflationary. Moreover, the scarcity of food products caused increased prices, even if these were controlled. Since inflation meant in effect a

---

[1].- See David Felix, "Structural Imbalances", p. 122; Osvaldo Sunkel, "La Inflación Chilena", p. 587; Instituto de Economía de la Universidad de Chile, "Desarrollo Económico", chapter 11; Germán Urzúa Valenzuela and Anamaría García Barzellato, Diagnóstico de la Burocracia Chilena (1818-1969) (Santiago, 1971), pp. 61-62, 75.

reduction in the income of salaried employees, there was an intent to compensate this loss via annual readjustments and extraordinary bonuses. In turn, increases in cost production required that businesses exert pressure in order to obtain credits. All these factors helped inflation to spiral upward.[1]

Consequently, economic stagnation translated into inflation. The annual increase in the cost-of-living index averaged 8% in 1936-1940, 16% in 1941-1945 and 20% in 1946-1950.[2]

Even though inflation in Chile can be traced back to the 1870s, it is the period of the Radical administrations which marks the beginning of the modern phase of the country's inflation. In effect, in the 1940s, the average annual increase of prices reached the two digits percentage level. Actually, from 1939 to 1952 prices rose at an average yearly rate of 18% due to the combination of several factors: fiscal deficits, monetisation of balance of payments surpluses (during World War II the country accumulated foreign exchange and to acquire it, it was necessary to expand the money supply), war-induced international price booms, massive wage and salary

---

[1].- Some analysts have argued that agricultural prices did not rise substantially when compared to other components of the price index; hence this could hardly have been primarily responsible for continuing upward pressure on wage rates. See Tom E. Davis, "Eight Decades of Inflation in Chile, 1879-1959. A Political Interpretation", Journal of Political Economy vol. 81, N. 4 (1963) p. 395. The counter-argument can be found in Osvaldo Sunkel, "La Inflación Chilena", pp. 576 ff.

[2].- See David Felix, "Structural Imbalances", p 121.

increases, rising State subsidies, development of speculative behaviour, and bank credit expansion, especially Central Bank credit to the private sector and to State-sponsored development agencies, mostly CORFO.[1]

In the 1940s there was no significant anti-inflationary action, because the Radical administrations believed either that the best way to increase production was to raise demand through wage and salary increases -- given keynesian ideas then in vogue--, or that inflation was the cost of economic and social progress. In addition, world-wide inflation prevailed during the war and immediate post-war years. Consequently, since the Chilean economy was suffering inflationary impulses from abroad, the Chilean leaders could consider themselves the victims of international circumstances.[2]

Moreover, they were confident that the State could control inflation through price freezes, subsidies and foreign exchange allocations; and as they were convinced that the fight against inflation was a problem of enforcing the law against speculators, they used these instruments

---

[1].- See Albert O. Hirschman, Journeys Towards Progress, p. 184; David Felix, op.cit., p. 113; Tom E. Davis, "Eight Decades of Inflation", p. 390; Osvaldo Sunkel, "La Inflación Chilena", p. 583; Ricardo Ffrench-Davis and Oscar Muñoz G., "Desarrollo Económico, Inestabilidad y Desequilibrios Políticos en Chile: 1950-1989", Estudios Cieplán N. 28 (June 1990) p. 123; P.T. Ellsworth, Chile., chapter 6; Roberto Zahler, "La Inflación Chilena", in Chile: Treinta y Cinco Años, pp. 43-45; Instituto de Economía de la Universidad de Chile, "Desarrollo Económico", p. 12; Markos Mamalakis, "Public Policy", pp. 21-23; Markos Mamalakis, Growth and Structure, p. 105.

[2].- Albert O. Hirschman, Journeys Towards Progress, p. 187; Roberto Zahler, "Inflación Chilena", pp. 43-45.

profusely throughout the forties. The effectiveness of these measures soon proved to be very limited, but awareness of this led to attempts at perfecting the controls rather than abandoning them.[1]

Organised entrepeneurial sectors became increasingly critical of State economic controls. Entrepeneurs felt they were being forced to exercise political influence and lose valuable time in mere bureaucratic formalities and string pulling. Moreover they rejected the speculation which often went with this. In their own words, it simply killed "the spirit of enterprise".[2]

Consequently, inflation began to be perceived as a pressing problem, becoming under the administration of González Videla (1946-1952) a threat to social and political stability.

LABOUR UNREST.

An Initial Honey-moon

From the beginnings of the Radical administrations, in 1939, and until 1945, union workers cooperated with the economic policies aimed at industrialising the country. Not surprisingly, therefore, labour conflicts were not a

---

[1].- Albert O. Hirschman, Journeys Towards Progress., p. 185 ff.

[2].- Speech of the President of the Confederación de la Producción y del Comercio, Jorge Alessandri, in Industria, July 1951, pp. 401-408.

serious problem during these years.

Union workers were grouped from 1936 in the Confederación de Trabajadores de Chile (CTCH). Even though confederations and union federations were not contemplated in labour legislation, the CTCH had an important presence in Chilean politics, on occasions representing as many as 90% of all organised workers in base trade unions, federations and confederations.[1]

The CTCH was a political confederation which had sprung out of the strategies of the Popular Front. Consistent with the historical tradition of the Chilean trade union movement, the leaders of the CTCH were at the same time active and influential members of the leftist parties, namely the Socialist and Communist parties. Therefore changes in the relations between Socialists and Communists, encompassing either understanding or hostility, as well as the infighting amongst the Socialists, had immediate echo in the workers' union movement.[2]

Given that the trade union leaders were at the same time militants of the leftist parties, the CTCH became a part of the government of Pedro Aguirre Cerda, in whose electoral campaign it had actively participated. For this

---

[1].- See Alan Angell, Partidos Políticos, p. 117-118; Oscar Muñoz Gomá and Ana María Arriagada, "Orígenes Políticos y Económicos", p. 22.

[2].- See Alan Angell, op.cit., pp. 116-118; Crisóstomo Pizarro, La Huelga Obrera, pp. 102, 120-121; Paul Drake, Socialism and Populism, pp. 178-179; Oscar Muñoz Gomá, Chile y Su Industrialización, pp. 84-87.
On the relation between the parties of the left and the unions, see Alan Angell, op.cit., pp. 93 ff., 113 ff.

reason, union workers moderated their labour and salary demands, and did not oppose either the political system nor the labour code. On the contrary, the CTCH played the role of mediator between striking workers and government authorities. More importantly, for the first time, during this period union workers went so far as to look for ways that might enable them to become part of the State apparatus, for instance in the board of directors of CORFO.[1]

In compensation for this support, the CTCH was given ample facilities for expansion and consolidation. The favourable attitude of the Radical administrations towards the CTCH and industrial development, thus contributed to the significant increase of organised union workers during the 1940s. Equally important is the fact that during those years the CTCH was able to bring political legitimacy to the trade union organisation and also secured the right to strike.[2]

Precipitation of Labour Conflict

The labour policy of the Radical administrations

---

[1].- See Crisóstomo Pizarro, op.cit., pp. 15, 107-110, 117-118; Paul Drake, op.cit., p. 229-231; Oscar Muñoz Gomá and Ana María Arriagada, "Orígenes Políticos y Económicos", p. 24.

[2].- If in 1938 the CTCH had 110,000 members grouped in 500 unions, in 1943 this figure had increased to close to 200,000 members in more than 1,500 unions. Nevertheless, it should be noted that these figures correspond to only a small proportion of the work force.

See Alan Angell, Partidos Políticos, pp. 64, 117; Paul Drake, op.cit., p. 229, 285; Oscar Muñoz Gomá, Chile y su Industrialización, p. 214.

favoured the workers by imposing automatic readjustment mechanisms which helped in turn to lower the effects of inflation upon their incomes. In 1941 an annual readjustment law for white-collar workers was introduced. The result was that they could do well amidst the new inflationary environment: in 1953 the minimum salary was eighteen times the 1936-38 average as compared to twelve times for the cost of living. But this was not the case for blue-collar workers.[1]

During the Radical governments white-collar employees not only had legal benefits which blue-collar workers lacked, but also the minimum legal salary of blue-collar workers reached only 40% of that of the white-collar workers. In addition to this, the family bonus was three and a half times higher for white-collar workers than that of the blue-collar workers.[2]

Thus, the share of blue-collar workers in GNP declined from 27% in 1940 to 24% in 1945, and 23% in 1950. The share of white-collar workers followed the opposite trend. Salaries rose from 15% of national income in 1940, to 16% in 1945, and 20% in 1950. The changes in the share of wages and salaries in GNP had been the result of a substantial change in the number of people employed in each

---

[1].- See Albert O. Hirschman, Journeys Towards Progress, pp. 185-186; Hugo Trivelli O. and Pablo Trivelli O., "El Crecimiento Económico", p. 256.

[2].- See Alan Angell, Partidos Políticos, pp. 76-78; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 155-167.

group as well as changes in real wages and salaries. For the economy as a whole, average real wage earnings per labourer declined, and the average real salary earnings per employee increased.[1]

The middle sectors received more State jobs, health care, housing, education, and other rewards than the lower strata. On the whole, the expansion of the social security system provided benefits to white-collar employees at the expense of blue-collar workers.[2]

Within the manual labour class there was another difference. For example, wages in industry, which exceeded those in agriculture by approximately 30% in 1940, had risen in 1952 to 300% above those in agriculture. After 1948 only industrial, mining and public utility workers show a rise in real wages; in the remaining areas of the economy real wages fell, since employment in manufacturing failed to keep pace with urbanisation. In the intensifying wage-price spiral of the postwar period, only the well-

---

[1].- The percentage of white-collar workers increased from 13% in 1940 to 20% of the total labour force in 1952. The number of blue-collar workers declined from 60% of the labour force in 1940 to 55% in 1952. See Markos Mamalakis, "Public Policy", p. 41.

Paul Drake, Socialism and Populism, p. 23, estimates that the average per capita real income of the property-owning upper class was, in 1954, nearly three times that of the middle class and about twelve times that of the workers. See also p. 229.

[2].- Influential white-collar groups tended to split off the social security system in order to obtain special benefits. So there were wide discrepancies in benefits paid and in pay-roll levies. Moreover, low interest mortgages and fixed rents to a minority of members had in the inflationary environment dissipated much of the social security reserves. See David Felix, "Structural Imbalances", p. 123; Federico Gil, Sistema Político, pp. 196-202; Paul Drake, op.cit., p. 225.

organised and politically powerful labour groups succeeded in preserving or improving their position, and the poorer or worst organised groups did not receive the fruits of social development.[1]

Towards the end of the 1940s the number of urban workers which were marginal to development increased. In effect, the lack of agricultural modernisation produced an increase in rural migration towards the cities, especially towards the capital, which was not prepared to receive such population influx. Urban population grew from 53% in 1940 to 60% in 1952; and the population of Santiago grew 38% in this same period. We are faced, like much of Latin America, with cities experiencing housing and urban installation deficits. The manufacturing industry was unable to absorb the new supply of work force, and around the periphery of Santiago there emerged the first marginalised belts during this time.[2]

In addition to social discontent produced by the

---

[1].- See David Felix, op.cit., p. 121; Hugo Trivelli O. and Pablo Trivelli O., "El Crecimiento Económico", p. 257; Instituto de Economía de la Universidad de Chile, "Desarrollo Económico", p. 4; Markos Mamalakis, "Public Policy", p. 65.

According to Paul Drake the standard of living of most of the lower classes stagnated or deteriorated during the Radical administrations. For example, housing shortage was worse by the mid-1940s than in 1939, he says. This notwithstanding, he also mentions the fact that economic modernisation itself contributed to some overall social benefits, such as declining infant mortality, and greater organisation and participation for the working classes. See Paul Drake, op.cit., pp. 228, 265.

[2].- See Tulio Halperin Donghi, Historia Contemporánea, pp. 365-366; Paul W. Drake, op.cit., pp. 21-34; James Petras, Politics and Social Forces, pp. 12-21; Armando de Ramón, Santiago de Chile (1541-1991) Historia de una Sociedad Urbana (Madrid, 1992) pp. 289-291.

stagnation of the economy and inflation, international factors generated growing trade union unrest. Hence, the mutual understanding between the Radical administrations and the CTCH thus far, broke down in the second half of the 1940s.

In effect, with the beginnings of the Cold War the conflicts between Socialists and Communists became aggravated. Both groups collided and disputed the leadership of the organised blue-collar workers, promoting strikes within key sectors of the economy. The number of strikes and the number of participating workers increased. The 60 strikes that took place in 1944 with 26,000 workers which paralysed activities rose in 1945 to 512 involving 80,000 striking workers. If labour union conflicts had grown intense in 1945, they became even worse the following year.[1]

During the first years of the administration of Gabriel González Videla (1946-1952) labour conflicts further intensified, motivitating the legislation which prohibited the Communist Party. Nevertheless, the labour unions, still under its influence, called for general strikes in mid 1949 --supported by students and white-collar associations-- which, accompanied by riots,

---

[1].- See Alan Angell, Partidos Políticos, p. 114; Paul Drake, op.cit., p. 279; Crisóstomo Pizarro, La Huelga Obrera, pp. 103-105; Andrew Barnard, "Chilean Communists, Radical Presidents and Chilean Relations with the United States, 1940-1947", JLAS, vol. 13, part 2 (Nov. 1981) p. 357; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 168-172.

Also from Claude G. Bowers to the Secretary of State. Embassy of the United States of America, Santiago, 27 Nov., 1945. Despatch N. 13,109. NA.DS. 825.00/11-2745.

paralysed Santiago. On repeated occasions there were attempts to stop activities in mining centres, which were forcefully suppressed with military help.[1]

As we saw in the previous Chapter, beginning in 1950, González Videla changed his strategy in order to confront labour unrest, breaking-up his alliance with the parties of the right. However, the new alliance of parties in government did not stop labour demands, and the strikes became even more frequent. In 1952, Congress passed a law giving all civil servants in January of each year automatic increases from 25% to 90% of the rise of the cost of living of the previous year. These adjustment percentages varied inversely with the level of the salaries. Automatic adjustments were also provided for all retirement and pension payments. These measures led to large budget deficits, and contributed to accelerate inflation. Parallel to inflation there was an increase in the number of strikes --especially illegal ones-- followed by readjustments of salaries which intensified the inflationary spiral.[2]

> "Although genuine economic grievances existed in some cases, the Government's weak handling of labour disputes and their unwillingness to take a firm stand for fear of losing votes in the

---

[1].- From Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 24 Aug., 1949. Despatch N. 596. NA.DS. 825.00/8-2449.

[2].- Albert O. Hirschman, Journeys Towards Progress, pp. 186-187, 191-192. And: From C.B. Jerram to Mr. Herbert Morrison. 16 Mar., 1951. Despatch N. 67. FO. 371.90623 AC.1015/1; from H.M. Ambassador to H.M.P.S. of State for F.A. 20 July 1951. General Report Chile N. 3. FO. 371.90646 AC.2184/1.

> Presidential election, provided an incentive for fresh and often irresponsible wage-demands and strikes in every quarter",

reported the British Embassy to the Foreign Office.[1]

In a report to the State Department the American Embassy described the situation in 1952 as follows:

> "Nitrate workers, after sporadic strikes, obtained wage benefits on August 26; copper workers obtained a favorable decision on a disputed point of their recent award; customs house workers returned to work after a four-day strike, having won the promise of readjustments; the National Association of Public Employees (ANEF) threatened a general strike on September 5; a series of illegal work stoppages began in the coal mines August 25; insane [mental] assylum workers in Santiago began a strike August 26; the Bus Drivers' and Fare Collectors' union of Santiago threatened a walkout, and workers of the National Electric Power Company in Curicó, San Javier, Linares and Molina walked out August 25 after failure to receive pay for days they did not work during the recent power company tie-ups. In addition, there were textile strikes, and a threatened walkout of Santiago municipal and Government hospital workers. There may be other strikes in view of the success of workers in many industries and Government posts in pressuring for raises".[2]

While economic and social problems deepened, inflation contributed to higher profits and an initial impression of

---

[1].- From Mr. Stirling to the R.H. A. Eden. Despatch N. 9 (Annual Report on Chile for 1952). Santiago, 8 Jan. 1953. FO. 371.103254 AC. 1011/1.

[2].- From Carlos C. Hall to the Department of State. American Embassy, Santiago, 26 Aug., 1952. Despatch N. 215. NA.DS. 725.00/8-2652.

well-being. However, talk began that there existed in the country an "organic crisis" which extended to politics, the economy, as well as society and morality.[1]

As far as El Mercurio was concerned, what was in crisis was the political regime itself:

> "The subordination of the parties to the labour unions, the introduction of a seditious element in the very fabric of the State and the contempt shown towards the independence of the Public Powers, conform a collection of alarming factors whose unfolding seemed to carry the country more and more towards chaos and confusion",[2]

read an editorial of the newspaper in 1952 a few months prior to the presidential election, expecting that the electoral triumph of the candidate of the right would bring about a change in such an adverse course.

POLITICAL CRISIS: THE EMERGENCE OF POPULISM

It is an error, in my view, to characterise, as several authors have done, the period of the Chilean Popular Front and of the Radical governments on the whole, as a populist period.[3] This was not the case, precisely because politics in this period was built around multi-class alliances articulated by the ruling elites of the

---

[1].- See Germán Urzúa Valenzuela, La Democracia Práctica, pp. 298 ff.; Ricardo Donoso, Alessandri, Agitador, pp. 484-502; Paul W. Drake, Socialism and Populism, p. 284.

[2].- EM, 13 June 1952, p. 3, editorial.

[3].- See for example, Alain Touraine, Actores Sociales y Sistemas Políticos en América Latina (Santiago, 1988) p. 146; Paul Drake, Socialism and Populism, pp. 3-4

political parties.

We should not forget that populism is not a multi-class alliance with independent trade unions representing an autonomously organised working class. The "people", to which populism refers to, is not a social class, but rather a community, an essence, a totality. Hence, its programmes and political propositions are very vague and ecclectic, with some nationalistic references as well as promises of social justice. During the Radical administrations we are not dealing, as is characteristic of populism, with a mass movement led by a charismatic figure, with ambiguous propositions and highly critical of the political parties. On the contrary, that will become, in my opinion, the new trait of Chilean politics from the end of the decade of the 1940s. In that period in particular, rural migration, which was proportionally higher than the capacity of industry to absorb it, was to give birth to the emergence of urban masses not linked to unions and leftist parties, which had been articulating popular interests since the turn of the century.

The demands of these masses were not channelled through the Marxist parties of the left. Instead, it gave way to the promotion of the populist formulae. In addition to this, my impression is that the emergence of populism in Chile was contingent on the existence of an anti-Communist policy, as shall be analysed below.

Economic stagnation --producing an increasing proportion of popular sectors excluded from the benefits of

progress--, inflation resulting in labour union unrest, and the prohibition of the Communist Party, were all elements which contributed to the crisis of the political system. We should bear in mind that this system had been built around parties which, having rejected confrontation, negotiated around policies that reflected the demands of the different social sectors.

The prohibition of the Communist Party had serious consequences for the political life of the country. One of these consequences was the proliferation of parties. Although the approval of the anti-Communist law brought the government wide support, from the Conservatives to the Socialists, it produced divisions in almost all the political parties. In the Socialist Party, those who were opposed to the enactment of this law formed the Partido Socialista Popular; in the Radical Party, two senators and one deputy who were against the anti-Communist law created the Partido Radical Doctrinario; and a serious splinter, which subsequently resulted in a major break, took place within the Conservative Party, whose Social-Christian faction opposed the dictation of this law.[1]

In the 1949 congressional elections it became evident that the country was undergoing a political crisis. A sum total of 20 parties opted for representative posts, 14 of them capable of electing at least one member to Congress.

---

[1].- Germán Urzúa Valenzuela, La Democracia Práctica, pp. 290-313; Paul W. Drake, Socialism and Populism, pp. 290-293. See also from Mr. Leche to Mr. Bevin. Despatch N. 45. Santiago, 11 Feb., 1949. FO. 371.74634 AS. 1018/1011/9.

New, ephemeral and miniscule parties proliferated. All major parties had splinter groups running for congressional seats; the Radical Party, for instance, was divided into three factions. The 1949 congressional elections experienced the emergence of a new party, the Agrarian-Labour Party (which obtained 8.3% of the national electorate). Also evident was the popular support for the authoritarian figure of General Carlos Ibáñez, who was elected senator for Santiago with the highest majority.[1]

The Agrarian-Labour Party had emerged in 1945 from the fusion of the Partido Agrario --strong amongst landowners of the southern region-- with a fraction of the Alianza Popular Libertadora and the Movimiento Nacionalista de Chile, which integrated old nacistas and followers of Ibáñez. It is not strange therefore that the Agrarian-Labourites had a discourse strongly critical of the political parties. Although ideologically ambiguous, they were outright nationalistic. They were in favour of a strong Executive and intent on reducing the power of the National Congress; many were inclined towards corporativism. The strong support which they obtained in the 1949 congressional elections, on the one hand transformed them into the key party of ibañismo, and on the other, made evident the force of the new populist

---

[1].- See Federico Gil, Sistema Político, p. 91; Paul W. Drake, op.cit., p. 293; Cristián Garay Vera, Partido Agrario Laborista, p. 205.

See also from Mr. Leche to Mr. Bevin. Despatch N. 45 (Annual report on Chile, 1948) Santiago, 11 Feb., 1949. FO. 371.74634 AS.1018/1011/9.

tendencies emerging in Chilean politics.[1]

It seems plausible that yet another important effect of the anti-Communist legislation, was the emergence of populism as an important alternative within the Chilean political spectrum. As a matter of fact, the Communist Party was to respond to the law that prohibited its functioning by choosing, not without internal conflicts, a calculated strategy which in the end was to permit its return to legality. This strategy called for an effort to gain allies in the other parties and abandonment of any revolutionary attempt. In turn, the other parties, tried to capture the votes which had previously gone to the Communists. We think that it is possible to argue that this double pressure --on the one hand, the influence of the Communist Party on the other parties, and on the other, the attempt to appropriate for themselves those votes which had previously voted Communist-- was to make many parties adopt populist stands. The case of the Agrarian-Labour Party is illustrative in this respect.[2]

---

[1].- See René León Echaíz, Evolución Histórica de los Partidos Políticos Chilenos (Santiago, 1971) p. 150; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 209-210; Donald Bray, "Chilean Politics", pp. 12-14; Cristián Garay Vera, Partido Agrario Laborista

See also: From Mr. Leche to Ernst Bevin. Despatch N. 151. Santiago, 8 Sept., 1945. FO. AS.4884/291/9; from Mr. Leche to Mr. Bevin. Despatch N. 146. Santiago, 18 May, 1949; FO. AS.2705/1019/9; from H.M.'s Chargè d'Affaires to H.M. Principal Secretary. Despatch N. 7 (1013/1/51). Santiago, 3 Jan., 1951. FO. AC.1016/1.

[2].- María Soledad Gómez, "Factores Nacionales e Internacionales de la Política Interna del Partido Comunista de Chile. (1922-1952)", in Augusto Varas, editor, Partido Comunista, pp. 112-114, 131; Alonso Daire T., "La Política del Partido Comunista desde la Post-Guerra a la Unidad Popular", in Augusto

The Agrarian-Labour Party, under the direction of Jaime Larraín García-Moreno, had permanently allied itself with the parties of the right. Thus, for instance, in the 1946 presidential election, it attended the convention of "the rights" and chose to support the Liberal candidacy of Fernando Alessandri. That same year, worried by the incorporation of Communists to the first cabinet of González Videla, the Agrarian-Labour Party began an intense campaign denouncing the existence of a Communist plot intent on destroying democracy.[1]

Nevertheless, towards 1950, there was a substantial transformation within the party, which became distinct when its founder and leader, Jaime Larraín, decided to publically resign his membership. Larraín stated in his resignation letter that the party had "deviated its course", for it now adhered to "a position of extreme left, which only benefitted the Communist Party". An editorial of the Radical newspaper La Hora explained this resignation suggesting that the Agrarian-Labour Party had fallen "victim also to Communist infiltration, under the disguise of personalist sympathies towards a presidential candidacy..." The editorial was referring to the candidacy of Carlos Ibáñez which was imposed within the Agrarian-Labourites over that of Jaime Larraín, its leader until

---

Varas, ed. op.cit., pp. 145-147; Carmelo Furci, The Chilean Communist Party and the Road to Socialism (London, 1984) pp. 50, 60-61, 64.

[1].- See Cristián Garay Vera, Partido Agrario Laborista, Chapter 5.

then.[1]

According to a report from the American Embassy to the State Department, Larraín's resignation could be explained as a result "of conflict within the party, which springs in turn, from the changing composition of the party's membership in recent years". In effect, from being a party which concentrated its strength amongst landowners of the South, it had become, towards 1949, a party which extended throughout the country and captured urban votes. These new components of the party were the ones which called for the candidacy of Carlos Ibáñez.[2]

It is interesting to note that, according to information obtained in diplomatic archives, the candidacy of Ibáñez counted on the active support of the Communist Party, even if the latter officially backed the Socialist candidacy of Salvador Allende. "It was the Communist Party who encouraged General Ibáñez in his electoral candidacy and placed him as a candidate of the Partido Agrario Laborista against the opinion of the President of the PAL",

---

[1].- La Hora, 20 Mar. 1951, p. 2 editorial.
The text of the resignation can be found in EM 15 Mar. 1951.

[2].- See from Carlos C. Hall to Department of State. American Embassy, Santiago, 3 Apr., 1951. Despatch N. 1030. NA.DS. 725.00/4-351. And Cristián Garay Vera, Partido Agrario Laborista, pp. 140-142.

See also: From Edward G. Trueblood to the Secretary of State. American Embassy, Santiago, 17 Sept., 1948. Despatch N. 613. NA.DS. 825.00/9-1748; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 20 Oct., 1948. Despatch N. 668. NA.DS. 825.00/10-2048; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 31 Mar., 1949. Despatch N. 227. NA.DS. 825.00/3-3149; from Carlos C. Hall to Department of State. American Embassy, Santiago, 11 May, 1951. Despatch N. 1202. NA.DS. 725.00/5-1151.

reported the American Ambassador to Washington. Ibáñez, of course, did not reject this support; on the contrary, in his campaign he called for the derogation of the anti-Communist legislation.[1]

After Jaime Larraín's resignation, the populist character of the Agrarian-Labour Party became definitive; it was strongly influenced by Argentine Peronism, the Bolivian MNR and the Peruvian APRA. During the Ibáñez government, it favoured the derogation of the legislation which proscribed the Communist Party.[2]

Apart from the Agrarian-Labourites, other parties were also penetrated by Communist influence. The editorial of the La Hora newspaper which was mentioned above, affirmed that since the illegalisation of the Communist Party,

> "the affluence of its militants and of its sympathisers towards the protective security of other parties became evident ... What was at first a mere recourse of salvation or of mimetisation, in order to continue intervening in national affairs, it soon became an intelligent tactic of infiltration so as to influence party

---

[1].- From Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 15 Mar., 1949. Despatch N. 167. NA.DS. 825.00/3-1549. Also from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 10 Dec., 1948. Despatch N. 775. NA.DS. 825.00/12-1048; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 8 Mar., 1949. Despatch N. 151. NA.DS. 825.00/3-849; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 28 Mar., 1949. Despatch N. 207. NA.DS. 825-00/3-2849; from Charles C. Hall to Department of State. American Embassy, Santiago, 11 May, 1951. Despatch N. 1202. NA.DS. 725.00/5-1151; from H. Gerald Smith to Department of State. American Embassy, Santiago, 24 Apr. 1952. Despatch N. 1262. NA.DS. 725.00/4-2452; from C. Allan Stewart to Department of State. American Embassy, Santiago, 16 July, 1952. Despatch N. 52. NA.DS. 725.00/7-1652.
Also Cristián Garay Vera, op.cit., pp. 86, 148-151.

[2].- Cristián Garay Vera, op.cit., pp. 54, 61, 86-89, 101.

activities", it so stated.[1]

In addition to the case of the Agrarian-Labour Party, this editorial denounced that in the provinces of Tarapacá and Antofagasta, where the Communist Party had had its major strength,

> "today there are militants of the Liberal Party, of the Falange Nacional and also of the Partido Democrático, Communist and comunizante elements of renowned sympathies for Marxist propaganda and of well documented trade union and electoral services to the cause, slogans and orders of this party".[2]

With the exception of this allusion made by the La Hora newspaper concerning the Marxist infiltration of the Liberal Party, we have found no other evidence supporting this.

As to the Communist influence amongst the Conservative Social-Christians, though, the diplomatic archives supply abundant testimonies. For example, a report from the American Embassy stated, in 1950, that the Communist Party

> "is now believed to be cooperating with any and all Government opposition parties including, especially, the social christian parties and the Popular Socialists. These latter organizations are avidly seeking popular support from groups who formerly voted communist, while the communists themselves hope to use these legal parties as a vehicle for expression of their point of view".[3]

---

[1].- La Hora, 20 Mar., 1951, p. 2 editorial.

[2].- ibid

[3].- From C. Allan Stewart to Department of State. American Embassy, Santiago, 9 Jan., 1950. Despatch N. 17. NA.DS. 725.00/1-950.

With respect to the leader of the Social-Christian Conservatives, Eduardo Cruz-Coke, the American ambassador affirmed in 1948:

> "the Social-Christians and the Falangistas, who are rapidly achieving a community of purpose, are also likely fields for Communist penetration. Cruz-Coke's attitude is increasingly that of a demagogue openly (and successfully) bidding for the Communist vote".[1]

This is not utterly strange, since as early as mid 1946 the British Embassy reported to the Foreign Office the following with respect to Eduardo Cruz-Coke, Conservative presidential candidate at that time:

> "He will have the support of the majority of the Conservative Party and probably the bulk of the Communist Party ... The Communists will support him merely because they would support the devil himself in preference to the Socialists ... or the Radicals ... They mistrust Cruz-Coke less than they dislike and distrust the two left wing candidates. The foregoing was confirmed to me yesterday at lunch by Alfredo Lagarrigue, a prominent member of the Communist Party, and may be accepted as their definite policy in the elections".[2]

We know that the Communists publically supported the Radical candidate in those elections, but it is remarkable that they thought of backing a Conservative Party

---

[1].- From Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 9 July, 1948. Despatch N. 457. NA.DS. 825.00/7-948.

See also from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 12 Apr., 1949. Despatch N. 258. NA.DS. 825.00/4-1249; from Claude G. Bowers to the Secretary of State. American Embassy, Santiago, 16 Sept., 1948. Despatch N. 609. NA.DS. 825.00/9-1648.

[2].- Copy of a letter addressed by Mr. Rex Doublet of the Bank of London and South America, to his head office, 17 July 1946. Enclosed in a letter from Mr. Leche to Mr. Perowne, Santiago, 18 July 1946. FO. 371.52002. AS. 4514/16/9.

candidate. If this were so, it would have contributed, we think, to the marked populist tint acquired by the Social-Christian faction of the Conservative Party.

With respect to the Radical Party, it can be shown that after backing with its votes the initiative of the President, a Radical, to illegalise the Communist Party, just one year later it was critical of this initiative, and in 1951 proposed a law to repeal it.[1]

IBAÑEZ AND THE POPULIST DANGER

The 1952 presidential election was known as "the ibañista earthquake", graphic phrase which gives us an idea of how enormous and unexpected the electoral triumph of General Carlos Ibáñez was. The results of the election were the following:

Carlos Ibáñez del Campo	46.79%
(P. Agrario Laborista, P. Socialista Popular, smaller parties)	
Arturo Matte Larraín	27.81%
(P. Liberal, P. Conservador Tradicionalista)	
Pedro Enrique Alfonso	19.95%
(P. Radical, P. Conservador (Social-Christian),	

[1].- Germán Urzúa Valenzuela, La Democracia Práctica, pp. 318-335; EM: 20 Feb. 1950, editorial and "La Semana Política": 19 Feb. 1950 and 26 Feb. 1950. Also, from Mr. Leche to Mr. Bevin. Despatch N. 165. Santiago, 8 June 1949. FO. 371.74638 AS. 3042/1019/9.

Falange Nacional)

Salvador Allende 5.45%

(P. Socialista)[1]

Strongly critical of the political parties, General Carlos Ibáñez profited from the antagonism of the people who had had enough of the multiple combinations and agreements which did not seem to have any other reason than to benefit the political leaders. The economic crisis and the growing labour conflicts contributed to the electorate's search for a solution which would break the partisan moulds that had dominated Chilean politics ever since the beginnings of the 1930s. The General came to power buttressed by his own charisma and a heterogeneous coalition. The latter extended from the Socialistas Populares, who fought to repeal the legislation which made the Communist Party illegal, to the authoritarian and corporatist nationalists. By presenting himself as an independent figure who was alien to the parties, allowed him to carry with him a broad majority from all social sectors. The General's magnetism was felt by all political parties, and there were even Conservatives and Liberals who offered their support with the hope that the disorder of the agitated workers unions be put down. Many of his followers saw him as an authoritarian leader and some

---

[1].- "Estadísticas Electorales 1925-1969", p. 8.

simply wanted a dictator.[1]

As stated by one of his confidants of those years:

> "A sort of ibañista bewitchment had taken place... in one same company, in a Bank, for instance, the people in favour of Ibáñez would include the patrones and the employees. The first, because, their prediction was that Ibáñez was going to line-up the workers unions and end thus the social disorder; the latter because they were convinced that with Ibáñez there would be true social justice, a better standard of living and a strong hand against the capitalists who lacked sensitivity. Ibáñez became thus a sort of panacea, an antidote for all those wrongs that were affecting the country."[2]

The electoral emblem of the Ibáñez campaign was a broom, which supposedly would clear away the party corruption in the Public Administration. His rhetoric was highly critical of politicians and of political parties; he attacked the oligarchy and promised to end inflation, corruption and disorder. Showing off his nationalism, authoritarianism and austerity, he promised a moral regeneration for the country. With Ibáñez, caudillismo, populism and the authoritarian temptation became present in Chilean politics.[3]

---

[1].- See Ernesto Wurth Rojas, Ibáñez, Caudillo Enigmático (Santiago, 1958) p. 231; Claude G. Bowers, Misión en Chile, 1939-1953 (Santiago, 1957) p. 357.

[2].- Réne Montero Moreno, Confesiones Políticas. Autobiografía Cívica (Santiago, 1958) pp. 145-146.

[3].- See Ernesto Wurth Rojas, Ibáñez, pp. 226-227; René Montero Moreno, Confesiones Políticas, chapter 6; Federico Gil, Sistema Político, p. 95; Fernando Silva V. "Contrapunto de Medio Siglo", p. 965; Paul Drake, Socialism and Populism, p. 303; James Petras, Politics and Social Forces, p. 138; Arturo Olavarría Bravo, Chile entre Dos Alessandri, vol. 2, pp. 64-121; René León Echaíz, Evolución Histórica, p. 149.

And, from H. Gerald Smith to Department of State. American Embassy, Santiago, 24 Apr., 1952. Despatch N. 1262. NA.DS.

The 1952 election, which brought General Carlos Ibáñez to the Presidency of the Republic, represented a substantial change in Chilean politics. It meant the end of fourteen years of coalition governments with the Radical Party acting as axis, and it put a definitive end to a period in which the prevailing political style had been one of negotiation and accord. In this specific political context, the right had great success in defending its interests and essential values, by making use of strategies which combined pressure, negotiation and co-optation. Moreover, it had been able to increase its economic power due to the impulse of these governments to industrialisation.

While it is true that the populist option had already been expressed towards the end of the González Videla government, it would be the triumph of Ibáñez which made populism and authoritarianism preside, although briefly, Chilean politics.[1]

Not without reason a Conservative deputy declared in the Chamber:

> "Came the Popular Front. We fought it arduously... but we never felt the certainty and

---

725.00/4-2452.

A discussion on the existing tension between the preeminent role of the political parties and the anti-party sentiment expressed by the Chilean electorate can be found in Alan Angell, "Algunos Problemas en la Interpretación de la Historia Chilena Reciente", Opciones N. 9 (May-Sept. 1986) pp. 20-24.

[1].- See René Montero Moreno, Confesiones Políticas, pp. 127-128, 134; Ernesto Wurth Rojas, Ibáñez, p. 229; James Petras, Politics and Social Forces, pp. 165-167; Donald Bray, "Chilean Politics During", p. 6; Jean Grugel, "Populism and the Political System".

> fear that a spirit contrary to that platform upon which we carried out our struggles could prosper. For the victor and the vanquished there ruled the law. But ... the totalitarian tendencies of groups which do not conceal their contempt for the Constitution, which scoff at Democracy and affirm that legality is in the benefit of the powerful and in detriment of the humble, mounted the ladder of power, together with democratic groups, on the 4th of September 1952. With this the moulds of our civic struggles varied fundamentally. It was now possible for the vanquished not to fulfil the democratic role of control and make opposition. The possibility was now open for a coup, and for the suppression or submission of the powers of the State which might be independent."[1]

The Populist Period of the Ibáñez Government

Different factions coexisted within the government. None of them, however, enjoyed a clear supremacy. According to Cavarozzi, there were four distinct groups which supported Ibàñez. On the one hand there were those who preferred an understanding with the right, in order to implement, with congressional support, anti-inflationary policies. On the other hand there were those who, like the Socialistas Populares, wanted to transform the multi-class support for Ibáñez into a working-class movement. A third group was the reformist sector of the Agrarian-Labour Party who wanted to build a populist movement. Finally, there were the authoritarian populists, who wanted to transform the Ibáñez government into a dictatorship. Each of these

---

[1].- Speech by Héctor Correa Letelier, SCL.CD, 11 Nov. 1953, p. 795.

groups sought to establish its predominance over the other components of the coalition; and even though each of them enjoyed a period of temporary preeminence, none was able to secure it for long. In consequence, the different internal factions attempted to push the policies they favoured through the specific agencies which each of them temporarily controlled. This resulted in contradictory measures and political stalemate.[1]

Thus, until the middle of 1955, the Ibáñez government can be characterised by the lack of a strong government programme. This was to translate into ministerial instability if we add to it the President's personalism. René Montero, private secretary to Ibáñez during his first government and during the first years of his second administration, explains in his memoirs that during the second ibañista period,

> "the egocentric concept of Power makes the ministerial crisis an endemic illness. An unpleasing gesture, an unfortunate answer and, with greater force, a serene but firm opposition to his presidential criterion, meant the sentence of ostracism..."[2]

Cabinet crises became constant; the first ministry lasted only four months. This is not surprising since even within this first cabinet there were those who, in order to curtail inflation, appealed to austerity programmes while others favoured increased government spending.

---

[1].- See Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 220-224. See also, Jean Grugel, "Populism and the Political System", p. 180.

[2].- See René Montero Moreno, Confesiones Políticas, p. 169.

Subsequently, the rotation of ministers of Finance and of Economy, each one with his different recipes, made any efficient plan to curtail inflation impossible. In 1954 inflation reached 64% and in 1955 reached 84% yearly.[1]

The right felt threatened by the economic projects that were of a marked interventionist character during this initial period which ended in mid 1955. This was the case, even, when the minister of Finance was the nationalist Jorge Prat, who was closer to the right, for he was intent on attacking inflation by reimposing credit ceilings, raising rates of taxation, controlling prices and reintroducing "economic crime" as a punishable offense. The right attacked his measures "for being fresh encroachments of State intervention into the private enterprise".[2]

In this populist period of the Ibáñez administration, entrepeneurial influences on the Executive were seriously hampered. According to Cavarozzi, the populist nature of the ibañista movement "and Ibáñez' mistrust of private

---

[1].- See Donald Bray, "Chilean Politics", pp. 41, 53-54.
On inflation during the Ibáñez period, see Ricardo Ffrench-Davis, Políticas Económicas, especially pp. 23-24; Roberto Zahler, "Inflación Chilena", pp. 45-47; Enrique Sierra, Tres Ensayos de Estabilización en Chile (Santiago, 1970) pp. 52-54.

[2].- From Antony Gibbs and Sons, Ltd. Forthnightly report N. 315. London, 14 Dec. 1954. FO. 371.108861 AC. 1015/41. And "Memoria que el Consejo Directivo de la Sociedad de Fomento Fabril presenta a la 71a. Junta General Ordinaria de Socios en 12 de Enero de 1955", Industria, Jan.-Feb., 1955, pp. 74-75.
See also Donald Bray, "Chilean Politics", pp. 54-56; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 254-258; Albert O. Hirschman, Journeys Towards Progress, pp. 197-199; Oscar Landerretche-Gacitúa, "Inflation and Socio-Political Conflict", pp. 84-85.

businessmen were two serious obstacles for the establishment of 'harmonious' relationships between government and entrepreneurs, and the exertion of direct influence on the part of the latter". The presence of potentially friendly groups within ibañismo "was not a guarantee that the entrepreneurs would be able to impose their criteria on policy-making and policy-implementation". Moreover, unlike their previous experience with the Radical governments, under Ibáñez "when they succeeded in accomplishing specific goals or in reversing unwanted policies, they were never reasonably sure of the perdurability and final effects of governmental decisions".[1]

The populist and statist threat posed by the new regime became even more evident when, between April and October 1953, and later, between January and June 1955, Rafael Tarud, one of the leaders of the Agrarian-Labour Party, was appointed to the ministry of Economy and Commerce. Tarud attempted to increase substantially the State powers in foreign trade, displacing or firmly controlling the private sector. In labour conflicts, he took an active stance in favour of the trade unions, by twisting the arms of the entrepeneurs. But perhaps the most serious threat for the right was his attempt to break-up the alliance between private capital and the State in

---

[1].- See Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 219 and 252; also pp. 232-235, 247-248. And, speech of the president of the SNA, Recaredo Ossa, in EC, Aug. 1953, pp. 7-13.

the joint private and State enterprises, as well as his intention to end business representation in the agencies which implemented economic policy. The British Embassy in Santiago, who called Tarud "the enfant terrible of the first year of the Ibáñez government", considered he was following "the pattern laid out by the Perón regime in Argentina".[1]

Another threat to the right emanated from the new appointed Labour minister between November 1952 and March 1953, the Socialista Popular Clodomiro Almeyda, who favoured the creation of a single trade union organisation, and the representation of the workers within private

---

[1].- See from Mr. Hankey to the R.H. Sir A. Eden, Despatch N. 14. Santiago, 20 Jan., 1955. FO. 371.114110 AC. 1015/3; and from Hon. H.A. Hankey to Mr. Selwyn Lloyd. Despatch N. 13 (annual review for 1955). Santiago, 16 Jan., 1956. FO. 371.119961 AC. 1011/1. Also, from Mr. Sterling to The Most Hon. The Marquess of Salisbury. Despatch N. 172. Santiago, 2 Oct., 1953. FO. 371.103255. AC. 1015/28; from Chancery to American Department. Despatch N. 1013/30/53. Santiago, 26 Nov., 1953. FO. 371.103255 AC. 1015/32; from Chancery to American Department. Despatch N. 1013/5/55. Santiago, 1 Mar., 1955. FO. 371.114110 AC. 1015/5; from Chancery to American Department. Despatch N. 1013/11/15. Santiago, 14 Apr., 1955. FO. 371.114110 AC. 1015/8; from Mr. Empson to the R.H. Harold Macmillan. Despatch N. 67 (1013/12/55). Santiago, 25 May, 1955. FO. 371.114110 AC. 1015/10.

Also María Angélica Fernández, "Decretos de Nombramientos de Ministros de Estado (1946-1973)", Biblioteca del Congreso Nacional, Referencias Legislativas, no date; Edesio Alvarado, El Turco Tarud. (Santiago, 1970) pp. 70-137; Marcelo José Cavarozzi, op.cit., pp. 228-239; Donald Bray, "Chilean Politics", pp. 93-97; Sergio Ceppi M. de L., et. al., Chile. 100 Años, pp. 140-141.

And, "Resoluciones adoptadas por el Consejo General de la Acción Nacional Agraria", in EC, Aug. 1953, p. 13; "La Confederación de la Producción y del Comercio da a conocer al Presidente de la República su opinión sobre el problema cambiario", in Industria, Jan.-Feb., 1950, pp. 93-95.

On the constitutional accusation against Rafael Tarud see SCL.CD., 3, 10, 11, 12 and 13 Nov., 1953.

enterprise.[1] He gave official support to those trade union leaders who were trying to found a unified workers' confederation, which eventually became the Central Unica de Trabajadores, CUT, created at the beginning of 1953. Notwithstanding the efforts made under Ibáñez to co-opt it, the CUT remained linked to the parties of the left, thus continuing a long tradition of the Chilean workers' movement; and assumed a belligerent attitude, especially after the Socialistas Populares left the government at the end of 1953. Amongst the CUT's affiliates were the workers of the essential activities of the Chilean economy, these included copper, coal, nitrate, electricity, gas, metallurgy industries, textiles and public sector workers. Under the direction of the CUT, in 1954 and 1955, there followed a succession of strikes which affected vital services such as health and transport, and key areas of the economy such as copper mining.[2]

In addition to the uncontrolled inflation, which had reached 64% in 1954 and the numerous strikes which were

---

[1].- The CTCH founded in 1936 had divided ten years later into two rival confederations, one dominated by the Socialists, the other by the Communists; moreover, affected by the application of the Law for the Permanent Defense of Democracy, their affiliates had diminished in number.

[2].- See Alan Angell, Partidos Políticos; René Montero Moreno, Confesiones Políticas, p. 181; Donald Bray, "Chilean Politics", chapter IV; María Angélica Fernández, "Decretos"; Maximiliano Salinas, C. Blest, pp. 104-111, 135-182; Oscar Muñoz Gomá, Chile y su Industrialización, pp. 215-217.

From H.A. Hankey to American Department FO. Despatch N. 1013/35/54. Santiago, 16 Sept. 1954. FO. 371.108861 AC. 1015/28; from Chancery to American Department. Despatch N. 1013/19/55. Santiago, 5 July, 1955. FO. 371.114110 AC. 1015/16; from W.M. Wylie to A. Greenhough. Despatch N. LA 114/55. Buenos Aires, 15 Aug., 1955. FO. 371.114127 AC. 2181/28.

affecting the key areas of the economy, the country underwent a serious political crisis at the beginning of 1955. At that time the Ibáñez government was in serious straits and lack a sound basis of support.

By the end of 1954 the British Embassy in Santiago reported a gloomy picture of the country:

> "At present all that appears is confusion and uncertainty ... The economy situation has got worse and the government has lost what degree of parliamentary support it had ... The only thing that has been clearly demonstrated, ... is the incapacity of the President to rule. He is old and unintelligent and has shown himself so far unable either to drive a team himself or to choose a man to do it for him."[1]

In the early months of 1955 other embassy memos added: "For the first time practically all serious comment includes some reference to whether or not the President himself will have to resign or be replaced".[2]

Certainly, this gloomy picture was shared by Chileans as well. By the end of 1954 a Chilean lawyer wrote to a North American friend:

> "what I want to say is that things here are becoming worse every day. Never, since I can remember, have we suffered a situation of such anxiety and uncertainty as we are experiencing at the present time ... What is worse though is that there are no signs of reaction on the part of government, and we all see that the storm is

---

[1].- From Mr. Stirling to the R.H. Sir A. Eden. Despatch N. 218 (Annual review for 1954). Santiago, 31 Dec., 1954. FO. 371.114109 AC. 1011/1.

[2].- From Chancery to American Department. Despatch N. 1013/6/55. Santiago, 16 Mar., 1955. FO. 371.114110 AC. 1015/6.
See also Department of State, memorandum of conversation, 28 Apr., 1954. NA.DS. 825.00/4-2854; Office memorandum, United States Government, from Rollin S. Atwood to Mr. Holland, 12 May, 1954. NA.DS. 725.00/5-1254.

brewing without knowing from where it will come, nor where it will carry us".[1]

The ibañista coalition had desintegrated. The Socialistas Populares, which had left the government at the end of 1953, were already in the opposition a year after. The parties still faithful to the General fought each other out in sterile inside struggles, many of them caused by minor motives. In Congress, the right and the left were congregating strength in order to build-up an opposition that was not to give any respite to the Executive. The ibañistas fought back with an intense campaign aimed at discrediting Congress and the political parties. With good reason the latter feared the possibility that Ibáñez might attempt something which would allow him to assume total power.[2]

---

[1].- Extract from letter from Santiago, Chile, 18 Dec. 1954, attached in a letter from Henry Stubbs to Henry F. Holland, Assistant Secretary of State for Interamerican Affairs, Houston, Texas, 5 Jan., 1955. NA.DS. 725.00/1-555.

[2].- See, Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 255; Edesio Alvarado, Tarud, pp. 67-69, 138-139; Julio Faúndez, Izquierdas y Democracia en Chile, 1932-1973 (Santiago, 1992) pp. 123-124; René Montero Moreno, Confesiones Políticas, p. 188; Ernesto Wurth Rojas, Ibáñez, pp. 305-311; Arturo Olavarría Bravo, Chile entre Dos Alessandri, vol. 2, pp. 260-263; Luis Correa Prieto, El Presidente Ibáñez. La Política y Los Políticos. Apuntes Para La Historia. (Santiago, 1962) p. 201; Jean Grugel, "Populism and the Political System", pp. 179-180.

With respect to rumours concerning attempts at coup d'etat on the part of the Executive, see: from Mr. Hankey to The R.H. Sir A. Eden. Despatch N. 6. Santiago, 6 Jan., 1955. FO. 371.114110 AC. 1015/2. And, from William Sanders to Department of State. American Embassy, Santiago, 20 Jan., 1954. Despatch N. 573. NA.DS. 725.00/1-2054; Department of State, memorandum of conversation, 2 Mar., 1954. NA.DS. 725.00/3-254; from William Sanders to the Department of State. American Embassy, Santiago, 14 May,1954. Despatch N. 896. NA.DS. 725.00/5-1454; from William Sanders to the Department of State. American Embassy, Santiago, 27 Aug., 1954. Despatch N. 140. NA.DS. 725.00/8-2754; from Willard L. Beaulac to Department of State. American Embassy,

Their fears were confirmed at the beginning of 1955, when it became public that the President himself had close links with a group of officers who were conspiring against the institutional regime. A firm constitutionalist reaction by the high command of the Army, which won the support of all the political parties and the Central Unica de Trabajadores, forced Ibáñez to desist from this course of action. The dictatorial temptation had failed.[1]

Throughout the first half of 1955 contrasting forces were attempting to influence Ibáñez. In the midst of a growing inflationary spiral, social and political tensions were increasing. It was at this time that Rafael Tarud, recently appointed Minister of the Economy, was trying to convince Ibáñez to govern with the popular sectors. He suggested giving ministerial responsibilities to the parties of the left and to the CUT. Parallel to this, though, the Finance minister, also from the Agrarian-Labour Party like Tarud, began to approach the entrepeneurial right in order to implement an anti-inflationary policy

---

Santiago, 12 Nov., 1954. Despatch N. 328. NA.DS. 725.00/11-1254; from William Sanders to Department of State. American Embassy, Santiago, 18 Mar., 1955. Despatch N. 662. NA.DS. 725.00/3-1855; from William Sanders to Department of State. American Embassy, Santiago, 6 Apr., 1955. Despatch N. 734. NA.DS. 725.00/4-655.

[1].- See Donald Bray, "Chilean Politics", pp. 63-67, 102-105; Edesio Alvarado, op.cit., pp. 140, 150-158; Ernesto Wurth Rojas, op.cit., pp. 283, 311-331; Arturo Olavarría Bravo, op.cit., pp. 299-329; Luis Correa Prieto, op.cit., pp. 193-202; SCL.CD., 16 May 1955. Also, from William Sanders to Department of State. American Embassy, Santiago,14 Apr., 1955. Despatch N. 740. NA.DS. 725.00/4-1455; from William Sanders to Department of State. American Embassy, Santiago, 23 May, 1955. Despatch N. 862. NA.DS. 725.00/5-2355.

with the advise of the United States' firm Klein & Saks.[1]

The Right's Come-back

Ibáñez ended-up choosing this last option. The driving force behind the decision of the Chilean government to hire the North-American consultants was Agustín Edwards Budge, owner of El Mercurio. From the newspaper Edwards carried out a campaign which insisted on the need to surmount political differences in order to reconstruct the country's economy, and thus save democracy. He specifically proposed the convenience of engaging foreign experts to design a plan of reforms which would overcome inflation and economic stagnation. The idea was well received in government circles, and the administration contemplated the possibility of hiring economic advisers either in France --Pierre Mendes France was mentioned--, Germany or from the University of California. Edwards was able to convince the Finance minister that the most convenient thing to do was to employ the firm of economists, Klein & Saks, given their successful work in Peru, and especially because of their close links with the financial and political circles of the United States, which would help open-up new possibilities for investment and

---

[1].- Edesio Alvarado, op.cit., pp.158-165; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 260; Donald Bray, op.cit., p. 110. And from Chancery to American Department. Despatch N. 1013/11/55. Santiago, 14 Apr., 1955. FO. 371.114110 AC. 1015/8; from William Sanders to Department of State. American Embassy, Santiago, 6 Apr., 1955. Despatch N. 734. NA.DS. 725.00/4-655.

credits for Chile in that country. Moreover, Julius Klein was not unknown to Chilean entrepeneurs; years earlier, while on visit to Chile, tribute had been paid to him for his work in Peru.[1]

In effect, the firm Klein & Saks had very good relations with the government of the United States and North American banks. Prescott Carter, who was later the chief of the task force in Chile, had been vice-president of the National City Bank. The other two members of the team which came to Chile, were closely associated with the Federal Reserve Bank of New York. Henry Holland, who in 1957 was the president of the committee of consultants for Latin America in Klein & Saks, had recently been appointed Assistant Secretary of State for Inter-American Affairs. Also one of the directors of the group, Thomas Lockett had been an officer in the U.S. Department of Commerce. As a matter of fact, during their stay in Chile, the members of the Klein & Saks Mission maintained permanent contact with the diplomatic representatives of the United States, as well as the State Department officers.[2]

---

[1].- On the Klein-Saks Mission in Chile, see Sofía Correa, "Algunos Antecedentes Históricos del Proyecto Neo-Liberal en Chile (1955-1958)", in Opciones N. 6 (May-Aug. 1985) pp. 124-135; and Albert O. Hirshman, Journeys Towards Progress, pp.202-203.

Julius Klein had drawn up a successful stabilisation programme for Peru in 1949. It involved a partial wage freeze, the abolition of various controls and of food subsidies. It was implemented by General Odria's dictatorial government. See David Felix, "Structural Imbalances". On the tribute made in honour of Julius Klein by the national entrepeneurs, see EM, 5 Dec. 1950.

[2].- See letter from William L. Beaulac to Henry Holland. Santiago, Chile, 29 Sept., 1955. NA.DS. 825.00/9-2955; letter from Cecil B. Lyon to Williard L. Beaulac. 10 Oct., 1955. NA.DS.

Confidentially, the government entrusted Agustín Edwards with the task of exploring the possibility of North-American experts coming to Chile, one which he was to accomplish successfully.[1]

Hence, Tarud's exit from the ministry of Economy and Commerce in June 1955, marks the end of the populist period of the Ibáñez administration, and the beginning of negotiations aimed at arriving at an agreement with the right concerning a project of economic stabilisation designed by the Klein & Saks experts.[2]

IBAÑEZ'S ALLIANCE WITH THE RIGHT

In July 1955 the government hired the firm of Klein & Saks, which in Chile was known as the Klein-Saks Mission, in order to make a diagnosis of the Chilean economy and propose the needed policies which would stop inflation. At the same time, the government approached the entrepeneurs and the parties of the right, to bolster support for the program of stabilisation which was to be implemented with

---

825.00/9-2955; letter from William Sanders to Henry Holland. Santiago, Chile, 11 June, 1956. NA.DS. 825.00/6-1156; telegram from Department of State to American Embassy in Santiago, 27 Jan., 1956. NA.DS. 825.00/1-2756; letter from William Belton to Joseph A. Silberstein, Department of State. Santiago, 18 Oct., 1956. NA.DS. 825.00/10-1856; telegram N° 546 from Lyon to Secretary of State. Santiago, 4 Apr., 1957. NA.DS. 725.00/4-457.

[1].- Sofía Correa, "Antecedentes Históricos", pp. 125-126.

[2].- See Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 223, 276.

the help of the North-Americans.

Not surprinsingly, the decision to hire the Klein & Saks firm led to protest from the parties and the economists of the left. They claimed Klein & Saks were not the impartial experts El Mercurio had described, insisting that the problems of the Chilean economy were not technical but political.[1]

The left still had some weight in the government, and on account of a successful strike called by the CUT at the beginning of July, Ibáñez invited the work union leaders to La Moneda where they were given an office. Here they were to act as advisers to the government in its search for solutions to the economic problem.[2]

In the meantime, El Mercurio began a campaign insisting on the need to adopt the suggestions of the foreign experts. In its editorials the newspaper insisted that the presence of the CUT in the government commissions made the implementation of the Klein-Saks Mission programme impossible. It accused the CUT of making demagogic and inflationary propositions inspired by subversive

---

[1].- Albert O. Hirschman, Journeys Towards Progress, p. 203; David Felix, "Structural Imbalances", p. 127. And from Cecil B. Lyon to Department of State. American Embassy, Santiago, 11 Apr., 1957. Despatch N. 1060. NA.DS. 725.00/4-1157.

[2].- See Donald Bray, "Chilean Politics", pp. 99, 105-106; Arturo Maschke, Cuatro Presidentes, pp. 124-125; Ernesto Wurth Rojas, Ibáñez, p. 336; Edesio Alvarado, Tarud, pp. 158-165; Maximiliano Salinas, C. Blest, pp. 147-148; Crisóstomo Pizarro, La Huelga Obrera, pp. 140-149.

See also from Chancery to American Department. Despatch N. 1013/21/55. Santiago, 21 July, 1955. FO. 371.114110 AC. 1015/17; from W.M. Wylie to A. Greenhough. Despatch N. LA 114/55. Buenos Aires, 15 Aug., 1955. FO. 371.114127 AC. 2181/28.

intentions. The CUT, according to El Mercurio, was an instrument of the Communists to bring the government to a deadlock, thus creating revolutionary conditions and provoking the installation of a dictatorship. At the same time, the newspaper presented the economists of the Klein-Saks Mission as impartial and objective technicians, and asked the members of Congress and of the organisations of production and commerce to adopt its recommendations.

Meanwhile, the unions called for a series of strikes in order to get higher readjustments. Negotiations between the government and CUT collapsed. Ibáñez ordered the imprisonment of several union leaders, thus beginning a period which stopped union mobilisation. This explains, in part, the failure of the two general strikes called by the CUT in July and August 1955 against the stabilisation programme.[1]

At the end of 1955, the economic situation was chaotic, and the different social sectors demanded some sort of solution. Having arrived at an agreement with the parties of the right and following the recommendations of the Klein-Saks Mission, the government sent Congress in November a law project which repealed the automatic adjustments of salaries and fixed an adjustment for 1956 amounting to only 50% of the rise of the cost of living for

---

[1].- Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 260, 262; Donald Bray, op.cit., p. 105. And from Chancery to American Department. Despatch N. 1013/27/55. Santiago, 1 Sept., 1955. FO. 371.114110 AC. 1015/24; from Hon. H.A. Hankey to Mr. Selwyn Lloyd. Despatch N. 13 (annual report for 1955). Santiago, 16 Jan., 1956. FO. 371.119961 AC. 1011/1.

the previous year. Opposition to this law was intense but unsuccessful, for the government got the votes of the Liberal, Conservative and Agrarian-Labour parties. The CUT called for a general strike in early January, which failed, either because of repressive measures or on account of "strike fatigue", as it has been argued. The leftist parties and the Radicals assumed a posture of defending the people against the Klein-Saks programme.[1]

Following the advise of the foreign experts, the government --at the same time that it ended automatic readjustments-- restricted bank credit, and ceased its monetary emissions in order to balance its deficits. A trade reform was also carried out ending multiple exchange rates. Deposit ratios for different classes of imports replaced the import licensing system which had monopolistic characteristics. The reform of the exchange system had been an exigency made by the International Monetary Fund -- in exchange for which the country could apply for its financial help-- as well as a suggestion from official and private agencies of the United States. In addition to this, price controls were eliminated for almost all consumer goods, subsidies to private companies were stopped, and the fare rates of State enterprises were increased in order to

---

[1].- Albert O. Hirschman, Journeys Towards Progress, p. 205; Enrique Sierra, Tres Ensayos, pp. 54-58; Donald Bray, op.cit., pp. 111-118.

See also, "Cuenta anual del presidente del Partido Liberal ante el Directorio General del partido", in EM 30 May 1956; SCL.CD, 22 Dec. 1955; from Chancery to American Department. Despatch N. 1013/4/56. Santiago, 16 Jan., 1956. FO. 371.119963 AC. 1015/5.

cover costs.[1]

Although inflation was reduced to an annual rate of 17%, the policies implemented produced recessionary effects. Difficulties in the economy became more acute in 1957, because of the contraction of demand and the fall in the international price of copper. Industrial production fell, especially in those areas linked to popular consumption, such as food, textiles and clothing. There was also a drastic slow-down in construction and in the production industries linked to it. Consequently, to the strong deterioration of salaries unemployment was added.

The repression of union mobilisation did not stop discontent from flaring-up. Opposition to the austerity measures was voiced in different ways. Especially fierce were the riots which took place in Santiago in April 1957, which started as a student protest against increased bus fares and ended in extended looting in the downtown area of the capital city.[2]

---

[1].- Enrique Sierra, op.cit., pp. 58-61; Ricardo Ffrench-Davis, Políticas Económicas, pp. 29-34; Albert O. Hirschman, op.cit., p. 205; David Felix, "Structural Imbalances", pp. 132-133.

The IMF was against multiple exchange rates and insisted on the need to establish an exchange rate which could help stimulate exports. See Arturo Maschke, Cuatro Presidentes, p. 70. Also Robert Frenkel and Guillermo O'Donnell, "The Stabilization Programs of the International Monetary Fund and Their Internal Impacts", in Capitalism and the State in U.S.- Latin American Relations, edited by Richard R. Fagen (Stanford, 1979).

[2].- See Donald Bray, "Chilean Politics", pp. 128-137; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 303; Arturo Olavarría Bravo, Chile Entre Dos Alessandri, pp. 352-359; Edesio Alvarado, Tarud, pp. 169-176; Luis Correa Prieto, Presidente Ibáñez, pp. 202-208; Enrique Sierra, op.cit., pp. 62-66; Ricardo Ffrench-Davis, op.cit., pp. 32-33, 36-37; David Felix, op.cit., pp. 137-141; Gonzalo Martner

The government, though, did not entirely support the measures suggested by the Klein-Saks Mission. Monetary objectives were thus only partially achieved. This became evident when at the end of August of that same year, the President asked for the resignation of Oscar Herrera, Finance as well as Economy and Commerce minister, who had been in charge of the stabilisation programme and had been the key man in reaching the agreement between the government and the parties of the right.[1]

With Oscar Herrera's exit, the agreement between the government and the parties of the right ended. The ensuing criticism of the entrepeneurial circles increased. The right revived its suspicion of the Ibáñez government, which it thought not enthusiastic enough concerning the Klein-Saks proposals for economic transformations. It insisted repeatedly that the economic programme had to be executed in its entirety, that there had to be an end to State interventionism, and that a plan to foster production and favour greater private capitalisation had to be elaborated. Their position was clear. If fiscal expenditures did not

---

G., "La Inflación Chilena en el Pensamiento y en la Acción", en Panorama Económico N. 193 (July 1958) p. 363.

Also telegram N. 546 from Lyon to Secretary of State. American Embassy, Santiago, 4 Apr., 1957. NA.DS. 725.00/4-457; telegram N. 550 from Lyon to Secretary of State. American Embassy, Santiago, 5 Apr., 1957. NA.DS. 725.00/4-557; from Robert J. Dorr to Department of State. American Embassy, Santiago, 10 Apr., 1957. Despatch N. 1054. NA.DS. 825.00/4-1057; from Cecil B. Lyon to Department of State. American Embassy, Santiago, 11 Apr., 1957. Despatch N. 1060. NA.DS. 725.00/4-1157.

[1].- See Donald Bray, op.cit., p. 121; Albert O. Hirschman, Journeys Towards Progress, p. 211; David Felix op.cit., pp. 133-137.

diminish by suppresing public services and limiting State investments, they would refuse to support tax raises. As a matter of fact, neither the government nor the President were particularly austere. Finally, the Liberal and Conservative parties declared that they had nothing to do with nor could be thought responsible for the continuation of the anti-inflationary measures.[1]

Although the Klein-Saks Mission continued to advise the government until June 1958, which was the date its contract ended, the anti-inflationary policy lost the strength and coherence it had had at the beginning. Fiscal deficits increased; to finance them, the government resorted to credits and emissions. As stated by a memorandum of the United States Embassy in Chile, Ibáñez "is regarded by the Klein-Saks Mission and many others as the key to the weakness of the stabilization effort". Hence, the ambiguity of the government was a significant factor causing the disenchantment produced by the economic reform. Important measures of the programme were seriously affected in their implementation because of this ambiguity. Furthermore, the government's indecision precipitated the reticense on the part of the right in supporting the

---

[1].- Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 298-299; Sofía Correa, "Antecedentes Históricos", pp. 138-143. See also declaration of the Liberal Party, in EM 7 Jan. 1956; declaration of the Partido Conservador Unido in EM 13 Jan. 1956; "La Semana Política", editorial of EM, 4 Nov. 1956.

On the lack of sobriety in the government, see Ernesto Wurth Rojas, Ibáñez, pp. 337-341.

programme in Congress.[1]

While they still backed the economic programme, the parties of the right maintained a political posture independent of the government. But mutual suspicion grew when, after the fall of Perón, an investigation of peronist penetration in Chile by way of ibañismo was initiated. Tensions built-up when one of the peronist leaders who had taken refuge in Chile escaped from jail, notwithstanding an order of extradition granted by the Supreme Court. The Chamber of Deputies, with the votes of the parties of the right, impeached the ministers of Foreign Relations and of Justice, accusing them of having previous knowledge of the escape and not stopping it.[2]

Consequently, many factors explain why Ibáñez was beginning to turn towards the left: popular discontent with the government; his fury on account of the impeachment of his ministers; and the strengthening of the right in the congressional elections of 1957 which made almost certain the chances that their candidate was going to be victorious in the presidential elections of 1958.[3] Although Ibáñez's

---

[1].- From Robert Eakens to Department of State. American Embassy, Santiago, 19 Oct., 1956. Despatch N. 382. NA.DS. 825.00/10-1956; from Robert Foster Corrigan to Department of State. American Embassy, Santiago, 31 Oct., 1956. Despatch N. 443. NA.DS. 825.00/10-3156; from Robert Foster Corrigan to Department of State. American Embassy, Santiago, 2 Nov., 1956. Despatch N. 454. NA.DS. 725.00/11-256.

[2].- See Donald Bray, "Chilean Politics", pp. 81-85; Edesio Alvarado, Tarud, p. 177; Albert O. Hirschman, Journeys Towards Progress, p. 204.

[3].- The Conservative Party had increased its vote from 10% in 1953 to 14% in 1957, and the Liberal Party from 11% in 1953 to 15% in 1957. See "Estadísticas Electorales", p. 10.

economic programme continued to be supported by the right, the rightist period of his government had ended in October 1957 when he sought an accord with the left and he agreed to the latter's political reform programme. Ibáñez and Congress had already started to make concessions to the workers beforehand. Thus, while in 1956 wages and salaries had been increased to only 50% of the rise in the cost of living, the percentages for 1957 and 1958 were 80% and 100% respectively.[1]

The right quickly realised that its rapport with Ibáñez, a populist leader, was fragile. Furthermore, the right had already seen the collapse of the strategies of co-optation and negotiation which were very successful during the previous decade. Therefore, in the 1950s the right had to reformulate its strategies and positions if it wanted to confront the new political reality beginning to surface at this time.

* * *

---

[1].- See Donald Bray, "Chilean Politics", pp. 111, 147; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeiosie", pp. 302-303; Ricardo Ffrench-Davis, Políticas Económicas, pp. 32-33; David Felix, "Structural Imbalances", p. 132.

In summary, the Chilean right which in the 1940s had been able to co-opt the Radicals, had negotiated the reformist measures which affected its interests and had taken full advantage of the policies of industrialisation pushed for by the Executive, by the end of the decade had to confront a number of serious problems which were destabilising the political equilibrium achieved previously.

Both in the economic and in the social spheres, difficulties became evident in the model of industrialisation aimed at substituting imports which had begun to be implemented after the crisis of the 1930s. Industrial expansion started to lose force, and the manufacturing sector was incapable of absorbing the new work force which was emigrating from rural areas. In turn, agriculture was incapable of supplying the internal market, thus becaming increasingly necessary to import more food products by resorting to the scarce foreign currency available. Foreign exchange originated almost entirely from copper exports, since the policy of foreign commerce with multiple exchange rates and an overvalued peso made exports unattractive and prevented their diversification. Moreover, public deficits became a chronic problem. The stagnation of the economy produced inflation, and this became a source of social and political instability by the end of the 1940s.

Workers unions, which had moderated their demands since the triumph of the Popular Front, changed their

attitude. Economic stagnation added to inflation, and the combativeness of the post-war Communist Party, were factors which brought about an increasing wave of strikes, beginning in 1945.

Social and economic crisis ran parallel to political crisis. Populism and authoritarianism were able to impose themselves in Chilean politics with the electoral victory of General Ibáñez in 1952. With Ibáñez came an end to the political trend of negotiations and accords. This context had allowed the right to become extremely successful in the defense of its interests and basic values.

During the first years of Ibáñez -- the populist years, the right felt threatened. The government looked for ways to increase State control over economic activities, while at the same time it stopped entrepeneurial influences on the Executive. However, the diverse attempts to contain inflation did not succeed; in fact, inflation rose to unprecedented levels in Chile. Social discontent followed and expressed itself in numerous strikes. On a political level this period was characterised by ministerial instability, all of which pointed to a government which seemed to have lost its direction.

Towards the middle of 1955 Ibáñez's government lacked political support. An attempted <u>coup d'etat</u> by <u>ibañista</u> forces failed. Different groups attempted to influence the President. Finally it was the right which was to prevail when it convinced him to hire the North American consulting

firm of Klein & Saks to implement an economic stabilisation programme. The Klein-Saks proposals enabled the government to gain support from the parties of the right as well as from business sectors.

For various reasons, among which the political will of the government was especially crucial, the monetarist programme which was applied did not achieve the success expected. The government tended to distance itself from it, broke-up its accord with the right, and finally turned towards the left. For the right the precauriousness of its accord with Ibáñez was even more evident. Therefore the right had no choice but to assume new strategies in order to face this new scenario, matter we shall analyse in the following Chapter.

CHAPTER V

THE PROJECT OF CAPITALIST MODERNISATION

We saw in the previous Chapter that, in the early 1950s, the right had to confront a new threat, that of Ibáñez's authoritarian populism, in the face of which the political strategies which had produced such positive results during the Radical administrations no longer seemed to work. Consequently, the diverse sectors of the right --as we shall see in this Chapter-- came to the same conclusion, namely that it was necessary to substantially transform economic and social policy abandoning strong State intervention, so as to implement a project of modernisation along capitalist lines based on market forces.

Firstly, we will concentrate on the responses of the different sectors of the right to the Klein-Saks Mission. The few works which deal with the subject have asserted that the Klein-Saks Mission tried to reorientate the Chilean economy in a more capitalist direction, and that its failure was caused by the corporatist and short- term outlook of entrepeneurs and of the rightist parties, who reduced their support the moment they began to suffer the recessive effects of economic change.[1]

---

[1].- See Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", especially chapter 3 and epilogue pp. 400-416; and Tomás Moulian, "Desarrollo Político y Estado de

We shall argue instead, throughout this Chapter, precisely the opposite. In other words, that the stabilising policies implemented by the Ibáñez government advised by the Klein-Saks Mission did not have a global character, and that business sectors as well as the parties of the right were partially opposed to them precisely because they considered that these did not respond to a coherent plan. We will demonstrate that towards 1955 the right did have a project of capitalist modernisation, which, given the experience of the Klein-Saks Mission, was to suffer frustration as well as benefit from consolidation.

We shall analyse how within the right there emerged an agreement around this project, from its initial proposal by some groups until it became a common position of the entire sector.

Finally, we shall concentrate on the content of this project of capitalist modernisation which came to be shared by the right as a whole towards the middle of the decade of the 1950s.

THE RIGHT AND THE KLEIN-SAKS MISSION

The Klein-Saks Programme

The Klein-Saks Mission's aim was to put an end to

Compromiso. Desajustes y Crisis Estatal en Chile", in Tomás Moulian Democracia y Socialismo en Chile (Santiago, 1983) pp. 114-115.

inflation while "structuring a programme of general reorganisation of the economy so as to allow progress".[1] In the words of one analyst of Chile's economy, "since the collapse of the gold standard in 1932, the suggestions of the Klein-Saks Mission were the first proposals for an orthodox economic policy of short-term duration and of gradual liberalisation of the Chilean economic system".[2]

Judging from a monetarist perspective, the North-American experts diagnosed that the problem with the country's economy was that consumption exceeded production. Inflation, they said, had its origins in budget deficits which brought about monetary emissions not supported by a corresponding increase of production. This resulted in rises of prices. These rises, in turn, produced increases of remunerations allowing thus for new fiscal deficits, new emissions, and the same successively in an ever accelerated vicious cycle. The expansion of the public sector was disproportionate to the capacity of the country. Since fiscal expenditures were on the whole due to salary payments for the bureaucracy, public investment had been sacrificed delaying the development of basic sectors such as agriculture. As far as fiscal revenues were concerned, the experts pointed to an excessive dependence on copper tax revenue, which in itself was fluctuating. Additionally they critically assessed the tax system and blamed it for

---

[1].- Statement by Prescott Carter, chief of the Klein-Saks Mission in Chile, in EM, 11 Nov. 1955.

[2].- Ricardo Ffrench-Davis y Oscar Muñoz G., "Desarrollo Económico, Inestabilidad", p. 130.

its regressive character and bad administration.

The policies applied in the last twenty years, they added, --i.e. automatic legal readjustments, subsidies to goods and services, price fixing, control of imports, multiple rates for foreign exchange-- had slackened private initiative in production, savings and investment. This is why there had been a lack of sufficient capital to expand production and modernise enterprises. The Mission also criticised the tendency to give artificial industries absolute protection from foreign competition.[1]

In order to stop inflation --the advisers pointed out-- fiscal deficits had to be reduced, and credits granted by the banking system to the private sector had to be limited in their expansion. To end the salary-price spiral the experts proposed eliminating automatic readjustment of salaries and wages, because these generated credit demand from the private sector and fiscal deficits, all of which produced new rises thus making the readjustments illusory in the end. The ideal was to reach a situation whereby remunerations could be freely negotiated. They also suggested reforming the exchange system based on multiple rates, "artificially" fixed, while at the same time eliminating import monopolies. The lists of permitted import goods should increase on a gradual basis, so that commerce and national industry could be subject to a "healthy competition" of prices and quality, within an

---

[1].- On the diagnosis made by the Klein-Saks Mission, see Sofía Correa, "Antecedentes Históricos", pp. 133-135, and Albert O. Hirschman, Journeys Towards Progress, p. 203.

"adequate" framework of protection. The goal was for industry to reduce costs and increase its efficiency, creating the basis for a greater diversification of exports which would attract foreign capital. They also proposed the elimination of subsidies, price controls, as well as of public and private monopolies.[1]

The Entrepeneurs and the Klein-Saks Mission

Industrialists disagreed with the diagnosis made by the Klein-Saks Mission regarding the monetary origin of Chilean inflation. They held that inflation was caused by the permanent rise in the costs of production, and because of this, they said, credit restriction would only aggravate the problem rather than solve it. Since the Klein-Saks Mission's arrival in Chile, the Sociedad de Fomento Fabril, inspired by what it called "a spirit of constructive criticism", complained that the foreign experts did not consult business sectors as they should have done. Subsequently, they requested the definition of an "overall economic policy", an "integral programme", and not mere isolated measures.[2]

---

[1].- The Klein-Saks Mission propositions coincided with those made by the Central Bank a few months earlier. See Roberto Zahler, "Inflación Chilena", p. 46; Enrique Sierra, Tres Ensayos, pp. 54-57; Ricardo Ffrench-Davis, Políticas Económicas, pp. 25-28; Albert O. Hirschman, Journey Towards Progress, pp. 201-202, 205.

[2].- See statement by the president of the SFF in EM 6 Oct. 1957; speech by the president of the SFF in the Junta General de Socios, in Industria, Nov. 1955, pp. 601-603; "La Sociedad de Fomento Fabril se dirige a la Comisión de Hacienda del Senado",

In turn, the Cámara Central de Comercio, which acknowledged the intention of reordering the economy and applauded the new measures in foreign exchange and international trade, called for "an integral solution to the problem which ought to contemplate the reduction of public expenditures", and stated that the Klein-Saks Mission recommendations aimed only at the effects of inflation and not its basic causes which lay in excessive public spending.[1]

The same criticism was voiced by the Sociedad Nacional de Agricultura, according to which the anti-inflationary measures did not attack the root of the problem. Although, this producers' association recognised that the economic programme had improved the monetary situation, its members insisted that it had not solved the basic problem, namely the increase of production. From the start, when the measures suggested by the Klein-Saks Mission were beginning to be implemented, they criticised them for being, in their opinion, interventionist, since the State continued to determine salaries and wages, as well as the orientations

---

in Industria, Dec. 1955, pp. 657-658; speech by the president of the SFF in the Junta General de Socios, in Industria, Sept. 1956, pp. 651-657; "Crisis", in Industria, Nov.-Dec. 1955, pp. 809-811; "La Sociedad de Fomento Fabril y la política económica chilena", in Industria, Mar.-Apr. 1957, p. 6; speech by the president of the SFF before the Junta General de Socios, in Industria, May-June 1957, pp. 4-9; "Sociedad de Fomento Fabril expone el criterio de la industria frente al problema del crédito", in EM, 27 Dec. 1956, p. 21.

See also Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 281-282, and David Felix, "Structural Imbalances", pp. 135-137.

[1].- Speech by Hernán Elgueta, president of the CCC, in EM, 5 Aug. 1956; and in EM, 7 June 1957.

of credit and the availability of exchange.[1]

Albert O. Hirschman has affirmed that the criticisms to the Mission concerning an absence of an "integral programme" --criticism also made by leftist economists-- show resentment towards the role of policy-makers assumed by the Mission members. In this author's judgement what was asked of them was to limit themselves to writing a comprehensive report. In opposition to what has been expressed by Hirschman, in my opinion, as will be made clear throughout this Chapter, entrepeneurial critique with respect to the absence of an "integral programme" pointed rather to the absence of a global project of capitalist modernisation on the part of the foreign advisers of the Klein-Saks Mission.[2]

In this respect it is interesting to note that the United States Embassy also criticised the Mission for not having formulated a comprehensive plan. Its absence, the Embassy staff affirmed, became a political problem since the rightist parties felt that it left "the door open for the government to move in contradictory directions". The Embassy added numerous other

> "unfortunate effects. For one thing, the public has no goals clearly defined for it has become bogged down in the current discomforts and irritations of the restrictive phase of the program. For another, the Government, in particular the President, can deviate more easily and less noticeably from a program which is so loosely defined. Thirdly, the President tends to

---

[1].- See speech by the president of the SNA in EC, Dec. 1956, p. 9; EC, Dec. 1955, editorial; EC, June 1956, editorial.

[2].- Albert O. Hirschman, Journeys Towards Progress, pp. 206-210.

> assign to the Mission, almost at times as though from mere whim, tasks that are not vital to the progress of the reform but which are difficult to refuse in the absence of a concrete, scheduled program previously agreed on. The result, has been a piece meal application of measures, many of which seem to result in dislocations in other sectors of the economy".[1]

Nevertheless, perhaps because it had been decisive in its hiring, El Mercurio continued defending unconditionally the work performed by the Klein-Saks Mission. With respect to the contraction of the economy, the newspaper insisted that it was a brief and transitory situation, proper to the process of reorganisation of the economy. It was necessary, it said, to suffer the restrictions on behalf of the "general interest of the country". The newspaper also called to the attention of the entrepeneurs an apocalyptic picture of inflation prior to the policy of monetary stabilisation, and it assured them that the favourable international context for these implemented measures would permit the inflow of abundant foreign aid and investments. To salary earners the newspaper told them that they would be worst affected by inflation for it ate up all readjustments. Moreover, it added, the situation admitted only two alternatives, either monetary stabilisation or uncontrolled inflation. The latter would bring about the downfall of democratic institutions and thus benefit the Communists. In its opinion, the Klein-Saks Mission had

---

[1].- See from William Sanders to Department of State. American Embassy, Santiago, 25 Nov., 1955. Despatch N. 398. NA.DS. 725.00/11-2555; and from Robert Eakens to Department of State. American Embassy, Santiago, 19 Oct., 1956. Despatch N. 382. NA.DS. 825.00/10-1956.

permitted the "end of the constitutional period without the alterations of public and institutional order which were coming in the year 1955, given the overwhelming economic disorder and the unprecedented speculation which it engendered". It blamed the government and Congress because the global programme of economic transformations had not been implemented. Because of political considerations, it said, the problem of fiscal expenditure had never been attacked nor had there been an approval of a reform of Public Administration which might permit its significant reduction. El Mercurio concluded thus that political considerations had prevented a substantial economic reform from taking place.[1]

As we saw in the previous Chapter, the Liberal and Conservative parties, since the arrival of the Klein-Saks Mission in the country lent Congressional support to the economic policies proposed by the government following the Mission's recommendations. Nevertheless, very soon, the distrust towards Ibáñez watered-down this support. The parties of the right criticised him for his incoherence vis-à-vis the suggestions made by the North-American experts, particularly his reticence to diminish public spending. Matters of political order finally brought about the break-up between the parties of the right and Ibáñez, who during the last year of his government veered towards the left.

---

[1].- See Sofía Correa, "Antecedentes Históricos", pp. 137-144; and EM, 1 July 1958, p. 3, editorial.

THE RIGHT'S MODERNISATION PROJECT

Towards the Formulation of the Project

Hence, by the time the Ibáñez government abandoned its populist character and decided to come to terms with the right in order to put a stop to inflation which was becoming uncontrollable, the entrepeneurs and the rightist parties shared the same diagnosis of the situation of the country and agreed to a programme of changes aimed at limiting the economic attributions of the State and liberalising markets. In other words, they converged on a project of capitalist modernisation which was by all accounts novel given the recent stand taken by the right.

In effect, when Arturo Matte, distinguished entrepeneur, politician, and leading figure of the Liberal Party and the Sociedad de Fomento Fabril, became Finance minister in the Ríos presidency (September 1943 - October 1944), the policy of State intervention and controls continued. For instance, he fixed through decree rent rates and the percentage of utilities allowed to enterprises.[1]

Neither did Jorge Alessandri, president of the Confederación de la Producción y del Comercio and member of the Consejo Directivo of the Sociedad de Fomento Fabril, when he held the Finance ministry, between 1947 and 1950,

---

[1].- See Luis Palma Zúñiga and Julio Iglesias Meléndez, Presencia, p. 220. On Arturo Matte, see Chapter 1 of this dissertation.

See also, "Conclusiones de la Segunda Convención de la Producción y del Comercio", in EC, Sept. 1942, pp. 512-520, 557.

propose or try to implement a new economic programme. In order to put a stop to inflation his efforts concentrated on two types of policies: on the one hand, in fixing remunerative prices which might stimulate capitalisation and attract foreign investment and in this way increase production; and on the other, he tried to eliminate fiscal deficits by balancing budgets, diminishing any public expenditure which might not be productive, and by increasing taxes. When inflation did not subside, Alessandri in January 1950, proposed a plan which contemplated the freezing of prices, wages and salaries, in addition to creating a new State organism which was meant to watch over the implementation of these measures. Although in favour of free enterprise, he deemed that the elimination of State intervention would bring about "serious upheavals which... might lead to worse results than the ones they wanted to prevent".[1]

Nor would the Confederación de la Producción y del Comercio towards 1947 -- in agreement with Jorge Alessandri, its president-- question State intervention in the economy. The Confederación was worried, of course, by inflation and ensuing strikes, the increase of public spending which demanded constant tax rises, the lack of

---

[1].- Statement by the minister of Finance before the Senate, in EM 7 Aug. 1949, pp. 37, 39. See also the statement of the minister of Finance before the Chamber of Deputies, in EM 4 Sept. 1947, pp. 25, 33, 35; EM 10 Sept. 1947, p. 27; EM 17 Oct. 1947, p. 3, editorial; EM 21 Jan. 1948 p. 3, editorial; "discurso del señor Ministro de Hacienda don Jorge Alessandri Rodríguez", in Industria, Jan. 1949, pp. 16-21.

On the economic plan of January 1950 see SCL.S., 11 Jan. 1950 (Executive message) and Chapter 3 of this dissertation.

capitalisation, and

> "the absence of orientation and good judgement in regulating prices and utilities, salaries, wages and social welfare benefits, public expenditures and real estate taxes".[1]

In the very words of the Confederación de la Producción y del Comercio in 1946,

> "the economic problem of this present moment is not a question of rights and lefts, of liberalism or socialism: it is simply a question of a having a bit of good sense...".[2]

As can be expected, Jorge Alessandri's management during his tenure as Finance minister gained him a wide backing from the Sociedad de Fomento Fabril of whose Consejo Directivo he was a member. The SFF identified fully with his economic policy, considering it a rectification of the errors committed during the previous ten years.[3]

The Sociedad Nacional de Agricultura, although critical of State control economy, applauded Alessandri's establishment of remunerative prices to agricultural

---

[1].- Public statement of the Confederación de la Producción y del Comercio, in EM, 6 July 1946.

[2].- Public statement of the Confederación de la Producción y del Comercio, in EM, 6 July 1946. See also letter of Jorge Alessandri, president of the Confederación de la Producción y del Comercio to the President of the Republic, in EM 11 June 1947.

[3].- Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 175, 246; Sergio Ceppi M. de L., et. al., Chile. 100 Años, pp. 137-138. Also, speech of the vice-president of the SFF, in EM 15 Dec. 1947, p. 7; letter of the SFF to the minister of Finance, in EM 7 Oct. 1947, p. 32; letter of Jorge Alessandri to the president of the SFF, in EM 3 Nov. 1947; Industria, editorials from: July 1947, pp. 385-387, Sept. 1947, pp. 513-515, Mar. 1949, pp. 177-179.

production.[1]

As to the rightist parties, both Conservatives as well as Liberals supported Alessandri's measures while he was in the cabinet. However, on occasion of the congressional debate on the stabilisation project of January 1950, there was opposition from some Liberal congressmen who favoured "an integral structure of economic liberty". They considered that this project had an "interventionist" character. One of these members of Congress was Gustavo Rivera, president of the Liberal Party in 1947, who categorically rejected a "State controlled economy" because, in his own words, it was "against human nature" and gave rise to dictatorial regimes; he proposed instead to work within an outright liberal economy.[2]

It is worthwhile noting, that similar to these Liberal members of Congress, the Cámara Central de Comercio manifested its opposition to Alessandri's project. They

---

[1].- Speech by the president of the SNA in the inaguration of the 77th. Animal Fair, in EM 12 Oct. 1947, p. 27; speech of the president of the SNA in the inaguration of the Cattle Fair of Los Angeles, in EM 22 Nov. 1947, p. 27; statement by the president of the SNA, in EM 28 Dec. 1947, p. 19; annual report memoir of the SNA, in EM 19 Jan. 1948, p. 21; speech of the president of the SNA in the inaguration of the XIIIth Exposición Agrícola, Ganadera, Industrial y Minera of Peñuelas, in EM 7 Mar. 1948, p. 19; EC, Apr. 1950 p. 7; "La Sociedad Nacional de Agricultura analiza los problemas que afectan a la producción agropecuaria", in EC, Jan. 1950, pp. 9-13.

[2].- Concerning the congressional discussion, see the speeches of senators Pedro Opaso and Gustavo Rivera en SCL.S., 1 Feb., 1950.

See also speech by the president of the Liberal Party while inaugurating the party's convention, in EM 20 Dec. 1947, p. 39; statement by the minister of Finance before the Senate, in EM 7 Aug. 1949, pp. 37, 39; EM 4 Aug. 1949, p. 27, y 20-XI-47, p. 29; accord of the Executive Board of the Liberal Party, in EM 23 July 1947; manifesto of the Liberal Party, in EM 9 Mar. 1950, p. 29.

were then calling for the end of State economic intervention, and thus "replacing a system which shows grave symptoms of not being able to subsist" in order to transit to "an absolute liberty of operation", basing "the economy on a truly free enterprise". They stated that it was necessary to abandon "controls in order to confront reality", in other words, to put an end to price fixing and multiple exchange rates, so that both variables might be regulated by the market. Moreover, they affirmed that "free enterprise and private initiative, creators of wealth, constitute the fundamental basis of a true democracy". Therefore, it is not without reason that they feared that their positions would seem "very odd".[1]

Although they had applauded the appointment of Jorge Alessandri to the Finance ministry and backed his management, they opposed his economic plan of January 1950. They said that this tended to "stabilise and make more effective and rigid the system of State intervention", accentuating "the same economic errors which have brought so much harm to the country and have kept the national economy so weak". Instead, what the country needed was a fundamental correction of its economic policy which might give way to competition. They also criticised the tendency to formulate only isolated measures and not forward an

---

[1].- CQ, N. 68, Valparaíso, 10 Aug. 1948, pp. 1-2; "Abandonemos las muletas", in CQ, N. 67, Valparaíso, 20 July 1948; "Libre empresa", in CQ, N. 90, Valparaíso, 5 July 1949, p. 3.

integral solution.[1]

It was not long before others shared this opinion. Towards September 1947, El Mercurio's editorials began to hammer against the "State controlled economy". State intervention, it argued, had proven inefficient and enslaving. The newspaper proposed "the return to a strengthening of and stimulus for private initiative", and cited the liberal economy of the United States as an exemplary model. From then on El Mercurio criticised systematically the economic policy implemented since the coming to power of the Popular Front, and insisted on repeated occasions on the need to dismantle the machinery of State intervention. It also linked economic liberty to political liberty; one of its editorials affirmed: "democracy has been distorted due to the crushing weight of State intervention, which in the economic field has supplanted the entrepeneur with the bureaucrat". In the face of Jorge Alessandri's economic plans, the newspaper maintained a certain distance.[2]

Jorge Alessandri's fall from the cabinet which was caused by white- collar workers' strikes, and the subsequent arrival of Carlos Vial to the Finance post,

---

[1].- "El plan económico y la Cámara Central de Comercio", in CQ, N. 102, Valparaíso, 5 Jan. 1950, pp. 1, 3.
Also "Don Jorge Alessandri, Ministro de Hacienda", in CQ, N. 44, Valparaíso, 7 Aug. 1947, p. 1; and "Batalla decisiva", in CQ, N. 56, Valparaíso, 5 Feb. 1948, p. 1.

[2].- See "La Semana Política", EM, 18 Sept. 1951. Also the EM editorials of the second semester 1947, especially 12-IX-47; and the letter by Jorge Alessandri to El Mercurio, in EM 27 Oct. 1947, p. 3; and editorial reponse by EM on 29 Oct. 1947, p. 3.

meant a strong blow against entrepeneurs. As we saw in the previous Chapter, the implementation of populist measures had serious effects. They accelerated inflation, increased the use of strikes --both legal and illegal-- as a pressure mechanism, and for the first time entrepeneurial circles were not being consulted when making legislation or implementing policies which affected them, whereas union leaders' opinions were taken into consideration.

In this context, entrepeneurs assumed an increasingly critical posture towards State intervention, which in this case, unlike the 1940s, was now truly adverse. They grouped themselves more decisively around the Confederación de la Producción y del Comercio, which called for an assembly, where it was decided to "continue the struggle to modify the policy of State intervention which is paralysing the activities of production and commerce". Thus they initiated a campaign against "State intervention". They asked for the implementation of one exchange rate and that prices remain free from State controls. Jorge Alessandri, its president, became business' spokesman. Alessandri argued that inflation had to be attacked at its root causes, namely the rise of wages and salaries, the development plans "disproportionate to the economic capacity of the country" financed on the basis of taxes, and the recourse to paper emissions in order to cover fiscal deficits; all of which produced a continuous rise

of costs.[1]

However critical the discourse of the entrepeneurs concerning State intervention during the early 1950s, when Arturo Matte, outstanding businessman and council member of the Sociedad de Fomento Fabril, became presidential candidate of the rightist parties in 1952, no substantial change of the economic model had been proposed. His speeches had a marked ethical character.[2] Perhaps this was due to the need to speak to a broad electorate, one which probably did not understand or accept a radical critique of State intervention of the economy.

What is novel in this presidential campaign is the creation of a "Movement for Technical Cooperation", whose objective was to make an economic propossal for Matte's future government. The movement, which was not associated with the political parties, was presided by Hernán Elgueta,

---

[1].- EC, July 1951, pp. 8, 19-20. Also, Industria: May 1951, pp. 265-267; July 1951, pp. 401-407; speech by the president of the SNA, in EDI, 8 Oct. 1950, p. 4; "Discurso del presidente de la Sociedad Nacional de Agricultura en la gran asamblea de la producción y del comercio", in EC, July 1951, p. 7; declaration of the Confederación de la Producción y del Comercio, in La Hora, 26-V-51; speech by Jorge Alessandri, in Industria, July 1951, pp. 401-407; CQ, N. 104, Valparaíso, 5 Feb. 1950, p. 1; "Carta al Ministro de Economía y Comercio",in CQ, N. 116, Valparaíso, 5 Aug. 1950, p. 3; speech by the vice-president of the CCC, in CQ, Ns. 112-113, Valparaíso, 20 June 1950, p. 4; "Comunicación a S.E. el Presidente de la República", in CQ, N. 106, Valparaíso, 5 Mar. 1950, p. 5; CQ, N. 19, Valparaíso, 20 July 1946, p. 1.

[2].- See Los Problemas Nacionales a Través de los Discursos de Arturo Matte. Soluciones Concretas y Puntos de Vista del Candidato Nacional (leaflet, no date). And EM: 15 July 1951 p. 21; 16 July 1951, pp. 35, 38; 19 July 1951, p. 3, editorial; 3 Sept. 1951; 2 Oct. 1951, p. 21; 13 Dec. 1951, p. 27; 31 Dec. 1951, p. 31; 14 Jan. 1952, p. 29; 21 Mar. 1952, p. 25; 7 Apr. 1952, p. 17; 8 May 1952, p. 33; 19 May 1952, p. 35; 9 June 1952, pp. 17, 19; 25 June 1952, pp. 26, 28; 4 Aug. 1952, pp. 19, 21; 3 Sept. 1952, pp. 11, 22, 23.

high-ranking member of the Cámara Central de Comercio, and made-up of leading figures of the banking, commercial, and industrial world --such as Eugenio Heiremans, then vice-president of the Sociedad de Fomento Fabril-- and others from agricultural, mining and "private technical activities". Unfortunately, they did not make their positions public.[1]

Subsequently, during the government of Carlos Ibáñez, the populist threat, economic crisis and exacerbation of the social conflict, helped widen the consensus among the entrepeneurial sectors and the parties of the right regarding the formulation of a project of capitalist modernisation, based on private enterprise and competitive markets.[2]

North-American Ideological Influence

In addition to the threat posed by populist authoritarianism, another element which contributed to the formulation of this project of modernisation of the right, was the impulse given to technical training. This was closely linked to the North-American influence which became

---

[1].- See EM, 15 Mar. 1952.

[2].- See for example, speech of the vice-president of the SFF, in Industria, Jan. 1954, pp. 1-4; "Entrevista con S.E. el Presidente de la República" in Industria, Mar. 1954, pp. 121-122; speech by the president in office of the SFF, in Industria, Jan,-Feb. 1955, pp. 1-6; "Memoria que el Consejo Directivo de la Sociedad de Fomento Fabril presenta a la 71a. Junta General Ordinaria de Socios en 12 de Enero de 1955", in Industria, Jan.-Feb. 1955, pp. 65-87.

increasingly notorious during the 1950s, and which pressed for the implementation of more liberal economic policies.[1]

In effect, during the post-war years, especially since 1949, the recourse to technical assistance as an instrument of United States foreign policy became increasingly used. Parallel to this, United States universities began to conceive a close relationship between development and scientific research. The presumption was that research could give developing countries clear and reliable notions as to their social and economic problems. This would permit their delimitation and quantifying, enabling thus the design of development projects which might help better face and resolve these problems. Consequently, during the 1950s we observe increasing links involving closer academic relations and contacts between Chilean and United States universities, due to programmes financed by the North-American government. In this new evolving context schools of economics were to figure prominently.[2]

---

[1].- On the preoccupation on the part of the United States government for Latin American development during the fifties, see Bryce Wood, "Scholary Exchanges Between Latin America and the United States", in Changing Latin America. New Interpretations of its Policies and Society, edited by Douglas A. Chalmers (New York, 1972); Arturo Maschke, Cuatro Presidentes, pp. 105-111; Paul Drake, Socialism and Populism, p. 289; Andrew Barnard, "Chilean Communists", p. 349.

See also from William L. Beaulac to the Department of State. American Embassy, Santiago, 6 Aug., 1954. Despatch N. 90. NA.DS. 725.00/8-654. (enclosure: Memorandum of Conversation).

[2].- See Edmundo Fuenzalida, "La Organización de las Instituciones de Enseñanza Superior e Investigación en América Latina entre 1950 y 1980 y Sus Interpretaciones", in Estudios Sociales N. 52 (1987) pp. 123-124; and Frederick B. Pike, "Corporatism and Latin American Relations", in The New Corporatism. Social-Political Structures in the Iberian World, Frederick B. Pike and Thomas Stritch, eds. (Notre Dame, 1974),

This North-American interest fell on fertile soil in Latin America. In Chile, for instance, El Mercurio was very keen to have United States help in organising schools of business administration, because --as the newspaper put it-- it did not suffice to have a "vision of business" and "commercial spirit", it was also necessary that those who administered enterprises have adequate technical knowledge. From this context was to emerge the Escuela de Negocios in Valparaíso whose primary aim was to train "men of business" as adequately as possible.[1]

Likewise, in 1955, there began the modernisation of the Faculty of Economic Sciences of the Universidad de Chile, when the North-American professor, Joseph Grumwald assumed the position as Director of the Instituto de Economía. Three years later the Faculty founded the Escuela de Estudios Económicos Latinoamericanos for

---

especially pp. 149-155.

Also, from Mr. P.A. Wilkinson (British Embassy, Washington) to Mr. Terence Garvey (American Department, F.O.). Despatch N. 10715/55/53. Washington, 24 Nov., 1953. Enclosure: Report to the President. United States-Latin American Relations. FO. 371.103118 A. 1018/6. And from Philip M. Davenport to Department of State. American Embassy, Santiago, Aug. 11, 1952. Despatch N. 155. NA.DS. 511.25/8-1152.

United States government technical assistance was also given to CORFO, which helped to bring forth CORFO's Servicio de Cooperación Técnica. See Luis Ortega Martínez et. al., Corporación de Fomento, p. 124.

For an impressive account on USA's cultural penetration in Chile see from Claude G. Bowers to Department of State. American Embassy, Santiago, 18 Nov., 1952. Despatch N. 527. NA.DS. 511.25/11-1852; from Charles C. Hall to Department of State. American Embassy, Santiago, 20 Jan., 1953. Despatch N. 747. NA.DS. 511.25/1-2053; and security information to the officer in charge of the American Mission, Santiago, N. 3, July 27, 1953. NA.DS. 511.25/4-2753.

[1].- Sofía Correa, "Antecedentes Históricos", p. 113.

graduate students in order to strengthen the training of economists and experts in areas related to organisation and administration of business enterprises. The University of California joined the Universidad de Concepción in organising in this southern city its Facultad de Agronomía. In turn, the Universidad Católica de Chile signed an agreement with the University of Chicago aimed at training economists, which was financed by the State Department. The Instituto de Economía founded on account of this agreement, had as its principal task to "research the role which corresponds to private enterprise in the development of the national economy". Aside from research work, the Instituto trained economists who would later occupy managerial posts in the country's business enterprises.[1]

The most evident example of the capitalist orientation of the United States academics who arrived in the country, is provided by the economists who came to teach at the

---

[1].- On the agreement between the Universidad Católica de Chile and the University of Chicago see Sofía Correa, op.cit., pp. 112-117. The quote corresponds to the Actas del Consejo Superior of the Universidad Católica de Chile, 25 Apr. 1955. The link between the hiring of the firm of Klein & Saks, the academic interchange between the economic school of the Universidad Católica de Chile and the University of Chicago, and the project of capitalist modernisation of the right, was first suggested and analysed in the above mentioned article. The first of these associations, as well as the unedited information presented in this article was subsequently reproduced in Juan Gabriel Valdés, La Escuela de Chicago: Operación Chile (Buenos Aires, 1989).

See also, Memorandum of Conversation. Department of State. 18 May, 1955. NA.DS. 825.432/5-1855; and from William Sanders to Department of State. American Embassy, Santiago, 8 March, 1955. Despatch N. 629. NA.DS. 725.00/3-855.

The modernisation of the Universidad de Chile received great impulse under Juan Gómez Millas, who assumed as Rector in 1953. See Edmundo Fuenzalida, "Organización de las Instituciones", pp. 117-118.

Catholic University, and who very soon afterwards began to actively participate in public debate. In their presentations they expressed strong criticism against agrarian policy --characterised by non-remunerative price fixing and exchange rates which depressed exports-- and industrial protection policies. If this protection were to be stopped, they insisted, the most competitive industries would develop, and in all probability they would be directed towards exports. As far as inflation was concerned, they were sure that its origins were found in the policies since 1939.[1]

In addition to the modernisation of economic studies in Chilean universities was the preoccupation of entrepeneurs in their own technical formation. Thus, since the late 1950s the producers' associations began to establish or expand their own research institutes. In 1956, the Sociedad de Fomento Fabril founded the Department of Economic and Statistical Studies, and in 1960 the Sociedad Nacional de Agricultura created the Institute of Agrarian Studies. In 1953 the Instituto Chileno de Administración Racional de Empresas (ICARE) was established in order to improve management procedures and thus increase the efficiency of industry, commerce and agriculture. ICARE received the enthusiastic support of the major national companies, and it received funds from the government of the United States. ICARE and the Sociedad de Fomento Fabril maintained close links; its first

---

[1].- Sofía Correa, op.cit., pp. 118-119.

president, Eugenio Heiremans was at the same time an active and distinguished member of the Consejo Directivo of the Sociedad de Fomento Fabril.[1]

In sum, the concern in bringing up-to-date the scientific and technical preparation in the areas of the economy and business administration, is an important element to consider in the process which brought about the formulation of a project of capitalist modernisation.

The Ideas of the Project

Consequently, given the convergence of the previously mentioned factors, when the Klein-Saks Mission arrived in 1955 in Chile, there was an overall consensus in the positions of the Cámara Central de Comercio, the Sociedad de Fomento Fabril, the Sociedad Nacional de Agricultura, the Confederación de la Producción y del Comercio, the Conservative and Liberal parties, and El Mercurio newspaper, around the need to implement a new policy. This called for the elimination of State intervention while giving way to free competition, in order to achieve an adequate capitalisation. This in turn might permit the modernisation of industry, agriculture and medium-size

---

[1].- See Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 125; Constantine Menges, "Public Policy", p. 347; Thomas C. Wright, Landowners and Reform, p. 121 note 66; Robert J. Alexander, Labor Relations in Argentina, Brazil and Chile (New York, 1962) pp. 310-311. Also, from W.M. Wylie, Labour Attaché, Buenos Aires. Despatch N. Ch/1/56 (Chile. Labour Report), 25 Oct., 1956. FO. 371.119984 AC. 2182/2; Industria, Jan.-Feb. 1955, pp. 5, 87, 92.

mining, and reach thus the necessary levels which would allow competitiveness in foreign markets.

El Mercurio diagnosed that the country was in crisis since 1939, when the Popular Front had come into government. From then on a socialist policy had been the inspiration to development policy, and after twenty years this policy only showed failures.[1] The origin of the problem, according to the newspaper, lay in the attempt of the different governments to better the standard of living of the population in an artificial manner, that is to say, without taking into consideration the increase of production. Governments of that time, the newspaper assured, had presumed that production could increase through administrative measures, and this led them to practice a detrimental State intervention in the economic process.

Intervention in the economy was to involve an over-extended State, thus continued the newspaper's argument, with a Public Administration totally disproportionate in relation to the country's capacity to finance it. In other words, bureaucracy had grown in excess to what could be deemed "legitimate". This inefficient bureaucracy had generated high fiscal spending which absorbed the capital needed by private enterprise. This, the newspaper held, went against "the most elemental principles of economics", which advised that in order to increase production more

---

[1].- The following analysis on the position of El Mercurio can be found in Sofía Correa, "Antecedentes Históricos", pp. 125-144.

capital was required. Moreover, the argument went, bureaucratic intervention in the productive process prevented the development of private business.

One of the main criticisms voiced by El Mercurio concerning the economic policies applied since 1939 was the lack of a harmonic plan of development for industry and agriculture. In the opinion of the newspaper, the consequences of this were very serious. Agricultural production had stagnated just when industrial workers had increased their demands. Agricultural deficit produced serious repercussions on inflation and shortened the supply of foreign currency which was essential for capitalising industry and agriculture. An adequate economic plan would have permitted capital for agriculture in addition to helping create the transport infrastructure that was urgently needed. The problems of agriculture, it affirmed, were to a large degree due to the lack of roads, bridges, railroads and ports, which would permit carrying production towards centres of consumption. The creation of transport infraestructure was the only way that all unexploited lands could be made to produce. To the absence of development policies, inadequate measures --such as price fixing responding to mere political criteria-- which discouraged investment in agriculture would be added. El Mercurio pointed to yet another source of problems in Chilean agriculture: "the scarcely spread notions of entrepeneurship in the rural world", in other words, the lack of a business orientated conception on the part of

agricultural land owners.

The artificial attempt to better the standard of living among the population by applying theories which clashed with reality, had only led to an inflationary spiral, affirmed El Mercurio. Inflation, the newspaper added, had caused the country to live for several years under a state of "permanent strike" which was outside the legal order and which threatened the very existence of democracy, either because of the prevailing anarchy or because of the eventual coup d'etat which would surely come about as a reaction to social disorder.

It affirmed that in order to stop inflation a general economic policy was needed which would help "reduce the country to its true proportions" and disown these unacceptable "artificial exhuberances". The policies carried out in the last years would thus be reversed, policies which were inspired by "political and electoral criteria at the expense of economic reality". From this one can surmise that El Mercurio was intent in opposing political intervention in the economic process with technical decision-making. Hence its call to come-up with an urgent rectification to put an end to administrative meddling in areas which were outside its concern "from the point of view of basic economic principles". This would free an economy "walled on account of artificial situations" which had not allowed the "free expression" of economic forces. The economic difficulties of the country, the newspaper insisted, could only be overcome by a system

of free enterprise.

What El Mercurio proposed was a "new economic policy", based on the need to capitalise in order to increase production. State intervention would have to be replaced by market laws, and the State ought to limit itself to giving general orientations and making productive investments, such as public works. In other words they proposed a State which should favour the "development of a free economy", for this was the only way possible to create wealth and provide welfare on behalf of everyone. This of course was the sole alternative against socialism, which the newspaper identified with the end of economic and political liberties.

El Mercurio insisted also in the need to implement "an organic package of measures" which, beyond "the particularism and instability of criteria", would put into action the "new policy", and thus impose itself over the pressures of the different "groups which lack an overall view of the problem". This "new policy" would have to begin by controlling inflation since economic development required a stable currency. In order to combat inflation, it proposed reducing fiscal spending, diminishing the size of the Public Administration and putting an end to subsidies. Together with the control of inflation, it proposed the implementation of a plan of development harmonic to industry and agriculture. It believed that agricultural modernisation ought to rest on fiscal investment in irrigation works, roads, bridges, ports and

electrification, all of which would demand foreign aid. Secondly, the liberation of price controls was necessary so that they might be remunerative and thus stimulate investment. Finally, El Mercurio saw the need to produce a change in the mentality of landowning producers, so that they would stop perceiving agriculture as a "way of life" and, instead, conceive of it as a "way of production". Moreover, it insisted on the urgency to work the land on a rational and commercial basis, for this was the only alternative to "collectivism". With agricultural modernisation the development of agro-industry and the diversification of exports would come about. Chile would once again become an exporting country of agricultural products.

In the formulation of the project of capitalist modernisation of the right, El Mercurio appears as its most coherent and lucid spokesman, thoroughly fulfilling its function as ideological leader of the upper class as a whole. Together with El Mercurio, although with different levels of coherence, we must mention the different sectors of the right which also forwarded their adherence to this commonly held new model of economic development.[1]

Towards 1955, the Sociedad de Fomento Fabril (SFF)

---

[1].- Behind these views which we have heretofore analysed was René Silva Espejo, who entered El Mercurio as an editorial page editor in 1946, and appointed in 1952 to sub-director of the newspaper. Although he was not an agricultural expert nor a landowner, Silva Espejo was named in 1942 secretary general of the SNA. See Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 174. Also, EM: 2 June 1957, p. 9; and 19 Aug. 1957, p. 5; 28 May 1978, pp. 5, 7; 28 May 1980, p. A 16; 29 May 1980, pp. C 1, C 2.

also expressed its rejection of the idea of an entrepeneurial State acting as a competitor to private enterprise. It affirmed then that the State should channel its resources towards more proper functions, namely public works. It concluded that what was necessary was a well orientated economic policy which would put an end to the State interventionism of the last fifteen years which had made agriculture stagnant and prevented industrial capitalisation. Its prescription for solving the inflation problem was to act on all of its causes, that is: the excess of fiscal spending, "the excessive rises in wages and salaries", the system of social security, State investment which surpassed the country's economic capacity, excessive taxes, the faulty credit and exchange rate policies which diminished interest in exports. SFF also insisted on the need to come up with an "integral plan" which would point to an increase in production, for which it was necessary to restrict public spending, reduce fiscal investment, and eliminate interventionist organisations. These measures would help transfer resources from the public to the private sector, allowing thus for capitalisation. In order to increase production it was also necessary that a favourable climate existed, and that State controls be eliminated so that competition might prevail, even in areas such as foreign trade. Once these conditions were met, SFF stated, industry would bring down its costs, modernise its equipments, better its quality, increase its productivity, and consequently compete in

foreign markets and with imported manufactured goods.[1]

Cavarozzi underlines that at the beginning of 1955 there was an election in the leadership of the Sociedad de Fomento Fabril, which, ending institutional tradition, was confrontational. By a scarce number of votes, the Consejo elected Domingo Arteaga and defeated Walter Muller who had been president of SFF for twenty years. The difference between the two resided in the fact that Arteaga represented a more aggressive posture given the new political circumstances. Arteaga held that the internal structure of SFF had to be reinforced, and that it should end its service orientation and become an institution keen in the "defence of principles, similar to its North-American sister organisation". He assured that the services should continue to be provided by sector associations, and SFF should only undertake common problems of national repercussion. With respect to its strategy vis-á-vis government powers, Arteaga thought that recourse to private persuasion should complement a firm public position.[2]

---

[1].- "Memoria que el Consejo Directivo de la Sociedad de Fomento Fabril presenta a la 71a. Junta General Ordinaria de Socios en 12 de enero de 1955", in Industria Jan.-Feb. 1955, pp. 65-87; speech by the president of the SFF, Domingo Arteaga Infante, in Industria, Jan.-Feb. 1955, pp. 1-6; interview of the president of SFF, in Industria, Apr. 1955, pp. 161-163; "Discurso pronunciado por D. Domingo Arteaga en la Asamblea General de Socios", in Industria, May-June 1957, pp. 4-9; answer by the Presidente of SFF to the President of the Republic, in Industria, May-June 1957, pp. 12-14.

[2].- Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 246.

As a result of the restructuring of the institution a department of economic and statistical studies was created in

In turn, the Cámara Central de Comercio continued to insist on more or less the same lines: "what the country needs is a fundamental change in its economic policy" so that it might destroy "the interventionist machinery" and restablish free enterprise. It emphasised "its total incompatibility with any act of intervention coming from the State". In its own words: "We are looking ... for solutions that strike at the root of the Chilean economic problem, even if these might affect our interests".[1]

The Sociedad Nacional de Agricultura (SNA) accentuated its criticisms against State intervention, and especially against the fixing of what it called "political prices", the increase of public spending, and the credit and exchange policies, which prevented exports. Economic errors had blocked agricultural capitalisation. The SNA called for the formulation of an agrarian policy which should involve investment in technology and infrastructure to stimulate production. To promote private sector investment, it believed that prices ought to be remunerative. This meant that there had to be freedom of prices, instead of "political prices", that is, fixed by governmental decisions which only took into account mere

---

addition to another dealing with public relations.
Industria: Jan.-Feb. 1951, p. 86; Jan.-Feb. 1955, p. 9; Sept. 1956, p. 651.

[1].- Speeches by Hernán Elgueta, president of the CCC, in EM, 16 Dec. 1955, and 7 June 1957. Also EM, 5 Aug. 1956. The emphasis is ours.

political factors.[1]

The only one of the four major entrepeneurial associations of the country which continued to voice purely sectorial demands was the Sociedad Nacional de Minería (SNM). It should be noted, though, that these specific demands, such as liberalisation of exchange rates for mining production, were functional to the overall modernising project of the right. That SNM did not make a global proposition, can be explained, on the one hand, by the enormous dependence of the small and medium size national mining sector --which was represented by SNM-- on the credit and exchange rates policies; and on the other, because amongst its associate members there were small miners grouped on a regional basis and represented by politicians of all parties, including the Socialists. For instance, President Juan Antonio Ríos, was council member of the SNM in representation of the Sociedad Minera de Chañaral; and the Radical leader Pedro Enrique Alfonso, who was to become presidential candidate in 1952, represented the Asociación Minera de Ovalle in the SNM. Other members of its Consejo Directivo were the Liberal congressmen Hugo Zepeda and Eduardo Alessandri, the presidential pre-candidate of the Socialist Party, Oscar Schnake, and the then-Falangist senator for the northern zone, Eduardo Frei. And the president of the SNM for more than twenty years was the Liberal senator for the northern mining regions, Hernán

---

[1].- EC, Dec. 1955, editorial; conclusions of the assembly of the SNA, en EC, Sept. 1953; speech by the presidente of the SNA, Recaredo Ossa, in EC, Aug. 1953, pp. 7-13.

Videla Lira. This not only required of the SNM to remain distant from partisan politics, which was not an exception amongst the other entrepeneurial associations, but rather prevented it from making an ideological option for an economic liberalism hostile to State intervention.[1]

In 1955, the new proposals of the entrepeneurial associations were synthesised and divulged by Jorge Alessandri in his capacity as president of the Confederación de la Producción y del Comercio. In a series of radio talks he affirmed that the problems of the national economy had their origins in the policies which were being implemented since 1939, inspired by the aim to better the standard of living of salaried people.[2] Wages and salaries had increased, as well as public spending in education, social security, and in the development of industry. However, the State had neglected investment in matters "of its exclusive concern", such as roads, bridges,

---

[1].- See Boletín Minero (hereafter cited as BM): Apr. 1942, pp. 1, 276-283; Feb. 1943, p. 54; Nov. 1943, p. 875; May 1945 p. 278; Dec. 1946, p. 634; Mar.-Apr. 1954, p. 1881.

Also, "La Sociedad Nacional de Minería y el Supremo Gobierno ante los problemas mineros", in BM, Mar. 1945, pp. 155-160; letter of the SNM to Minister of Hacienda, in BM, May 1946, pp. 232-234; "Asamblea Plenaria de la Minería", in BM, Dec. 1946, pp. 560-643; "Conveniencia de tomar medidas inmediatas para evitar la crisis por que atraviesa la minería nacional", in BM, Oct. 1949, pp. 463-465; "Amplia exposición hizo el señor Hernán Videla Lira sobre la labor de la Sociedad Nacional de Minería", in BM, Dec. 1950, pp. 736-742; "Necesidad de acelerar las gestiones para hacer efectiva la ayuda al aumento de la capacidad instalada de minería del cobre", in BM, June 1953, editorial; "La Sociedad Nacional de Minería hace ver al gobierno la seria crisis que afecta a la industria extractiva", in BM, July 1953, pp. 1597-1599.

[2].- Alessandri's radio talks are summarised in Industria, Aug. 1955, pp. 425-447.

ports, railroads, irrigation works etc. The fundamental problem was that such policy did not consider the real potentials of the economy; furthermore, since production did not increase sufficiently so as to finance all these new expenditures, there followed a continuous rise of prices. The government proceeded then, according to Alessandri, to intervene in production and commerce, fixing prices and rates of foreign exchange, which restricted the possibilities for exports, produced shortages, and aggravated the inflationary process. Unable to capitalise --given the insufficiency of utilities caused by price fixing-- and there being a lack of foreign currency, it had been impossible for production to modernise.

Another source of problems created by State intervention occurred in the trade union sphere. According to Alessandri this intromission had gone against the laws contemplated in the Labour Code, generating working class arrogance. "Slowly, we have reached the present situation whereby the employer is disarmed when facing the demands of any of the workers unions", he lamented. For sure, this led to rises in salaries which fed even more the inflationary spiral, he argued.

Consequently, the solution to the country's economic problems, Alessandri concluded, lay in the reversal of the policies applied since 1939 when the Popular Front assumed power.[1]

---

[1].- A refutation of a more academic rather than political character can be found in "Comentario Editorial", Panorama Económico, 14 Oct. 1955, pp. 556-564; and a reply by Jorge

These talks were well received judging by the numerous letters of congratulations he received, as well as the support given by the Confederación de la Producción y del Comercio to Jorge Alessandri. Undoubtedly he was turning into the most prestigeous figure of the right, the one who embodied the new political and ideological posture.[1]

Consequently, since the formulation of the project of capitalist modernisation originated outside the political parties of the right, and the principal individual figure who represented the new posture was a leading entrepeneur, the political parties began to become displaced by the producers' associations in terms of providing leadership for the rightist political sector. This would not have been possible before when the negotiation in Congress was the key political strategy of the right. However, since 1950 negotiation and co-optation had experienced multiple failures, as indicated in the previous chapters. From then on, the entrepeneurial right as well as El Mercurio at least, decided to put all their stakes and hopes behind the possibility of implementing a new economic policy from the Executive branch. For this purpose they looked toward the charismatic figure, one who represented the reverse side of the coin from that of General Ibáñez: the sober and stubborn figure of the hard-working entrepeneur embodied in

---

Alessandri, in "Cartas al Director", Panorama Económico, 23 Dec. 1955, pp. 718-724, and a counter-reply in pp. 725-727.

[1].- See Jorge Alessandri, Personal Papers vol I of the Confederación de la Producción y del Comercio, carpeta 3, folios 00315-00364. (not classified).

Jorge Alessandri.

This notwithstanding, the Liberal and Conservative parties also joined, with less coherence perhaps, in the defence of a common project of capitalist modernisation. Both Liberals and Conservatives affirmed that a "harmonic plan" had to be formulated which might diminish public spending, avoid tax rises which took capital out of the private sector, and end the controls and obstacles which made the spirit of enterprise stagnant. "The economic principles which orientate our programme had been razed to the ground by an inefficient State intervention", declared the president of the Liberal Party in 1957, while expressing his enormous satisfaction for the implementation of a policy which freed prices and foreign exchange rates.[1]

In turn, the Conservatives tended to sacralise the capitalist option by converting it into an ethical exigency. In effect, El Diario Ilustrado which belonged to the Conservative Party, expounded in its editorials that from a doctrinaire point of view, there existed only two economic systems:

> "one is the economic school which is based on private property, free enterprise, and the other is the one that is based on collectivism, essentially Marxist, whose principles are condemned by the Church, for being intrinsically bad, for they are in direct opposition to natural

---

[1].- Speech of the presidente of the Liberal Party before the Directorio General of the party, in EM 26 June 1957, p. 19. See also, statement of the president of the Liberal Party, in EM, 13 June 1956, p. 19; and letter of the president of the Partido Conservador Unido to the President of the Republic, in EM 31 Oct. 1956.

law".[1]

As to the policies which called for State intervention, the Conservative newspaper expressed that

> "this is the best path to arrive at collectivism without violence... we walk towards collectivism by way of interventionism". And warned, "since a Catholic cannot be collectivist, he cannot be in favour of measures which lead to collectivism, such as State intervention".[2]

It is interesting to note that in its zeal to criticise the model of strong State intervention which in reality had prevailed in the country since the decade of the 1930s, the right forgot that it had been also used by the rightist government of Arturo Alessandri (1932-1938), and that they had actively participated in the implementation of the economic policies of the Radical governments during the 1940s. Arturo Matte and Jorge Alessandri had been cabinet ministers in the Finance office during those years. The explanation for this new posture with respect to the State lies, in my opinion, in the fact that since 1950 both the parties of the right as well as the entrepeneurial elites lost the control which they had over the economic and social policies; and State interventionism became highly dangerous in the hands of populist politicians who were constantly threatening the interest of the business community. Given this adversity, the right formulated a project of capitalist modernisation,

---

[1].- EDI, 19 Mar. 1952, editorial.

[2].- See EDI 25 Mar. 1952, editorial.

which was founded on a liberal economic policy meant to reinforce private enterprise and competitive markets. There no longer was any place for State intervention. The right had begun to feel at odds with a system which until then had worked in its favour.

During the Ibáñez government, on account of the President's lack of conviction and will, the right became conscious of the impossibility of implementing the project of capitalist modernisation that it had been proposing. René Silva Espejo, sub-director of El Mercurio, would say a year before the 1958 presidential election that it "is absolutely essential that our democracy produce better statesmen for it is them, in the long run, who have to apply the economic programmes."[1]

Consequently, in 1958 a chance opened-up for the right to alter the social and economic policies which were then prevalent. This was, of course, on condition that it could achieve an electoral victory. Therefore, as never before, the recuperation of the control of the Executive which was lost in 1938 had been so meaningful and worth-while the trying.

---

[1].- Conference by René Silva Espejo in the SFF, in EM, 6 Oct. 1957.

* * *

In sum, the populist policies implemented since 1950, and with greater intensity during the first years of the Ibáñez government, seriously affected the right. On the one hand, they accelerated inflation which intensified popular discontent which translated into the mobilisation of organised labour both of workers and of public employees. On the other hand, the economic policies which were being implemented gravely hampered the interests of entrepeneurs. What was worst, these interests were not being considered, whereas the demands of workers were gaining priority instead. For the first time the opinion of entrepeneurs was not being heard. We must add to this the fear of a coup d'etat during the Ibáñez government; in the absence of a sound opposition from Congress, populism had a real chance to go in whatever way it wanted.

In an attempt to respond to this adversity and influenced ideologically by the United States, the right as a whole began to take a strong stand against State intervention in the economic process. The Liberal as well as the Conservative parties, and especially the entrepeneurial associations and El Mercurio, proposed a change of policies: State intervention had to be abandoned

in economic and labour matters, and a liberal economic policy had to be adopted. Only in a free market could private enterprise develop, and this in turn would permit capitalisation, modernisation and increased production, which was the only way --it was believed-- to improve the standard of living of the popular sectors.

The right thought only two options could be possible, either capitalism --identified with free enterprise-- or socialism, linked with the end of political and social liberties. Its rejection of State intervention led to a strong critique of the economic policies of all the administrations governing the country since 1939. While arguing thus, the right forgot that prominent figures of the Liberal Party and of the entrepeneurial sectors had had an active participation in the economic ministries of the Radical governments, assigning them the character of centre-left administrations. In turn, they transformed the project of capitalist modernisation into a political project, that is, a plan that could only be promoted by the forces of the right.

Given this proposition of a capitalist modernisation project proposed by all sectors of the right, we deem an error to continue to insist that entrepeneurs and the parties of the right were only capable of defending immediate and short-term corporate interests. Since this thesis has been argued on the basis of right's opposition to the advise of the Klein-Saks Mission, we focussed our attention on the policies implemented as a result of the

advise of Klein & Saks and the criticisms raised by business sectors. The evidence demonstrates, though, that the right precisely lamented the absence of an integral plan stipulating economic changes which were meant to bring about a substantial reduction of the State apparatus and decisive support to capital investment. In other words, the right objected to the North-American experts failure to set forth a project of capitalist modernisation.

The presence of the Klein-Saks Mission was important on another account. Due to the reticence on the part of Ibáñez vis-á-vis the economic changes which were being proposed, the right came to the conclusion that it needed to control the State apparatus if it wanted to bring about the major economic transformations it was proposing. In other words, it was imperative for the right to win the Presidency of the Republic. And, precisely, towards 1957, from the Confederación de la Producción y del Comercio the figure of Jorge Alessandri began to take-on a protagonist role in the fight against State intervention.

Consequently, the 1958 presidential election was to give the right a unique opportunity to reach and manage the Executive, at a time when it needed it the most.

CHAPTER VI

THE RIGHT IN GOVERNMENT. IMPLEMENTATION OF THE PROYECT OF CAPITALIST MODERNISATION.

The electoral victory of the right in 1958 was unique in various ways. The most evident, and what is usually underlined, is the fact that for the first time in twenty years the right was to govern once more, breaking the spell which had maintained it away from the presidential chair. But more unusual even was that the right brought with it a project of capitalist modernisation. As we saw in the previous chapter, towards 1958 the right not only was proposing that some specific economic policies be changed, but rather it had already formulated a coherent project aimed at transforming the economy and social relations, in order that market laws might predominate without any hindrance. We shall see in this chapter how this project of capitalist modernisation was implemented during the initial years of the rightist government, with Jorge Alessandri as President of the Republic.

We will first examine the candidacy and election of Alessandri, analysing the relation between him, the parties of the right and the entrepeneurial sectors, in order to understand the predominance of businessmen in the right at this time. Attention will then be given to the implementation of the project of capitalist modernisation proposed by the right towards the middle of the fifties, which we have analysed in the preceding chapter. We shall

evaluate its successes in the first years of Alessandri's government, as well as the initial failures, These endanger the project of capitalist modernisation by the middle of his period of government.

THE PRESIDENTIAL CANDIDACY OF JORGE ALESSANDRI

We showed in the previous chapter how in 1955 Jorge Alessandri, acting as president of the Confederación de la Producción y del Comercio, became the spokesman of the project of capitalist modernisation of the right, as well as its most distinguished figure.

In addition to being president of the Confederación de la Producción y del Comercio since 1943, Alessandri was council member of the Sociedad de Fomento Fabril since 1941, and president since 1938 of one of the largest industrial enterprises of the country, the Compañía Manufacturera de Papeles y Cartones. He was also member of several directories of numerous industrial corporations, such as CODINA, Compañía de Gas de Santiago, Compañía Nacional de Carbón, and Pizarreño, of which he was also its president; and of financial corporations, such as Compañía de Seguros "La Universal", and the Banco Sud Americano, of which he was its vice-president. In addition to this, he had been member of the Consejo Directivo of the Sociedad de Fomento Fabril, since the decade of the forties. His business activities were the most outstanding aspect of Alessandri's career towards 1955, although he had had also an active political trajectory until then. He had been

elected deputy in 1925; was appointed president of the Caja de Crédito Hipotecario between 1932 and 1938, and between 1947 and 1950 he had occupied the post of Finance minister.[1]

In 1957, the Liberal Party nominated him as candidate to the Senate for Santiago. Conventional wisdom had it that whoever won the highest vote in Santiago for the Senate race was to become a future President of the Republic. In 1957 the first majority went to Eduardo Frei, significantly surpassing the vote gained by the Social-Christian parties which proclaimed him as their candidate. This notwithstanding, the electoral support of Jorge Alessandri on that occasion was thought promising. Ever since then, both figures appeared as sure candidates to the presidency. We must bear in mind that since the presidential election of Carlos Ibáñez, presidential victory depended more on the leadership of the candidate than on the sum total of the votes which a specific combination of political parties was able to muster.[2]

---

[1].- See Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 333; María Soledad Gómez, "Los Empresarios Manufactureros Frente al Proyecto de Modernización Industrial de Jorge Alessandri" (Instituto de Sociología, Universidad Católica de Chile, thesis, 1983) p. 44; Ricardo Donoso, Alessandri, Agitador, vol. II, p. 472; Germán Gamonal, Jorge Alessandri. El Hombre. El Político (Santiago, no date) pp. 59, 65-66, 86-88, 109; interview of Jorge Alessandri published in La Segunda 5 Sept., 1986; Sergio Ceppi M. de L., et.al., Chile. 100 Años p. 146.

[2] On the congressional elections of 1957, see Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie" pp. 302-303, 319, 328; Federico Gil, Sistema Político pp. 97, 252; Donald Bray, "Chilean Politics" pp. 123-125; Tomás Moulian, La Forja de Ilusiones. El Sistema de Partidos 1932-1973 (Santiago, 1993) pp. 138-139.

The Liberal Party offered Alessandri the presidential nomination, an offer which he rejected arguing that he had no political ambitions. The Liberals then looked for ways to come up with a broad political alliance in order to face the ensuing presidential elections. Nevertheless, the possibilities of arriving at an understanding with the Radical Party failed when the latter proclaimed the candidacies of one of the leaders of left-wing of the party, Luis Bossay, hoping thus to reach an agreement with the left. Instead, Eduardo Frei, unquestioned leader of the Social-Christians grouped now behind the Christian Democratic Party, requested formally the support of the Liberal Party. Many Liberals were inclined towards this alternative, but they met resistance from those who insisted on presenting Alessandri as their presidential candidate, who as we already have seen had rejected the offer coming from the Liberal Party.[1]

Those who were opposed to Frei in the Liberal Party, distrusted him because they thought he over-used a demagogic platform based on religion, what they called "white demagoguery". They also feared that if he was elected President, Frei would bring once again an inflationary spiral in order to satisfy the appetites of

---

See also, speech by the president of the Liberal Party, in EM 29 May, 1958 pp. 19, 21; "La Semana Política", EM, 10 Mar., 1957, p. 7.

[1] See balance of the president of the Liberal Party to the Directorate of the party, in EM, 26 June, 1957, p. 19.

his followers.[1]

The Liberals who wanted to support Frei thought it would be convenient to concentrate efforts on a pact between political parties around a programme of government, which they thought would reinforce the political role of the parties and contribute to their prestige, avoiding thus being surpassed "by uncontrolled civic forces".[2]

Although Falangists and Conservative Social-Christians had made great efforts to distance themselves from the right in the past few years, the ideas forwarded by the presidential candidacy of Eduardo Frei in 1958 did not differ much from those being defended by the right. Hence, it is not strange that many high-ranking figures of the Liberal as well as the Conservative parties might be willing to support the presidential aspirations of Eduardo Frei. In effect, Frei's presidential programme called for in the economic field: a restriction of consumption, the support of investment --public and private--, a reduction of public spending, an increase of loans and investments from abroad, and a review of the retirement and social security system. As far as the agricultural problem was concerned, his fundamental criteria was that of productivity, explicitly discarding the redistribution of rural property by any other means except colonisation of fiscal lands. Frei argued that the development of

---

[1].- See from American Embassy, Santiago, to State Department. Despatch N. 92. 24 July, 1957. NA.DS. 725.00/7-2457.

[2] See balance of the president of the Liberal Party to the Directorate of the party, in EM, 26 June, 1957, p. 19.

agricultural productivity required fair prices, stable markets, medium and long term credits, transport networks, meat-packing houses, irrigation works and application of new techniques. He favoured a tax system which might support the efficient producer and punish the unproductive property owner. A flourishing agriculture, said Frei, would incorporate the campesino to the consuming market of Chilean industrial products. Up to this point, almost nothing distinguished his discourse from that of the right. The issue which marked a difference was Frei's position which held that it was false to think that there was an opposition between the State and private enterprise. In his opinion, the State ought to fulfil the basic tasks of creating the necessary infrastructure which might permit the development of private enterprise. But he also stated that the State was necessary in order to avoid a situation whereby "private interests dominate the life of the nation". Consequently, in 1958, the distance between Frei and the right were at most of mere shades of difference.[1]

During the process of definition of the candidacies, El Mercurio insisted in its editorials that the democratic forces --that is, those who "recognised private property and liberty of conscience"-- ought to come up first with a programme of government and subsequently proceed to select a candidate that might embody it. In this programme, the newspaper affirmed, "the economic question

---

[1].- See radio speech by Eduardo Frei, reproduced in EM, 26 July, 1957, p. 21.
See also "La Semana Política", EM, 15 Sept., 1957, p. 7.

should take precedence", by stimulating production and combating inflation; hence, any force which accepted inflation must be left outside this conglomerate. El Mercurio aspired thus to defeat the Marxist left with a united front against it, while at the same time rationalise politics and eliminate the personalism of charismatic leaders.[1]

When the Liberals were faced by the alternative of backing Frei or not, Jorge Alessandri agreed to reconsider his previous rejection of the presidential candidacy, after it was again offered to him, this time by a group of independents, linked to entrepeneurial sectors. Immediately after, the Conservative Party, to whom Frei refused to ask for its support and which felt totally left out of the political scene, proclaimed the candidacy of Jorge Alessandri. He stated that he would accept to be the candidate in order to avoid the break-up of the Liberal-Conservative alliance and the ensuing crisis of the Conservative Party, but conditioned his acceptance on the previous adherence of the Liberal Party. Nonetheless, he was explicit in stipulating that he would be free from any party compromises. The Liberal Party did not have much choice but to proclaim the presidential candidacy of Jorge Alessandri. Several minor political parties, backed him too. Alessandri was presented as independent candidate, and the campaign was left in charge of independent figures,

---

[1].- See "La Semana Política", EM, 24 Mar. 1957, p. 7. Also, "La Semana Política", EM: 21 Apr., 12 and 19 May, 21 and 28 July, 4 Aug., 1957, p. 7.

especially engineers and businessmen, leaving aside political leaders. This was the first time that an electoral campaign was put into the hands of entrepeneurs, who managed it with marketing and publicity techniques never seen before in Chile.[1]

It is interesting that these apparently incomprehensible reactions of Alessandri, permitted him to become the presidential candidate of the parties of the right without having to respond to the party directorates. Alessandri did not present himself as an independent candidate as a mere tactic or strategy in order to collect the electorate critical of the parties which had made Carlos Ibáñez triumph in 1952. In fact, Alessandri acted as an independent both in the electoral campaign and subsequently to being elected President. The primacy of the entrepeneurial sectors over the parties of the right became thus fully consolidated.

---

[1] On the origins of the presidential candidacy of Jorge Alessandri, see: speech of the president of the Liberal Party in EM, 29 May 1958, pp. 19, 21; "La Semana Política", EM, 20 July 1958, p. 7; "Comentario Político de la Semana", EDI, 1 Sept., 1957, p. 6; EM, 5 Sept., 1958 p. 3, editorial; statement of the president of the Conservative Party in EM, 27 Aug., 1957, p. 21; "Llamado de la ciudadanía a don Jorge Alessandri", EM, 20 Aug., 1957, p. 19; vote of the General Directorate of the Conservative Party in EM, 26 Aug., 1957, pp. 1, 15; letter of Jorge Alessandri to the General Directorate of the Conservative Party, in EM, 28 Aug., 1957, p. 19; and from the American Embassy, Santiago, to the Department of State. 28 Aug., 1957. Despatch N. 225. NA.DS. 725.00/8-2857.

Interview with Hernán Errázuriz Talavera, delegate of the Liberal Youth before the Executive Board of the party, 1961-63, which took place on 23 January 1992.

It is striking that the head of the presidential campaign of Jorge Alessandri, an entrepeneur who asked us to maintain his name off-record, stated to us in an interview which took place on 12 Sept., 1986, that the presidential campaign of Alessandri had began two years earlier, in 1956.

The subordinate character of the parties of the right during the campaign became evident in their speeches. Both Liberals and Conservatives underlined the virtues of Jorge Alessandri, whom they presented as a model of austerity, hard work, capacity, honesty and intelligence. They assured the electorate that he could "resolve the economic and social problems of the country because he knows them fully and knows how to correct them". It was also said that he knew how "to impose austerity in the management of public business" and "make the whole country work and produce in order to conquer its own welfare". Emphasis was also put on his defence of economic liberties, "irreplaceable basis of all political liberties". In conclusion, his supporters said that with Alessandri "Chile has found the man of the historical moment we are now living"; with him would begin "a period of national resurgence" --economic, civic and moral-- and the country could once again recover a distinguished position amongst the American republics.[1]

Instead, El Mercurio while maintaining its traditional neutrality with respect to the parties, conceived the 1958 presidential election as a definition between the permanence of the democratic regime and its economic structure based on private property, or revolutionary

---

[1] See balance of the president of the Liberal Party before the General Directorate of the party, in EM, 29 May 1958, p. 21; radio speech of the president of the Liberal Party, in EM, 24 Jan., 1958, p. 17; radio speech of the president of the Conservative Party, in EDI 19 Mar., 1958, p. 8; speech by the Liberal senator Eduardo Moore, in EDI, 5 Apr., 1958 p. 4.

change. In the first alternative, according to the newspaper, could be found the candidacies of Alessandri, Frei and Bossay, whereas in the second option was the FRAP, alliance which joined the Socialists with the Communists. The fact that there were no substantial differences between the three democratic candidacies, was a good omen according to El Mercurio; it meant that the leading political forces would group around the government to be elected. This notwithstanding, the newspaper criticised State intervention which suffocated private enterprise --making thus an implicit reference to the Radicals--, and called the electorate to define itself against this option as well as against the Marxist dictatorship.[1]

In turn, Jorge Alessandri made public his government programme through a series of radio speeches. In these he insisted in his character as an independent candidate, without compromising ties with the parties which had backed his candidacy, that is, Liberals and Conservatives. He assured that he would govern with authority and clear aims in order to achieve the "rectification of the economy" permitting thus to develop production, the only way to improve the standard of living of the less affluent. Following his previous economic speeches, he proposed to change the ruling economic regime, especially all that dealt with the intervention of the State in the economy. The State had to abandon the industrial initiatives and

---

[1].- "La Semana Política", EM: 16 Feb., 1958, p. 7; 29 June, 1958, p. 7; 24 Aug., 1958, p. 7.

should concentrate on making investments in infrastructure which the country needed. In order to cover this investment external loans would have to be attracted. It was also expected that a favourable climate would help bring foreign capital to the country, so as to accelerate capitalisation in the private sector. With respect to private enterprise, Alessandri maintained his position that it was necessary to reestablish free competition, for which purpose it was paramount to start opening up to external markets, protecting national industry on a limited basis and only so far as it would permit it to renovate its technical capacity so as to produce in the face of greater competition. With respect to the agricultural question, Alessandri criticised above all the existing system of prices, and insisted on the obligation of the State to invest in public works needed to support the agricultural activity. He also proposed the colonisation of fiscal lands in order to settle urban dwellers, diminishing thus the excessive State bureaucracy.[1]

In sum, Jorge Alessandri proposed to change the Chilean economic system by one wherein private enterprise and free competition would prevail. In order to achieve this transformation it counted on strong private investment --both Chilean and foreign-- attracted by favourable policies, which would add new dynamism to the flagging national economy. Alessandri proposed the same overall

---

[1].- Discurso Programa del Candidato Independiente Don Jorge Alessandri, (publication without date).

scheme in order to confront the problems of agriculture, but without taking into consideration Chilean agriculture's lack of a capitalist structure, especially in labour ralations, as it was the case with the urban-centred economy. The project of the right did not contemplate the need to transform rural labour relations, nor did it consider the need for a tax system which could penalise inefficient productivity. As will be seen in the following chapter, this weakness of the project of capitalist modernisation was to result in a very high cost for the Chilean right.

Throughout the electoral campaign, in every meeting of adherents and in the most distant points of the country, Alessandri carried the message of his programme, adapting the emphasis according to whichever audience he was facing, in all insisting in his strong criticism of the demagoguery of politicians.[1]

THE PRESIDENTIAL ELECTION OF 1958

For the first time, in the 1958 presidential election, the different parties did not set up plural alliances, confronting each other out in homogeneous blocks: the right, the left, the Social-Christians grouped in the Christian Democratic Party, and the Radicals, always

---

[1] See for example speeches by Jorge Alessandri in: Quillota, EDI, 16 Feb., 1958, p. 8; Ñuñoa, EDI, 11 Mar., 1958 p. 5; La Granja-San Ramón, EDI, 14 Mar., 1958, p. 5; Chillán, EDI, 21 May 1958, p. 3; Curicó and Linares, EDI, 26 May 1958, p. 10; San Bernardo, EM, 6 July 1958, p. 5.

Party, the Radical Party and the leftist alliance, FRAP, formed a bloc called TOCOA (Todos Contra Alessandri), or Frente de Saneamiento Democrático. The bloc announced a legislative program which called for electoral reform and the abolition of the anti-communist Law for the Defense of Democracy. They assumed that the enactment of these measures would have a detrimental effect upon Alessandri's candidacy, since the new laws would expand the size of the electorate and impede vote buying. Thus, only a month before the presidential election, Ibáñez signed the law which restored the Communist Party to full legality; and a single official ballot provided by the government replaced the old system in which ballots were given out by each party. The single official ballot gave a death blow to cohecho, which by then was losing importance, having been displaced by the more modern recourse to electoral propaganda.[1]

If there was a decisive influence of these new laws in the electoral results of the presidential contest is difficult to tell. Jorge Alessandri was elected President of the Republic with 31.56% of the votes; second was Salvador Allende with 28.85% of the electorate, the highest outcome of the left ever. Morever, it has to be taken in account that the left was running by itself, without alliances with the centre as it had been usual since 1938.

---

[1].- See Barbara Stallings, op.cit., Donald Bray, "Chilean Politics" pp. 151-156; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie" pp. 303-304; Germán Gamonal, J. Alessandri, pp. 130.

The third majority went to Eduardo Frei, with 20.70%; the Radicals were the great losers with only 15.55% of the preferences. Finally, the defroked leftist priest, Antonio Zamorano obtained as much as 3.34% of the votes, enough to impede Allende's victory.[1]

Alessandri's victory was enthusiastically greated by El Mercurio, which affirmed that it marked a watershed in Chilean political history; for the first time since the 1925 Constitution, the argument went, technical criteria displaced party orientation in the government of the country; for the first time the President of the Republic was a man with experience in economic and social problems, the most important in the view of the newspaper. El Mercurio underlined in Jorge Alessandri his

> "long and close-hand link with the economic life of the country, traditional knowledge of political activity... and rooted conscience that the solutions that Chile requires will not emerge out of the change of regime nor of political combinations, but rather of the application with firmness and continuity of an assured programme, in charge of the very best men that the country has. This category of statesman has not figured since the

---

[1].- There are suppositions that the presidential candidacy of Antonio Zamorano was a manoeuvre of right-wing sectors in order to diminish the vote on behalf of Salvador Allende. In any case, the candidacy of Zamorano was decisive given that Alessandri won against Allende with only 33,416 votos whereas Zamorano obtained 41,304 votes. See Barbara Stallings "Class Conflict", p. 79. The electoral data can be found in "Estadísticas Electorales", p. 8.

For a discussion on the influence of the new electoral laws see Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 303-304 and Ricardo Cruz-Coke, Historia Electoral, pp. 120-121.

beginning of the 1925 Constitution."[1]

El Mercurio was also content because now the true implementation of the presidential regime established in the Constitution was to take place, for the President would govern independently of the parties. This would allow, it was argued, a government based on clear-cut concepts and confirmed experience (tested in private business), without being lost in improvisations.[2]

As can be expected, entrepeneurs were also very pleased with the triumph of Alessandri. The Sociedad de Fomento Fabril put special emphasis on the fact that the new President, "who genuinely represents the forces of work", was an Honorary Councillor of that institution. It praised the personal qualities of Alessandri, assuring that these guaranteed the economic and political rectification required by the country. With great optimism, the SFF pledged its support and collaboration to the new Executive, in his desire to revitalise the national economy. Explicitly, it shared the plan of economic transformations which Alessandri promised to push forward.[3]

---

[1].- See "La Semana Política", EM, 14 Sept., 1958 p. 7.

[2].- ibid.

[3].- See Industria: Sept. 1958, p. 3; Oct. 1958, pp. 3-5; Mar. 1959, pp. 3-8 (speech by the president of SFF before the Junta Ordinaria General de Socios).

THE IMPLEMENTATION OF THE PROJECT OF CAPITALIST MODERNISATION

As it has been already argued, when in 1958 the right returned to La Moneda it did so bringing with it a project of capitalist modernisation, which advocated the restriction of State attributions in order to widen the sphere allowed to the private sector and assure thus the free functioning of the market. As has been already analysed, Jorge Alessandri had argued many times that private initiative was the only agent of sustained economic growth.[1]

For the realisation of this project, Alessandri chose as close collaborators a team of entrepeneurs. Several prominent members of the Sociedad de Fomento Fabril were appointed undersecretaries, such was the case of Luis Marty in Economy, Patricio Hunneus in Transportation, and Jorge Fontaine in Mining. The economic team was headed by Roberto Vergara, who was appointed Minister of Finance, Economy and Mining simultaneously. For this reason, the opposition called it the Government of the Managers or Revolution of the Managers. In this first cabinet the political parties were not represented; however, the government counted in Congress with the support of the

---

[1].- The idea that there existed a project of capitalist modernisation in the government of Jorge Alessandri is shared by only a few authors, amongst who must be mentioned: Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 318-322, 372; Aníbal Pinto, "Estado y Gran Empresa", pp. 33 ff., who shows some similarities between the "Revolución de los Gerentes" of Alessandri's government and the neo-liberal experience under General Pinochet; and Ricardo Ffrench-Davis, Oscar Muñoz, "Desarrollo Económico, Inestabilidad", pp. 121-134.

Liberal and Conservative Parties and with the cooperation of the Radicals. For sure, it received also the active backing of the national entrepeneurial sector.[1]

Policies

When Jorge Alessandri went into office in November 1958, the economic conditions of the country were highly problematic. Inflation had risen beyond 20% annual, the balance of payments showed negative results, unemployment reached almost 10%, fiscal deficit was high notwithstanding the low rate of State investment, and economic activity was suffering from long lasting stagnation.[2]

Alessandri confronted the economic problem with two types of policies, which pointed both to stopping inflation as much as reactivating the economy by increasing demand. In the first year, the Alessandri administration gave priority to reactivation. For this it tried to intensify public and private capitalisation, on the basis of fiscal investments and incentives to enterprises which might invest in capital goods. The new investments would be

---

[1].- See BM: Jan. 1959-Feb. 1960, p. 3486; Mar.-Apr. 1960, p. 1; May-June 1960, p. 1; speech by the president of the SFF before the Junta General Ordinaria de Socios, in Industria, Mar. 1959, pp. 3-8; EC, Oct. 1959, p. 1.

See also Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie" pp. 338, 356, 360-362, 376; René León Echaíz Evolución Histórica, p. 158; Germán Gamonal, J. Alessandri, p. 158; Aníbal Pinto, "Estado y Gran Empresa", p. 30; María Soledad Gómez, "Empresarios Manufactureros" pp. 55-56, 63-64.

[2].- Ricardo Ffrench-Davis Políticas Económicas, p. 41; Enrique Sierra Tres Ensayos, pp. 71-72.

financed with internal and external resources.[1]

The first measures which were applied, as part of the search for foreign capital, were: to unify the exchange rate and maintain it at a fixed value after an initial devaluation; to eliminate all foreign exchange controls; freedom to import any kind of goods was decreed, together with the reduction of rates of deposits for imports; the elimination of quantity controls for credit, and the authorisation to banks in order for them to operate with foreign monies so as to be able to attract foreign capitals and return back national capitals invested abroad. With this end in mind tax exemptions were also given; the return of capital and the remittance of utilities were guaranteed, and bonuses were emitted in U.S. dollars in favour of the exchequer.[2]

The stable rate of exchange was supposed to generate confidence in government and at the same time it was supposed to reduce inflation as well as to eliminate monetary speculations. The final objective was to reach a free exchange rate which would symbolise the success of the free enterprise economy.[3]

In other words, the aforementioned reforms consisted basically in creating banking competition and that economic

---

[1].- Enrique Sierra Tres Ensayos, pp. 74, 152-153; Barbara Stallings "Class Conflict", p. 83.

[2].- Enrique Sierra Tres Ensayos, p. 76; Ricardo Ffrench-Davis, Políticas Económicas, pp. 43-44; Barbara Stallings, "Class Conflict" pp. 86-88.

[3].- Barbara Stallings, "Class Conflict", p. 88; Ernesto Tironi, "Comercio Exterior", p. 94.

regulations be indirect and realised through more orthodox instruments, such as the rates of interest. Moreover, in order to avoid State interference in the financial market, there was a reduction of the importance of credit given by the Banco del Estado. In the area of prices, ways were also looked for so that a free market might rule, and measures were implemented in order to combat monopolies and speculation.[1]

At the same time, it was announced that CORFO would stop its direct investment programmes, and would privatise the greatest number of enterprises under its control. CORFO would concern itself with granting long term credits for development of the private sector; with the formulation of a ten-year plan to stimulate production, which would orientate the granting of stimulus to the private sector; and with advising private business in its modernisation and definition of investment plans. This policy was warmly praised by the Sociedad de Fomento Fabril.[2]

In order to reactivate the economy, the government began a vigorous expansion of investment, particularly in public works --in the area of transport, communications and energy-- and in housing. Fiscal investment was increased by 33.5% in 1959 and 23% in 1960. It was thought

---

[1].- Enrique Sierra, Tres Ensayos, pp. 78-79, 83; Barbara Stallings, "Class Conflict", p. 86; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 358-359.

[2].- "Exposición hecha por don Pierre Lehmann, Vicepresidente Ejecutivo de la Corporación de Fomento de la Producción sobre política futura de esa institución", Industria, Oct. 1959, pp. 58-72.

that this strong increase of public spending would be transitory, for it pointed to the reactivation of the economy. On a parallel level, the Public Administration was reformed in order to raise its efficiency and reduce its costs of operation avoiding the doubling of tasks, a goal that was only partially achieved.[1]

In the first year of government, these measures were complemented with adjustment of remunerations slightly higher than the rise in the cost of living index of the previous year, in order to increase thus the buying power of salary earners. But since 1960 the policy of wages and salaries was more restrictive.[2]

In sum, significant measures were taken in order to restrict the role of the State in the economic process, and stimulate the efficient functioning of private enterprise in competitive markets, even with respect to foreign economy.

Results of the Economic Policies

The first year of the Alessandri government was very successful. The economy was achieving its recuperation thanks basically to the increase of exports and the construction boom. Important inflows of foreign exchange were attracted, in such a manner that in 1959 private

---

[1].- Enrique Sierra, Tres Ensayos, pp. 80, 83; Ricardo Ffrench-Davis, Políticas Económicas, p. 43; Barbara Stallings, "Class Conflict", pp. 86, 158, 162, 184.

[2].- Enrique Sierra, Tres Ensayos, p. 81; Ricardo Ffrench-Davis, Políticas Económicas, p. 45.

deposits in foreign currency increased more than 530% with respect to the previous year, and external credits grew in more than 310%. The balance of payments closed with a surplus. The industrial production increased in 14% and continued with an accelerated rhythm of expansion. Unemployment was reduced significantly, fluctuating nearly 7% between 1960-1961. The increase of production and of imports allowed the increase of the offer of goods and services, contributing significantly to the monetary stabilisation. In the second semester of 1959 the rise of prices was able to be contained, to the point that inflation during 1960 reached only the figure of a yearly 3%; the following year, it rose only to 4%. In 1959 and 1960, entrepeneurial optimism became excessive.[1]

The positive economic indexes translated into political support on behalf of the government. In the municipal elections of 1960 the Liberal, Conservative and Radical parties obtained very good results. The Radicals captured the highest number of votes with a 20.93% of the electorate, followed by the Liberals which achieved 16.03% of the votes, whereas the Conservatives reached 14.8% of the votes. In other words, the parties which were supporting the government in Congress had been able to muster over 50% of the electorate. On the other hand, the

---

[1].- See, Federico Gil, Sistema Político, p. 211; Enrique Sierra, Tres Ensayos, pp. 76-77, 85; Ricardo Ffrench-Davis, Políticas Económicas, pp. 44-46; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 377.

Speech by the president of the SFF, in Industria, Dec. 1959, pp. 6-12; see also Industria, Dec. 1960, p. 1.

coalition of leftist forces experienced significant losses.[1]

However, the initial impulse that the country's economy had gained during the first eighteen months of Alessandri's government began to lose momentum after the first quarter of 1960. The deficit of the balance of payments and fiscal deficit were rising. In 1961 the fiscal deficit reached 5% of the GNP and was financed mainly by external loans. In the long run, only export growth could provide the resources needed to meet the service of the foreign debt; however, exports did not increase as expected, surpassing in 1961 only by 11% the figure for 1958.[2]

The fundamental problem which could not be resolved was the availability of resources for capitalisation. The attempt to attract foreign investment was unsuccessful, frustrating the expectation of the Alessandri administration. It had been counted on that the climate of confidence created by the support to private enterprise and by the incentives which had been offered, would attract foreign investment, both private and public. The reasons for this failure had to do with factors beyond the government's control, i.e., the economic recession in the United States, the events in Cuba that affected the companies thinking of investing in Latin America, and the

---

[1].- Electoral data has been taken from "Estadísticas Electorales", pp. 13-15. See also, Federico Gil, Sistema Político, p. 253.

[2].- Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 377; Ricardo Ffrench-Davis, Políticas Económicas, p. 46.

lack of a tradition of foreign industrial investment in Chile. In fact, United States' direct investments within Chile's manufacturing sector were approximately twenty times smaller than in Brazil, Argentina, and Mexico, and significantly smaller than in less industrialised countries like Peru and Colombia.[1]

The lack of investments did not reside, then, in Chilean entrepeneurs, as some authors have stated.[2] On the contrary, during the Alessandri government, from the total of investment, 71% corresponds to the national private sector, 23% came from the State and only 6% was a contribution from foreign investors. Private investment in equipment grew from 9.5 millions U.S. dollars in 1958 to 25.2 millions in 1961. The foreign debt increase --from 569 to 1090 million U.S. dollars from 1958 to 1961-- was mainly short term credits contracted by Chilean firms in order to expand their working capital. The confidence which the government was able to awaken in the entrepeneurial sector was manifested in concrete results.[3]

However, the combined effect of the increasing undervaluation of foreign exchange and liberal tariff

---

[1].- Barbara Stallings, "Class Conflict", pp. 87, 195-196; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 375-376.

[2].- See for example Barbara Stallings, "Class Conflict", p. 86. However, the same facts which she offers contradict this affirmation.

[3].- Barbara Stallings, "Class Conflict", pp. 161-162; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 374; speech by the president of the SFF in Industria, May 1962, p. 10.

policy was a powerful counterincentive acting against local industries. Cheaper foreign commodities were displacing those locally produced, and the final recovery from the deep economic crisis of the 1956-58 period came to a halt in mid-1960. Industrialists asked that they be given medium and long term credits in order to modernise their equipments. Since inflation had been able to be controlled, they argued, it was necessary now for the State to support the development of productivity.[1]

As can be expected, economic difficulties produced social discontent. In 1960, the Government proposed a 10% wage readjustment compared with a 38% inflation rate the previous year. The workers demanded a full 38% readjustment. A 24-hour general strike was held to support this demand. It was followed by a series of strikes by individual unions. 40,000 workers from the copper and coal mines, telephone and electricity services, metal, textile, and construction industries, plus 40,000 teachers went on strike.[2]

Given that economic policy hit wages of public sector functionaries, the Radical Party became critical. Also Liberals and Conservatives expressed their disatisfaction on account of their being excluded from the decisions of government. The three parties which gave the government

---

[1].- See Industria: Jan. 1961, pp. 10-12 (speech by the president of the SFF); Feb. 1961, p. 1; Mar. 1961, p. 1.
See also, Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 378.

[2].- Barbara Stallings, "Class Conflict", p. 83.

their support in Congress demanded the resignation of the head of the economic team in the administration, the tri-minister Roberto Vergara. Alessandri was thus forced to abandon his main cabinet figure; in September 1960, Vergara resigned.[1]

For the first time during the Alessandri government, the parties of the right imposed themselves on the entrepeneurial sectors which encircled the President, ending thus the isolation in which these had maintained him so far. The parties were able to reassume the initiative as the economic upsurge was losing momentum and social discontent began to express itself. For sure, the entrepeneurial sectors were not the most adequate group to come into agreements and negotiate with other social forces. Consequently, the parties of the right once again came to exercise their indispensable role as negotiators, which in turn permitted them to recover their leading place in the political arena.

Vergara was replaced by one of his former associates, so the ministerial change did not bring about the abandonment of the policy goals set in 1958. For example, salary freezes were maintained, and the fixed exchange rate was not altered. However, most of the policy goals, were pursued with more ambiguity and less conviction. Increasing concessions were made to party politicians, especially to the Radical Party, although against

---

[1].- Barbara Stallings, op.cit., pp. 84-85; Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", p. 381.

Alessandri's will. The interventionist machinery slowly began to be reestablished, price controls lifted during the previous two years were gradually reimposed and credit restrictions were renewed.[1]

Actually, the only way the Government could pursue its economic project, was to consolidate a political majority in the Congressional elections of March 1961 based on the sole support of Conservatives and Liberals. But the electoral results closed this option. Liberals and Conservatives maintained the proportion of votes of the last year, 16.6% and 14.8% respectively, but they were unable to elect sufficient congressmen in order to maintain the control over the third of Congress, which was necessary in order to make prevail the veto of the President of the Republic in the legislative process. The government required this time an ample party backing. Thus it invited the Radicals into government, who once again became the main political party thanks to 22.15% of the votes, and the Christian Democratic Party, which immediately rejected the offer.[2]

After several weeks of hard negotiation, the Radicals joined the cabinet in August 1961, accepting four Ministries: Agriculture, Foreign Relations, Health and

---

[1].- Marcelo José Cavarozzi, op.cit., pp. 346, 381-382.

[2].- Electoral data can be found in "Estadísticas Electorales", pp. 10-12.
See also, Marcelo José Cavarozzi, op.cit., pp. 381-382; James Petras, Politics and Social Forces, p. 180; Federico Gil, Sistema Político, p. 254; Barbara Stallings, "Class Conflict", p. 85.
And EDI: 13 Mar., 1962, p. 4; 19 May 1962, p. 3, editorial.

Economy. Entrepreneurs were alienated from policy making decisions, and resented the increasing influence of party politicians. Their unqualified support gave way to selective criticism of certain policies and of certain functionaries. Industrialists, for instance, longed for an integral economic programme, --meaning thus coherence between all economic and social policies as well as between them and the overall capitalist project proposed by Alessandri--, and warned against the possibility of creating new State enterprises.[1]

The entrance of the Radicals in the government coincided with the launching of the programme of the Alliance for Progress set-up by the United States. As a consequence of the Cuban Revolution, the United States developed new strategies to deal with this unprecedented situation, that of its "back yard" on the verge of upheaval. Of the strategies employed, the one that was to have the greatest political impact in Latin America was the Alliance for Progress, announced in 1961 by President John Kennedy.[2] The Alliance was based on the acknowledgement that the real threat from Cuba came from its revolutionary example. Therefore, it was designed to preempt revolutions by attacking the conditions that could make them atractive

---

[1].- Barbara Stallings, "Class Conflict", p. 85; Marcelo José Cavarozzi, op.cit., pp. 382- 388; Germán Gamonal, J. Alessandri, p. 141.
See also, Industria, Oct. 1961, pp. 9-12.

[2].- The military strategy around the concept of counterinsurgency had enormous political effects in Latin America but some time later, during the decade of the seventies.

to the masses. The Alliance for Progress supposed that the United States would make strong investments on behalf of the development of the Latin American countries, in exchange for which these countries had to assume the obligation of realising significant social reforms, amongst which would figure prominently those dealing with the tax, educational and especially agricultural structure, concerning which we will deal more extensively below.[1]

The Alessandri government needed credits and foreign investment in order to bring about its project of capitalist modernisation, which was in the balance. Therefore, it had to agree to the demands put by the government of the United States if it wanted to receive the so badly needed foreign capitals. Consequently, the Conservative and Liberal parties agreed to accept the realisation of the agrarian and tax reforms. Commisions representing the three parties in government --Radicals, Liberals and Conservatives-- were set-up in order to study these matters. Moreover, CORFO concluded the formulation of its "National Plan for Development", which covered ten years, and on whose basis the credits offered by the Alliance for Progress would be requested.[2]

Nevertheless, before the arrival of the resources promised by the United States, the economic problems so far accumulated produced the collapse of the project of

---

[1].- See Thomas C. Wright, Latin America in the Era of the Cuban Revolution (New York, 1991) pp. 61-76.

[2] See EDI: 6 Mar., 1962, p. 3; 10 Mar., 1962, p. 3; 11 Mar., 1962, p. 2; 5 Apr., 1962, p. 3, editorial.

capitalist modernisation proposed by the government of Jorge Alessandri.

In late December 1961 came the crisis that led to the breakdown of the Alessandri programme. This expressed itself in the exhaustion of availability of foreign currency resources. The problem emerged on account of the deficit in the commercial balance, occasioned by the boom of imports which had no parallel equivalent in the volume of exports.[1]

In million dollars, the figures are the following:

YEAR	EXPORTS	IMPORTS	TRADE BALANCE
1959	457.2	414.7	+ 42.5
1960	469.7	545.9	- 76.2
1961	465.4	618.8	- 153.4

Source: Barbara Stallings, "Class Conflict", p. 88

During three weeks the operations of the markets of foreign currency had to be suspended, import deposits were reimposed, the sole exchange rate was ended and a dual exhange rate was reestablished, one rate was devalued by 34%, and import prohibitions were declared for hundreds of products. Thus, the liberalisation of foreign trade was absolutely buried. The government had to turn its back on its essential policies which made up its programme of capitalist modernisation. An economic crisis of this

---

[1].- Barbara Stallings, "Class Conflict", p. 88; Ricardo Ffrench-Davis, Políticas Económicas, p. 46; Enrique Sierra, Tres Ensayos, p. 77.

magnitude would have meant a severe blow to any administration; but it was more dramatic in the case of Jorge Alessandri's government for, well beyond any of its immediate effects, it simply brought down the project of capitalist modernisation which the right had brought to government. With it numerous hopes died.[1]

* * *

In summary, the first part of the administration of Jorge Alessandri, namely the period between 1958 and 1961, has to be understood as an attempt to implement in Chile a project of capitalist modernisation. By freeing markets and by limiting the role of the State, private enterprise would be strengthened; private enterprise being seen as the sole possible motor to achieve sustained levels of development. This economic view implied that a substantial transformation of the economic system of the country had to take place, ending thus the prevailing model based on the idea that industrialisation had to be protected from foreign competition and that the State should regulate labour relations as well as the principal economic variables.

Jorge Alessandri began his administration supported by

---

[1].- Ricardo Ffrench-Davis, Políticas Económicas, pp. 46-47; Enrique Sierra, Tres Ensayos, p. 77; Barbara Stallings, "Class Conflict", pp. 88-89.

a team of entrepeneurs who served as his closest advisers. In this first period, then, the parties of the right played a merely subordinate role, limiting themselves to backing-up the administration's initiatives in Congress, but without being able to truly influence their outcome. The first measures undertaken by the government pointed to a simultaneous process of reactivation and liberalisation of the economy. Initially, results were auspicious; the success of the applied policies came to be symbolised by the control of inflation, one of the most severe problems faced by the Chilean economy. Entrepeneurial optimism was overwhelming, and the electorate rewarded the government by voting, in the municipal elections in early 1960, in favour of the parties which supported Alessandri in Congress.

However, enthusiasm began to cool down and became strongly critical throughout 1960, as the economy started to lose the impulse it had regained in the preceding years. The model began to fail due to the unforeseen consequences brought about by the liberalisation of external markets. Deficits in the balance of payments and in the commercial trade balance were turning into critical problems. The long awaited foreign investments simply did not arrive, and entrepeneurial capitalisation had to be made by the private sector on the basis of medium and short-term external loans, which proves that the business sector did support, with concrete measures, the project of capitalist modernisation being implemented by the government. The absence of foreign investment was to be accompanied by a

lack of dynamism on the part of exports due to the overvaluation of the peso. As a result of this, balance of payments deficits became worse.

Economic difficulties brought-on the discontent of the salaried sectors. In order to come to terms and negotiate with these sectors the government had to ask for help from the parties of the right and the Radicals. The entrepeneurial team close to the President was displaced, and the government was forced to make concessions, putting an end thus to the coherence of the economic project.

These concessions, though, were unable to prevent the collapse that followed. On December 1961 the balance of payments crisis was so great that the government had to stop for several weeks all transactions in foreign currency. Subsequently, it had to reimpose controls and restrictions in foreign trade and monetary matters. This put an end to the liberalisation of foreign trade, and with it the model of capitalist modernisation died out.

In the following chapter we will analyse the second half of the Alessandri administration. In this period the right had to face the failure of the model of capitalist modernisation which it had proposed as a solution for the economic stagnation of the country, and simultaneously it had to respond to the pressures brought about by the structural reforms being called for by important sectors in the country as well as from abroad. The end result though was to be its own demise, as we shall see next.

CHAPTER VII

THE RIGHT IN GOVERNMENT. THE FAILURE OF THE RIGHT

The collapse of the project of capitalist modernisation in December 1961 breaks-up the Alessandri government into two distinct periods. Until this point, the administration had characterised itself for being able to implement its project. But, as we just saw in the previous chapter, the notable successes of the economy in the first two years were to suffer a sudden turnover. Difficulties began to be felt in 1961, which ended with a severe balance of payments crisis of such scale that it meant the end of the project of capitalist modernisation which the right had brought to government. From then on a new period in the Alessandri government begins, period characterised by increasing economic difficulties, social mobilisation, and rising demands for structural reforms. This is the period which we shall analyse in this chapter. We will focus on the demand for agrarian reform, and on the response which both the right as well as the Alessandri government gave to this demand.

We will also study the consequences which this failed attempt to implement a project of capitalist modernisation during the Alessandri were to mean for the right.

THE COLLAPSE OF THE PROJECT OF CAPITALIST MODERNISATION

As we already saw in the previous chapter, the

exhaustion of foreign currency towards the end of December 1961 signalled the collapse of the project of capitalist modernisation with which the right had come to La Moneda. Subsequent months were not to present a more encouraging scenario.

During the year 1962 an acute fall in investments and dollar deposits was to occur; more than 60% of the dollar deposits in Chilean banks were withdrawn in the first half of 1962. The balance of payments became once again deficit ridden, and the international reserves diminished even more; these plummeted from 89.5 million dollars in 1959 to 6.7 million dollars in the second half of 1962. The public debt in foreign currency in 1962 was 1.9 times the value of exports. Due to the foreign exchange policy, non-mining exports fell notwithstanding the credit and tax stimuli which the government had granted. Towards the end of the year the government had to strongly devalue the national currency. The symbol of monetary stability, which was the fixed exchange rate, had collapsed.[1]

The devaluation at the end of 1962 made inflation break loose. The year 1962 ended with a rise in the cost of living of 27.7%, a figure which increased in the following years reaching 45% and 50% annually. The government tried to combat inflation by a cutback in public expenditure, especially for investment and for credits to the private

---

[1].- Ricardo Ffrench-Davis, Políticas Económicas, p. 47; Enrique Sierra, Tres Ensayos, pp. 79-85; James Petras, Politics and Social Forces, p. 105.

sector. Enterprises, many of which had assumed debts in dollars in order to modernise their equipments, deeply suffered this crisis.[1]

At the beginning of 1963, in response to Radical Party pressures, the 100% automatic readjustment of wages and salaries was reinstated. Notwithstanding his disconformity with the measure, Alessandri had no choice but to accept in order to preserve the congressional support of the Radical Party.[2]

For Alessandri this step was a significant failure. Undoubtedly, automatic readjustments contradicted the essentials of the social and economic thinking behind the project of capitalist modernisation which his administration had proposed to implement.

Criticism from entrepeneurial sectors did not have to wait too long to surface. Beginning 1962, the Sociedad de Fomento Fabril stated that an "unfavourable climate for production" had been created; subsequently, it insisted that "under a climate of uncertainty it is impossible to plan anything". Having lost direct and fluid communication with the government, the Sociedad de Fomento Fabril returned again to strategies it had used before with administrations which were not of their liking: namely, negotiate directly with congressmen, resort to campaigns aimed at appealing public opinion, consolidate its image as

---

[1].- Enrique Sierra, op.cit., p. 85; Barbara Stallings, "Class Conflict", pp. 89-93, 190-191; James Petras, op.cit., p. 105; Ricardo Ffrench-Davis, op.cit., pp. 47-48.

[2].- Barbara Stallings, "Class Conflict", pp. 85, 199.

spokesman of the entire sector, and strengthen the Confederación de la Producción y del Comercio in its capacity to pressure. At the beginning of 1963 the Sociedad Nacional de Agricultura affirmed that "a sustantial rectification in the criteria which rules the economic policy of the country is indispensable". Pessimism flourished. "Now... when the dilemma is posed between progressing with liberty or stepping back with State interventionism, all the branches of production and commerce are at play", stated the president of the Confederación de la Producción y del Comercio.[1]

Undoubtedly, the criticism pointed to the abandonment on the part of the government of the model of capitalist modernisation which it had promised to implement. To the displeasure of the entrepeneurs, the government which had best interpreted them, was returning to the old practices of State intervention which they had so strongly criticised ever since the decade of the 50s. This explains why their discourse was so pessimistic, and why they urged with so much emphasis to return to the abandoned model.

Beyond its unquestioned successes --such as the positive control of inflation, the rise in the per capita income, the reduction of unemployment, the growth of industrial production, the extension of the highway and

---

[1].- See Industria: Jan. 1962, p. 1; Feb. 1962, p. 1; May 1962, p. 7; Aug. 1962, pp. 9-10; Sept. 1962, p. 5; Oct. 1962, p.7; Oct. 1963, pp. 6-9; EC: July 1962, p. 5; Aug. 1962. p. 5; Oct. 1962, pp. 6-10 (speech by the president of the SNA); Jan. 1963, p. 11 (Annual Report of the SNA); and speech by the president of the CPC, in Industria, Oct. 1963, pp. 11 ff.

railway network, the construction of airports and housing--, the economic strategy of the government had disintegrated, electoral support had fallen, and a crisis of confidence permeated the entrepeneurial sectors.[1] The government of Jorge Alessandri had failed in its attempt at modernising capitalism via the mechanism of the market and of free enterprise.

It is not easy to discern what made possible this failure. Some authors have suggested that the project in itself was not viable, that it was too dependent on the international conjuncture and that it was not adequate to Chilean reality.[2] Others have affirmed that the project was not sufficiently complex, that it was too narrowly an economic project, and that it was incapable of awakening public support just when political preferences were turning either to reformism or the revolution.[3] It has also been said that there was a lack of comprehension with respect to the functioning workings of the mechanisms of stabilisation.[4] Authors have even stated that there was a lack of support on the part of entrepeneurs with respect to the project of economic liberalisation proposed by

---

[1].- Barbara Stallings, "Class Conflict", pp. 173, 183, 228-229; Markos Mamalakis, Growth and Structure, pp. 96-97; Ricardo Ffrench-Davis, Políticas Económicas, pp. 48-49; Aníbal Pinto, "Estado y Gran Empresa", p. 35.

[2].- Ricardo Ffrench-Davis, Políticas Económicas, p. 50; Enrique Sierra, Tres Ensayos, pp. 88-90.

[3].- Fernando Silva, "Contrapunto de Medio Siglo" pp. 969-971.

[4].- Ricardo Ffrench-Davis, Oscar Muñoz, "Desarrollo Económico, Inestabilidad", p. 133.

Alessandri, in terms of investment and effective backing.[1] But as we saw previously, entrepeneurial sectors never ceased to support effectively the government of Jorge Alessandri while he pushed for the measures aimed at modernising capitalism on the basis of the market and free enterprise. It has also been stated that there was a lack of time in order for a development centred in the private sector might produce positive results; the benefits were not appreciated in the short-term and thus the indispensable political backing in order to bring about a project of these dimensions and nature failed.[2]

Not only did capitalist modernisation via the market and free enterprise fail. Alessandri's government had to satisfy the demands for structural changes, specifically the agrarian reform. The structural reforms called-for carried with them a reaffirmation of the role of the State, to which was entrusted their realisation, and a critique of the private order and the regulating capacity of the market, the implication being that the private order was unjust and inefficient and could not bring about these reforms.

THE AGRARIAN REFORM

The Agrarian Problem

Agrarian Reform has been one of the most fought-out

---

[1].- Marcelo José Cavarozzi, "The Government and the Industrial Bourgeoisie", pp. 395-396. This hypothesis by Cavarozzi has been widely publicised by Tomás Moulian.

[2] .- Barbara Stallings, "Class Conflict", pp. 87-88, 232.

issues of Chilean politics, since the decade of the sixties until today, at mid-nineties. Its initial discussion had to do with three types of problems concerning Chilean agriculture. One of them was the low level of productivity of Chilean agriculture which since the 1940s was unable to supply the population. The second problem, closely related to the last mentioned, was the existence of latifundio, in other words large extensions of land in the hands of one owner, who cultivated only a proportion of it. The third problem, involved the social conditions of the land peasant, the campesino. He lived on the fringes of progress proper to the urban world, be it education, social mobility or consumption of industrial products. Moreover, the social problem related to agriculture was also linked to the kind of labour relations which took place in this activity, wherein predominated an authoritarian paternalism which prevented the inquilino to exercise with independence his right as a political actor.

The concentration of land property was an issue of continuous debate in Chile throughout the XXth century until Agrarian Reform. As a matter of fact, there is discussion concerning the contradictory data used by one or another contender in the debate. The disputed figures can be explained by the large proportion of the Chilean territory being unproductive without the assistance of artificial irrigation. Even so, it is beyond doubt that the question of unequal distribution of property was a crucial problem in Chile. It can be safetly affirmed that

in 1955, only 4.4% of landowners possessed 43.8% of the irrigated lands, whereas 36.9% of agricultural owners possessed only 2.3% of the irrigated lands. In other words, next to the great haciendas there existed the minifundio --small land properties-- which because of their reduced size was incapable of sustaining a family.[1]

The preoccupation with the subdivision of land property dates back at least to the decade of the twenties. Due to this concern in 1928 the Caja de Colonización Agraria was founded; this institution bought rural properties in order to subdivide and sell them so as to create a segment of medium-size owners. Nevertheless, the lack of resources of the Caja prevented it from buying lands and proceed henceforth to their subdivision. For fourteen years it was nearly paralysed since mortgages were not adjusted for inflation, while the Caja bought farms at market value and paid for them immediately.[2]

The problems of productivity of Chilean agriculture, in turn, began to be raised towards the middle of the forties, when the internal demand for food products rose and Chilean agriculture was unable to satisfy it. It

---

[1].- See William C. Thiesenhusen, Chile's Experiments chapter 1.

[2].- On the Caja de Colonización Agrícola, see María Antonieta Huerta M., Otro Agro Para Chile. La Historia de la Reforma Agraria en el Proceso Social y Político (Santiago, 1989) pp. 42-55; Fernando Silva, "Contrapunto de Medio Siglo", pp. 868-869; Markos Mamalakis, "Public Policy", pp. 58, 139; Brian Loveman, Struggle in the Countryside, p. 224; José Garrido R., editor, Historia de la Reforma Agraria en Chile (Santiago, 1988) pp. 53-63; William C. Thiesenhusen, Chile's Experiments, pp. 33-36.

became necessary then to resort to external markets, and Chile turned from being an exporter of agricultural products to an importing country. From 1935 to 1939, annual net surplus of agricultural products in foreign trade was US$ 11.8 million, whereas from 1953 to 1957 annual net deficit of agricultural products in foreign trade was US$ 67.8 million.[1]

Chilean agriculture did not recover from the blow it received in the crisis of the thirties, because the industrial process on which the national energies were concentrated required cheap foodstuffs in order to maintain the low costs of production. Private investment in agriculture stopped and the salaries of campesinos suffered a drastic fall; real income fell some 18% between 1940 and 1955. The same did not occur with real income of agricultural entrepeneurs, which rose 50% between those same years. This notwithstanding, some government policies looked for ways to increase agricultural productivity. New farming products were introduced such as rice and sunflower with the thought in mind always present in those years to substitute imports. The agricultural plans of CORFO were intended to promote the mechanisation and technical education of the labour force and of entrepeneurs. In the decade of the fifties, thanks to State help, milk producing plants and wine mills were installed, the sugar-beet industry was developed, the first cellulose plant in the private sector was built, and a strong impulse was given to

---

[1].- William C. Thiesenhusen, Chile's Experiments, p. 4.

agro-industry. The private sector responded favourably to these State incentives, incorporating new technologies and capital, producing a significant improvement in the mechanisation of agriculture. At the end of 1950, an agreement on technical and financial aid was signed with the government of the United States for the development of agriculture and cattle raising. But, whatever improvements were made, the deficit of agricultural production continued.[1]

Landowners affirmed that the solution had to be found in the modernisation of agriculture by way of greater technology and a stronger capitalisation. They firmly criticised those who blamed them for the defficiencies of Chilean agriculture. They made the interventionist State responsible because --in their words-- it had sacrificed the interests of agriculture in order to implement an industrial project, and because it had not formulated coherent and stable policies in the agricultural field.[2]

The landowners' proposal for an agrarian modernisation involved very substantial limitations. It was not enough to capitalise and modernise technologically the Chilean hacienda in order to transform it into a capitalist

---

[1].- The quoted data can be found in Thomas C. Wright, Landowners and Reform. See also María Antonieta Huerta M., Otro Agro Para Chile, pp. 61-63, 103-104. Federico Gil, Sistema Político, pp. 170-171; Fernando Silva, "Un Contrapunto de Medio Siglo", pp. 870-871; Emiliano Ortega, Transformaciones Agrarias pp. 12-14, 17, 29-30, 84-85.

[2].- Emiliano Ortega, Transformaciones Agrarias, pp. 13, 48-49; EC: Feb. 1959, p. 1; Jan. 1961, p. 7; Oct. 1961, pp. 8-9 (speech by the president of the SNA).

enterprise. It was necessary also to revise the paternalistic and authoritarian labour relations which were an essential part of the world of the hacienda. However, Chilean landowners never questioned this paternalistic order. That is why they never accepted rural unions which they constantly identified with Communist penetration in rural life.

As we saw in the previous chapter, Jorge Alessandri focused on the problem blaming the interventionist State for having depressed Chilean agriculture. The solution, thus, had to be found in the liberalisation of prices of agricultural production, and in the support to be provided by the State, for instance by favouring capitalisation and technological modernisation, as well as investment in infrastructure. Moreover, Alessandri had said that he was going to privatise fiscal lands --which he called colonisation-- by giving them out to new proprietors, on the whole coming from the urban areas. It goes without saying, but none of these measures questioned the latifundio itself, understood in its double dimension, as a large landed estate, and also as a system of labour relations founded on paternalistic and authoritarian codes of conduct.

In consequence, his government focused the agrarian problem by enhancing the capacity of action of the Caja de Colonización Agraria, so as to subdivide property; and also by carrying out policies which pointed to the modernisation of production. Alessandri thought that the Caja was the

adequate instrument in order to bring about the agrarian reform conceived basically as a privatisation of lands belonging to the State. Hence, between 1960 and 1962 the Caja distributed more lands than in all the previous governments all together; almost all that land belonged to the State and to semi-fiscal agencies. This way, although undoubtedly steps were made towards the subdivision of property, the applied policies were not geared to the questioning of latifundio.[1]

As to the policies which aimed directly at the modernisation of agriculture, the government gave priority to creating a climate of confidence for the landowner, through stability in the internal market, and the granting of technical and credit assistance. It also gave an important impulse to scientific agricultural research for which it was given North-American help. The private sector's response was positive as can be observed, for instance, in the increasing consumption of fertilisers and in the greater use of machinery in Chilean agriculture.[2]

The Exigencies of Agrarian Reform

The Alessandri government was unable to end the deficits which plagued agricultural production. Hence, in the Chilean political and intellectual scene the

---

[1].- José Garrido R., editor, Historia de la Reforma Agraria, p. 85; María Antonieta Huerta M., Otro Agro Para Chile, pp. 50-51, 123-125.

[2].- María Antonieta Huerta M., Otro Agro Para Chile, pp. 125-126; José Garrido R., editor, Historia de la Reforma Agraria, pp. 82-87.

explanations on the agrarian question given by the structuralist school gained increasing acceptance. The latter argued that one of the central, structural, problems of the Chilean economy lay in the existence of latifundio, that is, large extensions of land under one proprietor which were not intensively exploited, and wherein there persisted labour relations of a semi-feudal nature. In this structure could be found the cause of the low productivity of agriculture which in turn affected inflation, it argued. Consequently, it argued that the solution to the economic problem of Chile passed necessarily through the realisation of an agrarian reform which ought to subdivide large property, give land to the campesinos, and up-date labour relations in the agricultural world. In other words, agrarian reform had to put an end to the latifundio. The parties of the left and the Christian Democrats made the diagnosis their own and included them in their party programmes while demanding the establishment of an all-out agrarian reform.[1]

The reformist elites felt supported by the pressures in the same direction which the economists of ECLA (Economic Commission for Latin America), of international organisations such as FAO, of the United States government,

---

[1].- Fernando Silva, "Contrapunto de Medio Siglo", pp. 871-873; Markos Mamalakis, Growth and Structure, pp. 96, 139; Markos Mamalakis, "Public Policy", pp. 120-121, 195-200; Robert R. Kaufman, The Politics of Land Reform in Chile, 1950-1970 (Cambridge, Mass., 1972) pp. 32-35; William C. Thiesenhusen, Chile's Experiments, pp. 30-31; Enrique Sierra, Tres Ensayos, pp. 34-50.

and of the Catholic Church, were working towards.[1]

In effect, as a consequence of the Cuban Revolution agrarian reform became a pressing political issue in most of Latin America. The United States fomented agrarian reform as a means of countering Cuban influence; it was preferable to bring about through peaceful means sustantial changes to the social and economic structures, avoiding thus violent revolutionary scenarios. Agrarian reform became a centerpiece of the Alliance for Progress, and a condition for massive economic aid from the government of the United States to Latin America. Initially, in 1961, the Alliance for Progress conceived agrarian reform as a process of subdivision of the land in order to give it in property to the peasants which worked in it; only afterwards, towards 1967, the emphasis of the United States moved away towards the aspects of productivity and would emphasise infrastructure development.[2]

Hence, at the beginning of the decade of the sixties, the government of the United States put in the Chilean political discussion the issue of agrarian reform conceived as redistribution of lands. This posture was comparable in

---

[1].- Emiliano Ortega, Transformaciones Agrarias, pp. 50-51; Thomas C. Wright, Latin America, pp. 48-53; María Antonieta Huerta, Otro Agro Para Chile, pp. 126-129, 166; José Garrido, editor, Historia de la Reforma Agraria, pp. 94-95.

[2].- See Thomas C. Wright, Latin America, p. 48; Brian Loveman, Struggle in the Countryside, pp. 187-188; Robert R. Kaufman, The Politics of Land Reform, pp. 47 ff.; James F. Petras and Robert La Porte Jr., Cultivating Revolution. The United States and Agrarian Reform in Latin America (New York, 1971) pp. 380-394.

Also, "Presente y Futuro de la Alianza para el Progreso", Teodoro Moscoso, in Industria, July 1962, pp. 25-29.

radicalisation only to that voiced by the parties of the Marxist left; and thus it had as an inevitable consequence the radicalisation of the contents of the political demand for agrarian reform.

Simultaneously, the Chilean Church, impressed by the triumph of the Cuban Revolution and by the high vote gained by the Marxist parties in the 1958 presidential elections, began to insist on the need to bring about an agrarian reform which ought to be based on the subdivision of property, and the improvement of the condition of the campesino. Some bishops gave out lands belonging to the Church to the campesinos who worked in them.[1]

Although the demand for agrarian reform sprang from urban elites and not from rural workers, it is not less true that since the decade of the fifties there had been growing expressions of discontent amongst the inquilinos. None of these, though, implied a demand for lands; they called for the improvement in conditions of work, above all an increase of benefits in kind, which were an integral part of the system of relations of dependence.[2]

At the same time, a growing State intervention of the rural world did take place, whose objective was to restrict

---

[1].- Emiliano Ortega, Transformaciones Agrarias, pp. 31-32; María Antonieta Huerta M., Otro Agro Para Chile, pp. 138-151; José Garrido R., editor, Historia de la Reforma Agraria, pp. 90, 95-97.

On the agrarian reform in lands of the Catholic Church, see William C. Thiesenhusen, Chile's Experiments.

[2] The indigenous, mapuche, communities constitute an exception, for they did demand the recuperation of their ancestral lands.

landowner's authority. In 1953 the minimum salary for rural workers was established, later a family allowance and the obligation to indemnify for lay-offs.[1] Although these obligations were usually evaded by the landowners, they were important in so far as they tended to lessen the otherwise omnipotent authority of the land proprietors.

Undoubtedly, towards 1950 the rural world was being transformed at a speed unexperienced before. In addition to the changes we have already alluded to, beginning in the decade of the fifties rural unions and strikes had the active support of sectors of the Catholic Church, linked in turn to the Falange Nacional. They undertook the creation of Catholic rural unions. In the following decade, together with the arrival of urban standards in the rural world --by way of transistor radios, the presence of rural buses and the wide use of bicycles-- the parties of the left and the Christian Democrats penetrated for the first time in a successful and massive manner the rural world. The countryside became the center of the national political struggle between the Christian Democrats and the Marxist left. Both sectors began to rally rural labour behind the slogan of agrarian reform. For this same reason, during the Alessandri administration there was an increase of peasant demands and strikes.[2]

---

[1].- See Emiliano Ortega, Transformaciones Agrarias, pp. 82-83, 150-151.

[2].- Alan Angell, Partidos Políticos, pp. 256-265; Brian Loveman, Struggle in the Countryside, pp. 176-188; Emiliano Ortega, Transformaciones Agrarias, pp. 42-43; María Antonieta Huerta M., Otro Agro Para Chile, pp. 132-134; Fernando Silva, "Un

To the pressures of the United States government, the Chilean Church and the parties of the opposition, in order to reform the Chilean agricultural structure, would be added that of the Radical Party. When in 1961, the Radicals entered the government of Alessandri, the Liberal and Conservative parties joined the current and also agreed to legislate in favour of agrarian reform. They stipulated, though, that this had to be seen within a context of stimulus of production. Once again the parties of the right opted for the path of negotiation discarding any resistance to change. The same can be said of the landowners.[1]

Not unlike the parties of the right, the Sociedad Nacional de Agricultura ended-up accepting the agrarian reform so long as this was formulated according to terms of productivity and not just as a question of the size of properties. It demanded also that the criteria of productivity be defined on the basis of an average of the fundos in a determined zone, that the affected landowners be able to resort to the courts, and that the payment for expropriation be guaranteed from monetary devaluation. Moreover, it insisted that alongside agrarian reform there

---

Contrapunto de Medio Siglo", pp. 897-899.

On the support of the Catholic Church in cases of rural strikes, see Henry A. Landsberger y Fernando Canitrot M., Iglesia, Intelectuales y Campesinos (La huelga campesina de Molina) (Santiago, 1967) cap. 1-5.

[1] On the project for a law on agrarian reform presented by the Radical Party, see José Garrido R., editor, Historia de la Reforma Agraria, pp. 93-94.

See also Thomas C. Wright, Landowners and Reform, p. 181; Robert R. Kaufman, The Politics of Land Reform, pp. 45 ff.

should be a policy which might favour the increase of agricultural production. The State had to be concerned with the education, health and housing of the agricultural worker just like it did with the urban proletarian. To the degree that agrarian reform might be able to increase production the income of the campesino --it affirmed-- would improve.[1]

El Mercurio also advocated an agrarian reform which should subdivide the badly exploited lands, and had as an aim the creation of medium-size owners, which would give political and social stability to the country. The increase in the number of property owners was the best way, the newspaper argued, to defend the right of property. Moreover, El Mercurio affirmed that subdivision of lands was necessary to satisfy the demand for social change; thus it would be possible to prolong in the following presidential elections the work of the Alessandri administration and avoid the advance of the Marxist parties. For sure, the exigencies put by the Alliance for Progress had been present in El Mercurio's editorials.[2]

Hence, when the right had to confront the reformist pressures of the sixties, it resorted back to the already proven strategies of negotiation and co-optation. Thus

---

[1].- EC: Apr. 1961, pp. 5-7; May 1961, pp. 5, 33-35; Aug. 1961, p. 5; Oct. 1961, p. 10 (speech by the president of the SNA); Dec. 1961, pp. 5-6.
See also, María Antonieta Huerta M., Otro Agro Para Chile, pp. 130-131; José Garrido R., editor, Historia de la Reforma Agraria, p. 89; Thomas C. Wright, Landowners and Reform, p. 181.

[2].- See "La Semana Política" in EM: 3, 24 and 31 Dec. 1961, p. 11.

they accepted the idea of an agrarian reform, but at the same time they changed its meaning, giving it a content more favourable to the landowners. In effect, as we have just analysed, under the banner of agrarian reform they covered up a demand for State encouragement of production and a defence of all efficient landowners. The emphasis was put on production. They were very careful that efficient productivity be not defined by political criteria. And, lastly, they accepted the idea of subdividing the properties with the aim in mind to create a sector of medium-sized landowners, which in the long run would be the best defenders of the right of property. This way the right attempted to co-opt the very demand for agrarian reform. On this occasion, though, and differently from what had occurred before, the strategy was to fail; it was too late.

Jorge Alessandri's Agrarian Reform

When the Radicals joined the combination which presided over the government, it organised a commission formed by congressmen of the three parties which supported it --Liberals, Conservatives and Radicals-- in order to draft a law project concerning agrarian reform. The process was slow and difficult.

Having assumed that agrarian reform was inevitable, the Sociedad Nacional de Agricultura participated in the discussion of the form and content of the new legislation.

In order to do this it resorted to its means of expression, such as the monthly magazine El Campesino and Radio Agricultura, as well as informal contacts with the leaders of the parties of the right and of the Radical party which were preparing the law. On the one hand it concentrated on defining the criteria which ought to guide this process of agrarian reform. On the other, it provided data and analysis in order to rebut the more extreme arguments and strengthen its points of view. Together with accepting the legislation which the Executive proposed, it asked for greater State support for agricultural development.[1]

The project of the Alessandri government proposed that only the lands notoriously bad exploited or abandoned, according to the predominant conditions of the region, would be expropriated. The State promised to create the adequate conditions for the development of agricultural production, with technical assistance, credits, means of transport and facilities for commercialisation. The landowners subject to expropriation could appeal to the courts of justice. The project also established that the lands expropriated would be paid on a deferred basis, a part cash and the other with fiscal bonuses for an agreed term with interest and readjustments according to inflation. A project of constitutional reform permitting the payment in a deferred basis accompanied the draft law.

---

[1].- Constantine Menges, "Chile's Landowners Association and Agrarian Reform Politics", Rand Corporation, Santa Monica, California, 1968, pp. 16-35.

See also Memoria Anual de la SNA, in EC, Jan. 1963, pp. 7-15.

The right concentrated the debate on these aspects.[1]

El Mercurio argued insistently in favour of the constitutional reform, for without it, it would be impossible to bring about an agrarian reform which the newspaper also supported, for the reasons aforementioned.[2]

The Sociedad Nacional de Agricultura was divided on the issue. Half of its Consejo Directivo was opposed to the constitutional reform, the other half supported it. The first argued that there was a danger in the arbitrary interpretation of what might be an inefficient or abandoned exploitation, as well as in the questioning of the right of property which it implied. The latter thought it was better to reform in order to maintain what was essential. They also pointed to the convenience that in Chile there be a rural middle class which might serve as a barrier against revolutionary changes. Agrarian reform was also seen as a convenient way to attract foreign aid, which could be channelled then to agricultural activities. The main opponents of the constitutional reform were the southern landowners, whose hard stand had a direct relation with their distance from the central core of the right, both of the parties and the entrepeneurs. The councillors who backed the reform of the Constitution were willing to yield in their immediate interests on behalf of a common national

---

[1].- See Federico Gil, Sistema Político, p. 168; Brian Loveman, Struggle in the Countryside, pp. 229, 237; Thomas C. Wright, Landowners and Reform, p. 182.
EDI, 23 May 1962, p. 3, editorial; EC, Feb. 1962, pp. 8-9.

[2].- See "La Semana Política" in EM: 3, 24 and 31 Dec. 1961, p. 11.

upper-class strategy. The very fact that in the Consejo Directivo of the Sociedad Nacional de Agricultura there was a tie in the discussion on the constitutional reform implied in effect an acceptance of the project of agrarian reform presented by Jorge Alessandri. The right favoured a reformist stance. [1]

It is interesting to notice that while the landowners were defining their position on this delicate subject, the Catholic bishops published a pastoral letter calling for the realisation of an "agrarian reform of Christian inspiration". Obviously, its impact amongst the Catholic landowners could not but be considerable.[2]

Thus, in November 1962 Congress approved a law on agrarian reform which permitted the expropriation of lands not exploited or badly exploited. The emphasis was put on the increase of production and on productivity, in the modernisation of agriculture. The demands set-up by the Alliance for Progress were met, while at the same time efforts were made which tended towards the creation of a rural middle class. In October 1963, Congress passed the constitutional reform which allowed deferred payments, though only in the case of poorly cultivated or abandoned

---

[1].- See Thomas C. Wright, Landowners and Reform, pp. 182-184; Robert R. Kaufman, The Politics of Land Reform, pp. 61-66.
The other producer associations did not take part in this debate.

[2].- See "La Iglesia y el Problema del Campesinado Chileno" in La Revista Católica, Jan.- Apr. 1962, pp. 3325-3336.

properties.[1]

Almost 70% of the land subdivided by the Alessandri government belonged to governmental or semi-public agencies, the rest corresponded to landowners who were willing to sell their lands to the government. All in all, it is undeniable that Alessandri's agrarian reform had little impact on the countryside; it was also too far from the expectations which went along with the demand for agrarian reform coming from very different sources.[2]

The agrarian reform law proposed by the Jorge Alessandri government was considered insufficient by the Chilean left, the Christian Democratic Party and the international experts. In their opinion, the law prevented the realisation of a massive agrarian reform while restricting the cause of expropriation of lands to the merely bad exploited or abandoned properties and subject this definition in the last analysis to the courts of justice.[3]

On the whole, Alessandri's agrarian policy did not contemplate the need to transform the hacienda into a capitalist enterprise, because the right never assumed the

---

[1].- Brian Loveman, Struggle in the Countryside, pp. 225-228; María Antonieta Huerta M., Otro Agro para Chile, pp. 151-164.
A brief description of the congressional discussion concerning the agrarian reform law can be found in José Garrido R., Historia de la Reforma Agraria, pp. 113-116.

[2].- Brian Loveman, Struggle in the Countryside, pp. 229-235; William C. Thiesenhusen, Chile's Experiments in Agrarian Reform, pp. 40-45.

[3].- Robert R. Kaufman, The Politics of Land Reform, pp. 66-67. See also EC, Jan. 1963, pp. 7-15.

necessity of putting an end to the system of inquilinaje, in other words the kind of pre-capitalist labour relations which had always prevailed in the Chilean countryside. Agriculture was the weakest aspect of the project of capitalist modernisation of the right. Given this inconsistency, an agrarian reform conceived in terms of productivity would not have been any more successful. In effect, the problem of agricultural productivity was not resolved: if in 1958, 21.9% of Chile's imports and 10% of her exports were attributable to agricultural exports, in 1963, 25% of the country's imports and only 6.2% of her exports came from agriculture.[1]

Undoubtedly, the Alessandri administration's agrarian reform, called on to neutralise the exigency of structural reforms, was insufficient, and was unable to stop the demands which continued with great vigour and legitimacy.

JORGE ALESSANDRI'S GOVERNMENT: A POLITICAL FAILURE

When the Alessandri administration's project of capitalist modernisation failed, the discourse of the right became predominantly anti-Communist. Both the Liberal and Conservative parties as well as El Mercurio and the producers' associations, presented the fundamental dilemma of the moment as one between democracy and Marxism.[2]

---

[1].- William C. Thiesenhusen, Chile's Experiments, p. 5.

[2].- See EDI, 13 Apr. 1962, p. 3, editorial; speech by the president of the CPC in Industria, Oct. 1963 pp. 11 ff.; EC, May 1962, p. 9.

In actual fact, after the Cuban Revolution, the possibility of a Marxist government in Latin America was real. Moreover, we should not forget the high vote obtained by the FRAP in the 1958 presidential election. The fear of communism ceased to be rhetorical on the right; it would now define its political strategies.

In this context, the Liberal and Conservative parties looked for ways to create a political alliance in order to face the presidential election of 1964 and a future government. The idea was to form a political system based on two blocks, the democratic and the Marxist. The democratic alliance was presented as a continuation of the Alessandri administration, especially in all that related to the realisation of "the structural reforms by democratic means". This strategy was supported by the Radical Party, whereas the Christian Democrats rejected it. Thus, at the end of 1962 the Democratic Front was founded, made-up by the Conservative, Liberal and Radical parties. Soon after they nominated Julio Durán as their presidential candidate; Durán was the leader of the Radical Party's right-wing. His opponents were Eduardo Frei, from the Christian Democratic Party, Salvador Allende, candidate of the Marxist left, and Jorge Prat, representing the nationalists.[1]

The opposition to the Alessandri administration had been gaining more and more backing from the citizenry. Not

---

[1].- See EDI, 13 Apr. 1962, p. 3, editorial; speech by the president of the CPC in Industria, Oct. 1963 pp. 11 ff.; EC, May 1962, p. 9.

without reason, the directorship of the Sociedad Nacional de Agricultura lamented "this nervous spirit wanting to provoke changes for the mere sake of change itself".[1] Actually, in the early sixties, the mood in Latin America was clearly one of impatience with status quo. Fidel Castro's victory had demonstrated that revolution could be pursued immediately, and, on the other hand, the Alliance for Progress had contributed to the growth of expectations. In consequence, there was a dramatic growth of demands for change, and in almost every Latin American country more aggressive challenges to the existing order came to the fore.[2]

Against this background the preemptive reforms of the Alessandri government proved ineffectual. Towards the end of his administration there was general agreement on the fact that the country desperately needed drastic changes in agriculture, mining, education, housing and distribution. The electorate inclined towards those parties which offered more radical solutions to national problems, the Christian Democrats and the Marxist alliance, the FRAP.[3]

In the 1964 municipal elections, Christian Democracy

---

[1].- See EDI: 21 Mar. 1962, p. 3, editorial; 24 Mar. 1962, p. 4; 25 Mar. 1962, p. 8; 29 Mar. 1962, p. 4; 1 Apr. 1962, p. 10 (Manifiesto de la Mesa Directiva del Partido Liberal); 27 May 1962, p. 16 (Speech by the president of the Conservative Party). See also, René León Echaíz, Evolución Histórica, p. 160.

[2].- See Thomas C. Wright, Latin America, chapter 3.

[3].- Markos Mamalakis, Growth and Structure, p. 97; Fernando Silva, "Un Contrapunto de Medio Siglo", p. 969; Barbara Stallings, "Class Conflict", p. 90; Thomas C. Wright, Latin America, p. 137; Joaquín Fermandois Huerta, "Chile y la Cuestión Cubana 1959-1964", Historia N. 17, 1982.

experienced an outstanding increase in votes, becoming the main party in the country, with almost 23% of the electorate. However, since the Christian Democrats rejected alliances, the Frente Democrático which linked Liberals, Conservatives and Radicals, with over 47% of the votes could aspire to elect a presidential candidate in 1964. In order to define which of them was the principal opponent of the Marxist alliance, these forces tested each other out in a March 1964 congressional by-election in predominantly rural Curicó province, a traditionally safe stronghold of the right.[1]

For all presidential candidates this election was of utmost importance. The Frente Democrático attributed it the character of a plebiscite, given that in the congressional elections of 1961 and in the municipal elections of 1963 these parties had more than 48% of the votes of that province. The issue at stake on that occasion was the definition of who was to be the main adversary of the left, namely Christian Democracy or the Frente Democrático. We should not forget that the main preoccupation of all sectors of the right was the danger of a Marxist victory in the presidential elections of 1964, and many of its spokesmen were worried by the division of the "democratic forces". El Mercurio, for instance, insisted on the need to have only one candidate in order to

---

[1].- For the electoral outcomes of the municipal elections see EM, 10 Apr. 1963, p. 3; and Federico Gil, Sistema Político, pp. 100, 256-260. See also, Tomás Moulian, La Forja de Ilusiones, pp. 145-146.

confront the left. In the air was the idea that one of the two candidacies, that of Durán or that of Frei, would have to resign; or else there would be a transfer of votes towards the candidate which was being clearly perceived as the victor. In the Curicó election, therefore, would be measured in the first place, the electoral growth of the Christian Democrats in the rural zones. In the second place, the unity of the parties of the Frente Democrático would be tested, since it was suspected that a significant proportion of its voters and militants were not in fact supporting the presidential candidacy of Julio Durán. Amongst Liberals and Conservatives there were followers of Frei and of Prat, the candidate of the nationalists, and the Liberal Party was forced to expel members who insisted on supporting Alessandri for a second term over Durán. Even the Radical Party, which had already lost an important number of young leaders when it joined the Alessandri administration, was divided. Some of them backed Allende, while former President Gabriel González Videla reportedly saw Frei as the only alternative to a divided Democratic Front for preventing an Allende victory.[1]

---

[1].- Barbara Stallings, "Class Conflict", pp. 92-93; Arturo Olavarría Bravo, Chile Entre Dos Alessandri, vol. II, pp. 437-438; Marcos Chamudes, Chile. Una Advertencia Americana. Semimemorias de un Periodista Chileno que Durante 40 Años Fue Actor y Testigo de la Vida Política de su País. (Santiago, no date) pp. 32, 131.

Also "La Semana Política", EM: 14 Apr. 1963, p. 11; 21 and 28 Apr. 1963, p. 23; 16 Feb. 1964, p. 11; 8, 15, 17 Mar. 1964, p. 3, and 22 Mar. 1964, p. 15. And EM: 8 Mar. 1964; 9 Mar. 1964, p. 25.

Interview with Hernán Errázuriz Talavera, delegate of the Liberal Youth before the Executive Board of the party, 1961-63, which took place on 28 Jan., 1992.

The results of the election was catastrophic for the right. Victory went to the candidate of the left, with 9,578 votes (39.66%); the candidate of the Frente Democrático obtained 7,955 votes (32.93%) and that of Christian Democracy, 6,619 votes (27.40%). The growth of Christian Democracy, over 40% compared to the previous elections and the descent of the Frente Democrático in more than 30% in a province entirely rural had been surprising. The file-and-rank membership of the Conservative Party had changed their preferences towards the Christian Democrats, and the campesino vote showed its sympathy either for Christian Democracy or else for the left. As a consequence of these elections, Durán withdrew his candidacy, and the Radicals left the government putting an end to their alliance with the parties of the right. Liberals and Conservatives gave their unconditional support to Frei, who affirmed that he was not going to change a single line of his programme even if he was offered a million votes. El Mercurio stated that what was convenient for "the country" was "to elect a government that might come close to an absolute majority and this can afterwards be turned into a corresponding congressional backing". Finally, Jorge Prat, candidate of the nationalists, also resigned his candidacy.[1]

Interview with Sergio Diez Urzúa, leader of the Conservative Party, which took place on 11 May 1992.

[1].- The electoral data can be found in EM 15 Mar., 1964, p. 1.

See also Tomás Moulian, La Forja de Ilusiones, pp. 148-150; James Petras and Maurice Zeitlin, "Miners and Agrarian

By giving Frei an unconditional support and not negotiating the significant contribution its votes was to mean to that candidacy, the right symbolised its incapacity at negotiation, which was a blatant contradiction with all its past history. The fear of Communism --this time with clearer signs of becoming true after the example of the Cuban Revolution-- had simply paralysed the right. This explains its weakness vis-á-vis the reformism of the Christian Democrats, which was to bear no resemblance with what had occurred before during the period when the Radical Party had governed the country.

The 1964 presidential election took place, therefore, between two candidates, Eduardo Frei and Salvador Allende. Differing from his presidential candidacy in 1958, Frei's political discourse moved closer to the left this time. It was a period when revolutionary rhetoric had enormous appeal; hence Frei's campaign slogan which called for a "Revolution in Liberty". Frei promised to bring about revolutionary changes in democracy in order to neutralise the Marxist left. Thus, both Frei and Allende proposed structural changes in the economic and social spheres, which had to be brought about by a State with strong

---

Radicalism", in James Petras and Maurice Zeitlin, eds., Latin America, Reform or Revolution? A Reader (New York, 1968)

And EM: 16 Mar. 1964, p. 29; 17 Mar. 1964, pp. 1, 16; "La Semana Política", EM 22 Mar., 1964, p. 15.

Interview with Héctor Correa Letelier, Conservative Party Deputy 1941-1949, 1953-1957, which took place on 13 Oct., 1986.

Durán was to once again present his candidacy in order to prevent the break-up of the Radical Party, and probably also in order to avoid his votes going to support Allende. See Barbara Stallings, "Class Conflict", p. 94.

attributions. The electoral programmes of both Frei and Allende sounded similar on most issues: both supported agrarian reform, greater State control over natural resources, and a greater share of income for the workers. A few days before the elections Frei had said, "there are two Lefts -the Marxist Left and the Democratic Left. We are the Democratic Left..." The overall accent of the Frei campaign was its anti-Communism, and received a strong support of the Catholic Church and of the United States government.[1]

Having over turned its electorate to Christian Democracy, lacking a candidate, and suffering a paralysing fear of Communism, the right was unable to negotiate its support to Frei, notwithstanding its electoral support which it still had, and its traditional capacity for negotiation with reformism. Not without reason the president of the Sociedad Nacional de Agricultura had exclaimed in 1962: "Pessimism is an ally of final defeat".[2]

* * *

---

[1].- See Barbara Stallings, "Class Conflict", pp. 94-95; Frei's quotation is in page 95. And, Julio Faúndez, Izquierda y Democracia, pp. 133-135; Orville G. Cope, "The 1964 Presidential Election in Chile", in Political Power in Latin America: Seven Confrontations, edited by Richard R. Fagen and Wayne A. Cornelius Jr. (New Jersey, 1971) pp. 20-24.
See also "La Semana Política", EM: 7 Apr., 1963, p. 23; 14 Apr., 1963, p. 11; and EM, 10 Apr., 1963, p. 3.

[2].- EC, Oct. 1962, pp. 6-10. See also "La Semana Política" in EM: 7 Apr. 1963, p. 23; 14 Apr. 1963, p. 11; and EM: 10 Apr. 1963, p. 3.

We have seen in this chapter how the government of Jorge Alessandri had to face a set of accumulated difficulties starting in 1962, which were not resolved. Consequently, the second half of his administration was marked by failure, particularly in the political realm. Economic indexes were not very positive throughout these years, but far more serious was to be their overall impact. With them the solution offered by Alessandri in 1958 faded out. The project of capitalist modernisation, which had been the essence of the political proposition of the right, had shown itself to be impracticable, either because of the conditions under which it had to be carried out, or else because of its own intrinsic weaknesses.

Under these conditions the right could do very little when it had to confront an onslaught of reformist pressures coming from the opposition parties, the bulk of the Chilean intelligentsia, the Catholic Church and the government of the United States. In addition to seriously hindering the interests of the right --certainly, this was the case of agrarian reform-- these reforms contained a positive re-evaluation of the State and a profound criticism both of the private order as well as of the idea that the market as regulator of the economy could be efficient and just. Hence, these reforms not only upset material interests but also affected the most rooted ideological conceptions held by the Chilean right.

Being unable to stop the reformist wave, the right

decided to join it. It tried to do this by negotiation and once again by attempting to co-opt the demands for structural changes. This time, though, without any success. It was already too late to formulate limited reforms which might prevent a radical transformation of the rural order. The agrarian reform proposed by the Alessandri administration was unable to resolve the problems of Chilean agriculture and left unsatisfied all who expected the materialisation of substantial changes. The electorate then moved towards the left, and the rank-and-file of the parties of the right saw in Eduardo Frei an attractive leader; the vote of the right began to flow over to the Christian Democrats.

When the project of capitalist modernisation failed, the right as a whole became essentially and predominantly anti-Communist. The fear of Communism ceased to be rhetorical after the Cuban Revolution and the vote of the left in the presidential elections of 1958. Under these conditions, and with its electorate fleeing towards Christian Democracy, the right ended up supporting Frei unconditionally in the 1964 presidential elections, even if he proposed profound structural reforms. The right had no other option than to choose amongst two revolutions. Its capacity to negotiate vis-á-vis reformism had been buried by its fear of Communism and by the defeatism which followed the project of capitalist modernisation pushed by Alessandri. In 1964 its capacity to confront changes which were adverse to it became neutralised for the first time.

EPILOGUE

THE RIGHT SINCE 1964: CONTINUITY AND CHANGE

The 1964 presidential elections were of enormous importance for Chilean political history not only because with them there began the influential experience of "revolution in liberty". In these elections the historical parties which had governed the country ever since the mid-XIXth century --the Radical, Liberal and Conservative parties-- were buried. Even though the Radical Party continued to exist, it became one of the minor parties in the Chilean political system. The Liberal and Conservative parties, on the other hand, did not survive the congressional election of 1965. On that occasion their vote was so diminished (5.3% for the Conservative Party and 7.5% for the Liberal Party) that their leaders chose to dissolve them and fuse the two together with minor nationalist currents, in the Partido Nacional. A new era began in the system of parties and in the history of the Chilean right.[1]

One wonders, in the first place, why in such a brief span and so rapidly the historic parties of the right simply disintegrated. The explanation can be found in their incapacity to formulate an ideology adequate for the new times and in their incapacity to attract new voters.

---

[1] For electoral figures, see "Estadísticas Electorales p. 10.

As a consecuence of that, their self-image deteriorated and so did their confidence in the future.

The failure of the project of capitalist modernisation of the Jorge Alessandri administration, left the rightist parties without an answer to the problems for which the country expected rapid solutions. The right found itself in a position of ideological marginalization. In a political climate favourable to reform, the parties of the right seemed obsolete; they failed in their capacity to attract the young and the intellectuals, which in addition to affecting their potential growth, had an impact on their own self-image and confidence in the future. Perhaps because of this they were also unable to put forward attractive leaders. No figure on the right was able to match the weight of Eduardo Frei. Jorge Alessandri himself, who was to return as presidential candidate in 1970, based his political appeal in terms of his independent character, critical of the political parties.[1]

In fact, the loss of vigour on the part of Alessandri's government meant the lost of support for the parties of the right and for the Radicals, more so than for Jorge Alessandri. He had continuously accused them for the difficulties of his administration; the successes were his, the failures were attributed to the parties, even to those

---

[1].- Interview with Hernán Errázuriz T., delegate of the Liberal Youth before the Executive Board 1961-63, which took place on 23 Jan. 1992.

who supported him.[1]

In addition, the new voters, both in rural areas and in the cities , did not flow into the historical parties. Between 1958 and 1962, the reforms of the electoral laws had as an effect an enormous growth of the electorate. Amongst these, the 1962 reform made obligatory the electoral registration and efficient mechanisms were set up in order to make sure that this obligation was fulfilled, while providing a permanent character to the process of electoral inscription. According to data elaborated by Atilio A. Borón, if we assume 1952 as reference, male inscriptions reached an index of 127.3 in 1958 and 203.7 in 1964, and female inscriptions grew from 154.8 in 1958 to 405.8 in 1964. Translated into global figures, in 1958 there were 1.758.546 citizens in the electoral registers, a figure which increased to 1.858.980 in 1961, to 2.545.266 in 1963 and to 2.895.165 in 1964. By then, the urban vote represented 70% of the total national vote. Even so, for the right the decline in the rural zones was very significant. According to Tomás Moulian, between 1957 and 1963, the vote of the right in Colchagua fell from 70.3% to a mere 35.2%, in Linares it went down from 43.1% to 31.5%, in Aconcagua, from 58.3% to 32.9%; in the urban provinces

---

[1].- The presidential elections of 1970 were to reveal that Jorge Alessandri's popularity continued to be high. He obtained the second majority with a difference of very few votes from the elected candidate.

Interviews with: Hernán Errázuriz T., Héctor Correa L., Conservative Party deputy 1941-49, 1953-57, conducted on 13 Oct. 1986; Sergio Diez U., president of the Conservative Party in 1962, which took place on 11 May 1992.

the electoral loss was less.[1]

Lastly, a crucial factor in order to explain the destruction of the Conservative Party was the development of a reformist attitude experienced by the Chilean Catholic Church at the beginning of the sixties.

For a century, ever since its origins until the late fifties in this century, the Conservative Party was the Catholic party par excellence in Chile, not only because of its confessional character, but also because it had the support of the clergy. During the fifties, the Conservative Party was a very large party electorally, in addition to being well organised, sure of itself and of its orthodoxy; its defensive anti-Communism coincided with the official position of the Church. At the beginning of the sixties, though, the position and political attitude of the Chilean Church changed drastically. The Cuban Revolution and the high vote of the left in the 1958 presidential elections, added to the new ideas coming from the Vatican with the election of John XXIII in 1958, brought the ecclesiastical hierarchy to support decisively the option for structural changes which were politically identified with the Christian Democratic Party.[2]

---

[1].- Atilio A. Borón, "Evolución del Regimen Electoral", p. 406; Orville G. Cope, "The 1964 Presidential Election", pp. 15-16, 25; Tomás Moulián, La Forja de Ilusiones, pp. 111-112, 118-122.

[2].- See Michael Fleet, The Rise and Fall, pp. 43-64; Fidel Araneda Bravo, El Clero en el Acontecer Político Chileno. 1935-1960 (Santiago, 1988) pp. 35-45, 86-95; George Grayson, El P. Demócrata Cristiano, pp. 257-264; Brian Smith, Church and Politics, pp. 16-18, chapters 4 and 5; David E. Mutchler, The Church as a Political Factor in Latin America With Special

The Conservative Party adapted itself to the new demands for change which the Church thought urgent, developing a discourse favourable to structural reforms and supportive of the agrarian reform of Jorge Alessandri. Notwithstanding this, the Catholic electorate was turning more towards the Christian Democrats. In 1961 the latter for the first time achieved a higher vote than the Conservatives, while its leaders triumphed in university, trade union and professional association elections. Militants and regional leaders of the Conservative Party began to abandon it in order to enter the file-and-rank membership of the Christian Democrats.[1]

But the coup de grace came with the collective pastoral letter of September 1962 titled "El Deber Social y Politico de la Hora Presente". Taking the Conservatives by complete surprise, this Pastoral Letter offered a powerful critique of the then existing situation, and an egotist minority was blamed for it all. What was perhaps most striking about this letter was the sociological analysis on which it rested, and the direct and hard language used in it, unknown in previous Church documents. As a result it was a powerful denunciation. A "negative anti-Communism" was criticised and the Church's condemnation of "liberal capitalism" was recalled. With this document the legitimacy which Conservatives had built

---

Reference to Colombia and Chile (New York, 1971), chapters 2, 5 and 12.

[1].- See EDI, 18 Mar. 1962 and 15 Apr. 1962.

up on account of their long history as a Catholic party was buried, as well as their argument in favour of the reforms carried out by the Jorge Alessandri government which they branded as proof of their own reformist character. Certainly, their contribution to Chilean history was not appreciated by the Church any more.[1]

As a matter of fact, after this Pastoral Letter the Conservative Party did not have too many reasons for continuing to exist. Right-wing Catholics had two possible alternatives. One of these meant abandoning the confessional differences in order to acquire a global identity linked to the right around anti-Communism and the defence of free enterprise. The other pointed to maintaining the specific Catholic identity, which implied joining the ecclesiastical condemnation of Communism and Liberalism, and adopting corporatist postures. There they would encounter a line of integrist thinking, Hispanist and anti-Liberal which had been marginal until then in the right. The majority in the Conservative leadership chose, though, the first alternative.

When the Conservative and Liberal parties were dissolved in order to form the National Party, a new period in the history of the Chilean right began. The National Party had to confront an unprecedented type of threat to the established power, even to the very survival of the right. Hence, from the very beginning this new party

---

[1].- See "El Deber Social y Político de la Hora Presente", Revista Católica Sept-Dec. 1962, pp. 3618-3629.

developed a confrontational style, very different from the negotiating style which had characterised the parties of the right in previous decades. Perhaps because of this too, from its origins, there predominated in it leaders who came from nationalist currents over leaders of the old Conservative and Liberal parties.[1]

The political strategy of the Frei government was based on an erroneous analysis of the right, for it presupossed a differentiation and distance between landowners and industrialists. It was thought, therefore, that agrarian reform would do away with the landowners -- identified with resistance to change-- and with the right at the same time, while it would awaken support from the urban entrepeneurs in favour of the policies and stands of Christian Democracy. They did not understand the degree of cohesiveness amongst the Chilean elites, on a personal level as well as in terms of shared interests and values. Christian Democracy was unable thus to awaken the support of the industrial entrepeneurship. The latter felt threatened when it perceived the vulnerability of the right of property; and joined the landowners when the agrarian reform of the Christian Democratic government was executed under criteria of size of property instead of that of

---

[1].- In the first chapter we discussed the nationalist currents in the Chilean right. It might be useful to remember their marginal situation in the political system in the decades from the 1940s to the 1960s.

The principal leader of the National Party was Sergio Onofre Jarpa, who had been a member of the Partido Agrario Laborista and had left the party when it backed Ibáñez's candidacy. At the present time Jarpa is still one of the leading figures of the Chilean right.

efficiency. Moreover, within the governing Christian Democratic Party there were currents which were critical of the capitalist system and consequently, against an understanding between the administration and the entrepeneurs. The strategies of negotiation and co-optation so typical of entrepeneurs, including the landowners, clashed with the revolutionary mystique of the file-and-rank of the Christian Democrats which aspired to transform Chile into a communitarian society. Their anti-capitalist rhetoric alarmed them. El Mercurio, which had backed with great enthusiasm the candidacy of Frei, became an implacable critic of the Christian Democratic policies which pointed towards the substitution of capitalism.

Towards the end of the Frei government, with the explosion of social demands and popular mobilisation, the perception of threat forced unity upon the right. The producer associations expanded their representation and strengthened the Confederación de la Producción y del Comercio, thus following strategies which had proven successful in previous adverse situations. The National Party experienced a significant electoral growth, obtaining support from middle sector groups which felt threatened by popular demands and mobilisation. In the congressional elections of 1969, the National Party achieved 20% of the votes, from both the rural and urban electorate.[1]

Its discourse emphasised authority and order, in a

---

[1].- See Arturo Valenzuela, The Breakdown of Democratic Regimes. Chile (Baltimore, 1978), chapter 2, especially pp. 35, 41-43.

moment of growing social pressures and the emergence of small revolutionary groups. Notwithstanding its confrontational character, it continued being a party which fought within the institutional framework. The right sought to stop the revolutionary tide by competing for power. For the 1970 presidential elections it once again nominated Jorge Alessandri as its presidential candidate. Although his possibilities of success were high, as is well known he was defeated by the candidate of the Popular Unity.

The election of Salvador Allende changed this political scenario. The programme calling for substantial changes which the Popular Unity presented, the beligerent rhetoric of its followers, and the extra-congressional actions such as illegal takeovers of landed estates and industries, made the right fear for its own existence. Hence, the latter's own strategies also moved in the direction of extra-congressional action. The National Party exercised a bitter opposition in Congress, which culminated with a declaration of the Chamber of Deputies which declared ilegitimate the Allende government. In turn, the entrepeneurial right, cohesive behind the Confederación de la Producción y del Comercio, led a wide professional and business movement which sought to congregate middle and small-size businessmen and make them oppose the government around the idea and defence of the private property. The subtle and indirect influence of the forties to the sixties was replaced by direct political

action exercised through social pressure. El Mercurio came to the fore with a communicational strategy which, underlining the disorder and violence created by the government and its followers, aimed at their delegitimation. At the same time, El Mercurio emerged as the great defender of the challenged liberties. To the degree that it perceived that in the resolution of the conflict with the Popular Unity government its own surivival was at stake, the right created the conditions which allowed the military coup.

The military coup resolved the problem concerning the control of power and the National Party dissolved itself. General Pinochet's decision to back the project of capitalist modernisation of the neo-liberal economists meant the unconditional support of the right to the military government in all its phases and through all its vicissitudes. This should not surprise us given that the central ideas of the neo-liberal project are essentially the same as those of the project of modernisation formulated by the right during the 1950s. The team of neo-liberal economists comes from the ranks of the right having been educated at the University of Chicago thanks to the academic interchange program agreed with the Faculty of Economics of the Universidad Católica de Chile, mentioned above in Chapter V. Hence they were to be called "Chicago Boys". Obviously, the scientific education of the neo-liberal economists allowed their proposition to be far more coherent and assured than the one which had been elaborated

by the right during the fifties; moreover, it is very important to bear in mind that the agrarian reform had already been carried out during the Frei and Allende governments, therefore the neo-liberal economists did not have to inherit the problem of a pre-capitalist rural society. In addition to this, the fact that they had military support, allowed them --in critical periods-- to prevent social and political pressures which might otherwise have reversed the policies which were being applied. In the end, the neo-liberal economists were able to radically transform the Chilean economic system as well as the system of labour relations. At the present time, the model of an open economy and of competitive markets is not questioned in Chile by any significant political force.

This notwithstanding, the process of radical transformation of Chile's economy was not without difficulties. In periods of economic crisis many entrepeneurs went bankrupt, but even so their support of the military government did not wane. Not unlike in the past, long term class interests prevailed over short-term sectorial interests. The bulk of the right was fully conscious that those long-term interests were identified with the capitalist modernisation which was being pushed by the neo-liberal economists, and that its own survival as a class was indissolubly linked with the sucess of this re-edition of the project of capitalist modernisation.

In effect, the success of the capitalist modernisation implemented by the military regime has assured the right

its historical continuity. The defeat of General Pinochet in the 1988 plebiscite and the subsequent defeat of the right in the 1989 presidential elections has not put it under question. Its economic ideas are hegemonic today and, as we have already said, the model of an open market economy with a minimal State is not being challenged by anyone including the left. Entrepeneurs nowadays enjoy great prestige and political influence. The electoral strength of the right is considerable, close to 30%; and thanks to the limitations of the political institutional order imposed by the military government and still in effect, its capacity for congressional negotiation is very high.

The right today is in many aspects similar to the right of the forties to the sixties. El Mercurio continues to be the single most important newspaper in the country; it preserves an enormous influence in the political class, at the same time it preserves its role as spokesman of the general long-term interests of the capitalist class. The producer associations are the same and their nature has not changed. The parties of the right once again have become two, Renovación Nacional and Unión Demócrata Independiente (UDI). Their division again can be explained by cultural background, style and political trajectory. UDI is decidedly closer and more adamant in its defence of the military government, and, as opposed to Renovación Nacional, is keen in maintaining General Pinochet as a political figure in reserve. Not unlike the Conservative

Party the UDI constitutes a disciplined party, as opposed to Renovación Nacional which tends to repeat the fractionalism which characterised the Liberal Party. Almost all the leaders of UDI are practising Catholics and they can be identified by their moral self-righteousness. Hence, although the party is not confessional, the Catholic orientation of its leadership is constantly being highlighted by the party. In Renovación Nacional, on the other hand, political legitimacy is not founded on religious virtue. The characters of the historical parties are also repeated in the sense that UDI, similar to the Conservative Party, is more ideological, whereas Renovación Nacional, closer to the Liberal Party, distinguishes itself for its flexibility and disposition towards negotiation with the centre and the left.

The electoral support achieved by the parties of the right continues to be strong, although insufficient to elect a presidential candidate, not unlike what happened during the decades of the forties and fifties. In the congressional elections of 1993, Renovación Nacional emerged as the second largest party, with 16% of the electorate, followed by UDI which obtained 12% of the votes. Both had coordinated efforts behind an electoral alliance. The nationalist parties, alien to that alliance, had already disappeared by the time of the congressional elections of 1989. What is novel in the present situation is the successful attempt on the part of UDI to appeal to popular constituencies, especially marginal urban sectors,

offering them favours and services. The novelty does not lie, of course, in its capacity to obtain popular urban support, but rather in its populist tendency, for its political strategy is based on the conquest of the electorate of marginal sectors rather than the electorate of the middle class which is more conservative. If we bear in mind what we said in Chapter III it is clear that there is a populist precedent in the Conservative Social-Christians, but we saw how small their success was in the end as well as the fact that they distanced themselves from the right.[1]

In addition, one of the most prominent historical continuities of the Right is the fact that the social and economic elite is equally present in both right wing parties. For sure, the elite continues to be one, interconnected, with diversified interests amongst the different sectors of the economy, with shared values and political ideas. As always, sectoral conflicts are of a second order when compared to common interests of class.

If we were to speculate on the right's long term future, it goes without saying that the right is favoured by current international trends, a phenomenon to which Chilean politics has always been particularly sensitive. At present, belonging to the right is no longer frowned upon, whilst socialism may easily be seen as old-fashioned. It should also be noted that the right has the potential

---

[1].- For electoral figures, see Hoy, N. 648, 18-24 Dec. 1989, p. 47; La Epoca 13 Dec. 1993, p. 19.

capacity to represent a solid sector of middle-class voters whose main preoccupations are personal security and economic prosperity.

If we are to discuss the right's committment to democracy, we have to differentiate between democracy as social participation in power and democracy as competition for power. The Chilean right will most probably try to limit social participation in political decisions as much as possible; it will accept competition in as much as it involves party elites conscious about the limits possed by the military and the market.

The attitudes of the Chilean right towards democracy will depend on the maintenance of the economic model, the capacity of the government to contain social pressures, and the continuing prestige of the military, which still is seen by the right as an effective deterrent against any possible overflow in popular demands.

In the future, one ought to suppose that the propensity to privilege consensus politics and the fear which nowadays pushes almost everyone to avoid any conflict which might mean destabilising democracy, will continue to secure for the right the important role it has so far played. More so, since nobody challenges the economic system based on free markets, and economic prosperity is decisive for political support, private enterprise is a key element. Thus, entrepreneurs have now an enormous influence in policy-making. Given that its bargaining potential in Congress will probably continue and that it

wields an enormous capacity to pressure economically, the right ought to be considered a very important force in future Chilean politics.

* * *

Finally, I would like to summarise briefly the significance that the period covered by this dissertation has for the history of the Chilean right. It seems to me that this period is of utmost importance in order to comprehend three essential dimensions of the political behaviour of the right.

The first of these deals with the strategies which the right was able to elaborate with respect to the reformist governments of the 1940s and which we have analysed closely in this thesis. During these years the right developed a successful strategy which combined negotiation and eventual co-optation with the reformist forces. This strategy was to become the characteristic political style of the partisan and entrepeneurial right throughout that period, even though it is also true that in periods of higher confrontation this flexible style tended to submerge and give way to other kinds of adaptations and adjustments. Nonetheless, it is our contention that altogether this essential characteristic remained always latent and could be used if circumstances required it. That was the case,

for instance, when the right was able to successfully display its capacity at negotation with the Christian Democrats during the Popular Unity government. The same can be said of the right today; once again negotiation and co-optation are highly valued as political strategies.

A second dimension of the Chilean right which we have analysed in this dissertation, is the creative response which it is able to come up with whenever it faces a highly hostile political scenario. It was to be the case when populist forces controlled the Executive towards the end of the González Videla government and with greater intensity in the first years of the administration of Carlos Ibáñez. The strategies of negotiation and co-optation encountered, then, a formidable degree of resistance on the part of certain political forces which rejected any compromise with rightist sectors. Yet the right was able to withstand, and curiously enough the right's response on this occasion bears very close resemblance to a similar situation experienced years later. Hence, in the 1950s the right's answer to populism was to design a project of capitalist modernisation which restricted the State to its classical liberal role, and we encounter the very same response towards the end of the 1960s and beginnings of the 1970s when the right had to confront politicians who were proclaiming the ideal of revolution as an end to capitalism. Then the right elaborated the neo-liberal project which radically transformed the Chilean economic system during the military government. Not

surprisingly, the neo-liberal project --as we pointed out above-- has its roots in precisely the very project of capitalist modernisation of the right during the 1950s to which we have called attention in this thesis.

Certainly, ideological elaboration was not the only response of the right when facing adverse forces. The period covered by this thesis reveals another characteristic dimension of the right: that of fearful, sometimes phobic, anti-Communism. Towards the end of Jorge Alessandri's government this anti-Communism lead to a paralysis of the forces of the right, nullifying its capacity to negotiate and with greater reason its ability to co-opt. Later, during the 1970s, the right's anti-Communism was to turn into an authoritarianism hostile to reformism, which made impossible any sort of negotiation and political agreement. We would not be able to understand that part of the history of the Chilean right without having analysed, as we have done so in this dissertation, the failure of the strategies of negotiation, the nonfulfillment of the project of capitalist modernisation, and the origins of a defensive anti-Communism, processes all of them which took place between the 1940s and 1960s.

Consequently, if we are to come to some understanding concerning the right in recent years or even today for that matter, it is essential that we know the history of this political sector of Chilean society during the decades of the 1940s, 1950s and 1960s. Differences between the past

and the present can only be appreciated in the light of closely intertwined processes marked also by threads of continuity.

BIBLIOGRAPHY

A.- PRIMARY SOURCES

A1.- Manuscript Sources

Biblioteca José Toribio Medina, Biblioteca Nacional, Jorge Alessandri's Personal Papers.

Public Records Office, Foreign Office Records, 1938-1956.

The National Archives of the United States of America, Department of State Archives, 1945-1959.

Universidad Católica de Chile, Actas del Consejo Superior, 1955.

A2.- Printed Sources

Alvarado, Edesio, El Turco Tarud (Santiago, 1970).

Arteaga Undurraga, Ignacio, editor, Partido Conservador. XIV Convención Nacional. 1947. Celebrada en Santiago el 27, 28 y 29 de Junio. Notas para la Historia Política del

PartidoConservador. 500 Retratos de Miembros del Partido Conservador. (Santiago, 1947).

Arturo Matte Larraín. Un Hombre de Excepción. (Santiago, 1980)

Aspectos de la División del Partido Conservador. Informe Presentado a la Primera Convención del Partido Conservador Tradicionalista por el Senador don Sergio Fernández Larraín (Santiago, 1950).

Bowers, Claude G., Misión en Chile, 1939-1953 (Santiago, 1957).

Cash Molina, Jorge, Bosquejo de una Historia (Santiago, 1986).

Chamudes, Marcos, Chile. Una Advertencia Americana. Semimemorias de un Periodista Chileno que Durante 40 Años fue Actor y Testigo de la Vida Política de su País. (Santiago, no date).

Chile. Election Factbook, September 4, 1964 (Washington, 1963).

Comisión Económica para América Latina de las Naciones Unidas,
Antecedentes Sobre el Desarrollo de la Economía Chilena

(1925-1952) (Santiago, 1954).

Corporación de Fomento de la Producción, Cinco Años de Labor, 1939-1945 (Santiago, 1946).

Correa Prieto, Luis, El Presidente Ibáñez. La Política y los Políticos. Apuntes Para La Historia. (Santiago, 1962).

"Declaración de Principios de la Juventud Liberal de Chile", in
Juventud Liberal. Principios, Estatutos y Reglamentos. Aprobados en la VI Convención Nacional Celebrada en Santiago los días 6 y 7 de Mayo de 1950. (Santiago, no date).

Discurso Programa del Candidato Independiente Don Jorge Alessandri (leaflet without place or date of edition).

Edwards, Agustín, "Recuerdos de un Cincuentenario", in Carlos Silva Vildósola, Medio Siglo de Periodismo (Santiago, no date).

Fernández, María Angélica, "Decretos de Nombramientos de Ministros de Estado (1946-1973)", Biblioteca del Congreso Nacional, Referencias Legislativas, no date.

González Videla, Gabriel, Memorias (Santiago, 1975).

Instituto de Economía de la Universidad de Chile, Desarrollo Económico de Chile 1940-1956 (Santiago, 1956)

"La Iglesia y el Problema del Campesinado Chileno", in La Revista Católica, January-April 1962.

Los Problemas Nacionales a Través de los Discursos de Arturo Matte. Soluciones Concretas y Puntos de Vista del Candidato Nacional (no place nor date of edition)

Maschke, Arturo, Cuatro Presidentes de la República desde el Banco Central de Chile. 1940-1960. (Santiago, 1990).

Montero Moreno, Renè, Confesiones Políticas. Autobiografía Cívica (Santiago, 1958).

Olavarría Bravo, Arturo, Chile Entre Dos Alessandri. Memorias Políticas (Santiago, 1962).

Palma Zúñiga, Luis and Iglesia Menéndez, Julio, Presencia de Juan Antonio Ríos (Santiago, 1957).

Peláez y Tapia, José, Historia de El Mercurio (Santiago, 1927).

Valencia Avaria, Luis, Anales de la República (Santiago, 1951).

Vial, Carlos, Doctrinas y Experiencia. Conferencias Dictadas en la Universidad de Concepción Sobre Temas Económicos los días 23 y 24 de Junio de 1949 (Santiago, 1949).

Wurth Rojas, Ernesto, Ibáñez. Caudillo Enigmático (Santiago, 1958).

Newspapers:

El Diario Ilustrado, 1941-1942, 1946-1952, 1957-1958, 1962-1963.

El Mercurio, 1939-1940, 1946-1952, 1955-1958, 1961-1964, 1978, 1980.

La Hora, 1951.

La Nación, 1939.

La Segunda, September 5, 1986.

Periodicals:

Anuario Estadístico, Dirección General de Estadísticas, 1937, 1941, 1945, 1949, 1952.

"Estadísticas Electorales 1925-1969", Boletín de Información General N. 66, Oficina de Informaciones del Senado.

Boletín Minero, 1940-1963.

Carta Quincenal de la Cámara Central de Comercio de Chile, Valparaíso, 1946-1950.

El Campesino, 1939-1963.

Industria, 1940-1963.

Panorama Económico, 1954-1955.

Política y Espíritu, 1946-1948.

Sesiones de los Cuerpos Legislativos. Cámara de Diputados, 1939- 1940, 1950-1955.

Sesiones de los Cuerpos Legislativos. Senado, 1950.

Topaze, 1946.

B.- SECONDARY SOURCES

B1.- Manuscript Sources

Bray, Donald W., "Chilean Politics During the Second Ibàñez Government 1952-1958", Stanford University, PhD. thesis, 1961.

Burbach, Roger, "The Chilean Industrial Bourgeoisie and Foreign Capital, 1920-1970", Indiana University, PhD. thesis, 1975.

Carrière, Jean, "The Sociedad Nacional de Agricultura in Chilean Politics: 1932-1970", University of London, PhD. thesis, 1978.

Cavarozzi, Marcelo José, "The Government and the Industrial Bourgeoisie in Chile: 1938-1964", University of California, PhD. thesis, 1975.

Cusack, David Francis, "The Politics of Chilean Private Enterprise Under Christian Democracy", University of Denver, PhD. thesis, 1970.

Ewen, Lynda Ann, "Ownership and Control of Large Corporations in an Underdeveloped Capitalist Country: A

Study of the Capitalist Class in Chile", University of Wisconsin, PhD. thesis, 1971.

Gómez, María Soledad, "Los Empresarios Manufactureros Frente al Proyecto de Modernización Industrial de Jorge Alessandri", Instituto de Sociología, Universidad Católica de Chile, 1983.

Hellinger, Daniel, "Class Mobilization and Change in the Chilean Electorate, 1964-1970", Rutgers University, The State University of New Jersey, PhD. thesis, 1976.

Jocelyn-Holt, Alfredo, "Liberal Republicanism and Politics in Chile: From Bourbon Reformism to the National State", Oxford University, DPhil. thesis, 1992.

Johnson, Dale L., "Industry and Industrialists in Chile", Stanford University, PhD. thesis, 1967.

Landerretch-Gacitúa, Oscar, "Inflation and Socio-Political Conflict in Chile. 1955-1970", Oxford University, DPhil. thesis, 1983.

Lehmann, A.D., "Land Reform in Chile. 1965-1972", Oxford University, DPhil. thesis, 1974.

Potashnick, Michael, "Nacismo: National Socialism in Chile, 1932-1938", University of California, Los Angeles, PhD.

thesis, 1974.

Ratcliff, Richard Earl, "Kinship, Wealth and Power: Capitalists and Landowners in the Chilean Upper Class", University of Wisconsin, PhD. thesis, 1973.

Stallings, Barbara, "Class Conflict and Economic Development in Chile, 1958-1973". Stanford University, PhD. thesis, 1978.

B2.- Printed Sources

Adams, Willi Paul, Los Estados Unidos de América (Mexico, 1989).

Agor, Weston W., The Chilean Senate. Internal Distribution of Influence (Austin, 1971).

Affonso, Almino et. al., Movimiento Campesino Chileno (Santiago, 1970).

Alexander, Robert J., Labor Relations in Argentina, Brazil and Chile (New York, 1962).

Alliende González, Rodrigo, El Jefe. La Vida de Jorge

González von Marées (Santiago, 1990).

Angell, Alan, Partidos Políticos y Movimiento Obrero en Chile (Mexico, 1974).

Angell, Alan, "Algunos Problemas en la Interpretación de la Historia Chilena Reciente", Opciones N. 9, May-September 1986.

Angell, Alan and Thorp, Rosemary, "El Efecto de la Depresión en 1929 Sobre América Latina", Opciones N. 8, January-April 1986.

Araneda Bravo, Fidel, El Clero en el Acontecer Político Chileno. 1935-1960 (Santiago, 1988)

Arriagada, Genaro, La Oligarquía Patronal Chilena (Santiago, 1970).

Astiz, Carlos A., Pressure Groups and Power Elites in Peruvian Politics (Ithaca, 1969).

Bailey, John J., "Pluralist and Corporatist Dimensions of Interest Representation in Colombia", in Authoritarism and Corporatism in Latin America, edited by James M. Malloy (Pittsburg, 1979).

Barnard, Andrew, "Chilean Communists, Radical Presidents

and Chilean Relations with the United States, 1940-1947", Journal of Latin American Studies, vol. 13, part 2, November 1981.

Barrera, Manuel, "Participation by Occupational Organizations in Economic and Social Planning in Chile", International Labour Review, vol. 16, N. 2, August 1967.

Bauer, Arnold, Chilean Rural Society From the Spanish Conquest to 1930 (Cambridge, 1975).

Bicheno, H.E., "Antiparliamentary Themes in Chilean History 1920-1970", in Allende's Chile edited by Kenneth Medhurst. (London 1972).

Bourricaud, Francois, et. al., La Oligarquía en el Perú (Lima, 1969).

Borón, Atilio, "La Evolución del Régimen Electoral y Sus Efectos en la Representación de los Intereses Populares. El Caso de Chile", Revista Latinoamericana de Ciencias Sociales, vol, 2, N. 3, December 1971.

Brandenburg, Frank, "The Development of Latin American Private Enterprise", National Planning Association, Washington D.C., Planning Pamphlet N. 121, May 1964.

Burnett, Ben G., Political Groups in Chile. The Dialogue

Between Order and Change, (Austin, 1970).

Campero, Guillermo, Los Gremios Empresariales en el Período 1970-1983. Comportamiento Socio-Político y Orientaciones Ideológicas. (Santiago, 1984).

Canovan, Margaret, Populism (London, 1981).

Ceppi M. de L., Sergio, et. al., Chile. 100 Años de Industria (1883-1983) (Santiago, 1983).

Cope, Arville G., "The 1964 Presidential Election in Chile", in Political Power in Latin America. Seven Confrontations, edited by Richard R. Fagen and Wayne A. Cornelius Jr. (New Jersey, 1971).

Correa Sutil, Sofía, "Arturo Alessandri y los Partidos Políticos en su Segunda Administración", en Siete Ensayos Sobre Arturo Alessandri Palma, Claudio Orrego, et.al. (Santiago, 1979).

Correa Sutil, Sofía, "Algunos Antecedentes Históricos del Proyecto Neo-Liberal en Chile (1955-1958)", Opciones N. 6, May-August 1985.

Correa Sutil, Sofía, "Iglesia y Política. El Colapso del Partido Conservador", Mapocho N. 30, 1991.

Cortés, Lía and Fuentes, Jordi, Diccionario Político de Chile (Santiago, 1967).

Cristi, Renato and Ruiz, Carlos, "Pensamiento Conservador en Chile (1903-1974)", Opciones N. 9, May-September 1986.

Cristi, Renato and Ruiz, Carlos, El Pensamiento Conservador en Chile. Seis Ensayos (Santiago, 1992)

Cruz Barros, Nicolás, "Horacio Walker y la División entre Tradicionalistas y Socialcristianos", en Horacio Walker y su Tiempo, Sofía Correa et.al. (Santiago, 1976).

Cruz-Coke, Ricardo, Historia Electoral de Chile. 1925-1973 (Santiago, 1984).

Currie, Lauchlin, The Role of Economic Advisers in Developing Countries (Westport, 1981).

Daire T., Alonso, "La Política del Partido Comunista desde la Post-Guerra a la Unidad Popular", en El Partido Comunista de Chile. Estudio Multidisciplinario, Augusto Varas, editor. (Santiago, 1988).

Davis, Tom E., "Eight Decades of Inflation in Chile 1879-1959. A Political Interpretation", Journal of Political Economy, vol. 8, N. 4, 1963.

De Imaz, José Luis, Los Que Mandan (Buenos Aires, 1965).

De Ramón, Armando, Historia de Santiago (1541-1991). Historia de una Sociedad Urbana (Madrid, 1992).

Di Tella, Torcuato S., "Populism and Reform in Latin America", in Obstacles to Change in Latin America, edited by Claudio Veliz. (New York, 1965).

Donoso, Ricardo, Alessandri, Agitador y Demoledor. Cincuenta Años de Historia Política de Chile (Mexico, 1954).

Drake, Paul W., "Corporatism and Functionalism in Modern Chilean Politics", Journal of Latin American Studies vol. 10, part 1, May 1978.

Drake, Paul, Socialism and Populism in Chile 1932-1952 (Urbana, 1978).

Drake, Paul, The Money Doctor in The Andes. The Kemmerer Missions, 1923-1933 (Durkham, 1989).

Durán, Claudio and Ruiz, Carlos, "La Ideología de El Mercurio y la Política de la Oposición", Revista de la Universidad Técnica del Estado, special volume N. 13-14, March-June 1973.

Durán, Claudio and Urzúa, Patricio, "On the Ideological Role of El Mercurio in Chilean Society", Laru Studies vol. 2, N. 3, June 1978.

Durán, Claudio, "El Mercurio Contra La Unidad Popular. Un Ejemplo de Propaganda de Agitación en los Años 1972-1973", Araucaria de Chile, December 1982.

Ellsworth, P.T., Chile: An Economy in Transition (New York, 1945).

Faúndez, Julio, Izquierdas y Democracia en Chile. 1932-1973 (Santiago, 1992).

Felix, David, "Structural Imbalances, Social Conflict and Inflation: An Appraisal of Chile's Recent Antiinflationary Effort", Economic Development and Cultural Change vol. VIII, N. 2, January 1960.

Fermandois Huerta, Joaquín, "Chile y la Cuestión Cubana 1959-1964", Historia N. 17, 1982.

Ffrench-Davis, Ricardo, Políticas Económicas en Chile 1952-1970 (Santiago, 1973).

Ffrench-Davis, Ricardo and Muñoz G., Oscar, "El Desarrollo Económico de América Latina y el Marco Internacional: 1950-1986", Estudios Cieplán N. 23, March 1988.

Ffrench-Davis, Ricardo and Muñoz G., Oscar, "Desarrollo Económico, Inestabilidad y Desequilibrios Políticos en Chile: 1950-1989", Estudios Cieplán N. 28, June, 1990.

Fleet, Michael, The Rise and Fall of Chilean Christian Democracy (New Jersey, 1985).

Foreman-Peck, James, A History of the World Economy. International Economic Relations Since 1850 (New Jersey, 1983).

Frenkel, Robert and O'Donnell, Guillermo, "The Stabilization Programs of the International Monetary Fund and their International Impacts", in Capitalism and the State in U.S. Latin American Relations, edited by Richard R. Fagen (Stanford, 1979).

Fuenzalida, Edmundo, "La Organización de las Instituciones de Enseñanza Superior e Investigación en América Latina 1950-1980 y sus Interpretaciones", Estudios Sociales, N. 52, 1987.

Furci, Carmelo, The Chilean Communist Party and the Road to Socialism (London, 1984).

Gamonal, Germán, Jorge Alessandri. El Hombre. El Político (Santiago, no date).

Garay Vera, Cristián, El Partido Agrario Laborista 1945-1958 (Santiago, 1990).

Garrido R., José, ed. Historia de la Reforma Agraria en Chile (Santiago, 1988).

Gil, Federico, The Political System of Chile (Boston, 1966).

Gil, Federico, El Sistema Político de Chile (Santiago, 1969).

Gómez, María Soledad, "Factores Nacionales e Internacionales de la Política Interna del Partido Comunista de Chile (1922-1952)" in El Partido Comunista de Chile. Estudio Multidisciplinario, Augusto Varas, editor (Santiago, 1988).

Gould, Julius and Kolb William L., editors, A Dictionary of the Social Sciences (London, 1964).

Grayson, George, El Partido Demócrata Cristiano Chileno (Buenos Aires, 1968).

Grugel, Jean, "Populism and the Political System in Chile - Ibañismo (1952-1958)", Bulletin of Latin American Research, vol. 2, N. 2, May 1992.

Guilisasti Tagle, Sergio, Partidos Políticos Chilenos (Santiago, 2nd. edition, 1964).

Halperin, Ernst, Nationalism and Communism in Chile (Cambridge, Mass., 1965)

Halperin Donghi, Tulio, Historia Contemporánea de América Latina (Madrid, 1972).

Hirschman, Albert O., Journeys Towards Progress. Studies of Economic Policy-Making in Latin America (New York, 1963).

Huerta, María Antonieta, Otro Agro Para Chile. La Historia de la Reforma Agraria en el Proceso Social y Político (Santiago, 1989).

Hughes, Stuart H., Historia de la Europa Contemporánea (Santiago, 1966)

Ibáñez Santa María, Adolfo, "Los Ingenieros, el Estado y la Política en Chile. Del Ministerio de Fomento a la Corporación de Fomento, 1927-1939", Historia N. 18, 1983.

Infante, Marta, Testigos del Treinta y Ocho (Santiago, 1972).

Izquierdo, Gonzalo, Un Estudio de las Ideologías Chilenas. La Sociedad de Agricultura en el Siglo XIX (Santiago,

1968).

Jobet, Julio César, Historia del Partido Socialista de Chile (Santiago, 1987).

Jocelyn-Holt L., Alfredo, La Independencia de Chile: Tradición, Modernización y Mito (Madrid, 1992).

Kaufman, Robert, "The Chilean Political Right and Agrarian Reform: Resistance and Moderation", Institute for the Comparative Study of Political Systems, 2. Washington, 1967.

Kaufman R., Robert, The Politics of Land Reform in Chile, 1950-1970 (Cambridge, Mass., 1972).

Kaufman, Robert, "Corporatism, Clientelism and Partisan Conflict: A Study of Seven Latin American Countries", in Authoritarianism and Corporatism in Latin America, James M. Malloy, editor. (Pittsburg, 1979).

Kenwood, A.G. and Lougheed, A.L., The Growth of the International Economy 1820-1980. An Introductory Text (London, 1985).

Kirsch, Henry, Industrial Development in a Traditional Society. The Conflict of Entrepreneurship and Modernization in Chile (Gainsville, 1977).

Krzeminski Font, Virginia, "Horacio Walker y la Ley de Defensa de la Democracia", in Horacio Walker y Su Tiempo, Sofía Correa, et. al., (Santiago, 1976).

Lagos, Ricardo, La Concentración del Poder Económico. Su Teoría. Realidad Chilena. (Santiago, 1965).

Landsberger, Henry A. and Canitrot M., Fernando, Iglesia, Intelectuales y Campesinos (La Huelga Campesina de Molina) (Santiago, 1967).

León Echaíz, René, Evolución Histórica de los Partidos Políticos Chilenos (Santiago, 1971).

Lipset, Seymour Martin, Political Man. The Social Bases of Politics (London, 1983).

Loveman, Brian, Struggle in the Countryside. Politics and Rural Labor in Chile. 1919-1973. (Bloomington, 1976).

Mamalakis, Markos, "Public Policy and Sectoral Development. A Case Study of Chile 1940-1958", in Essays on the Chilean Economy, Markos Mamalakis and Clark Winton Reynolds (Illinois, 1965).

Mamalakis, Markos, The Growth and Structure of the Chilean Economy: From Independence to Allende. (New Haven, 1976).

Mamalakis, Markos, "Explicaciones Acerca del Desarrollo Económico Chileno: Una Reseña y Síntesis", Historia, vol. 19, 1984.

Marfán, Manuel, "Políticas Reactivadoras y Recesión Interna", Estudios Cieplán N. 12, March 1984.

Martner, Gonzalo, "La Inflación Chilena en el Pensamiento y en la Acción", Panorama Económico N. 193, July 1958.

Menges, Constantine, "Public Policy and Organized Business in Chile: A Preliminary Analysis", Journal of International Affairs vol. 20, N. 2, 1966.

Menges, Constantine, "Chile Landowners Association and Agrarian Reform Politics", Rand Corporation Santa Monica, California, 1968.

Millar, René, La Elección Presidencial de 1920 (Santiago, 1981).

Moulian, Tomás, "Desarrollo Político y Estado de Compromiso. Desajustes y Crisis Estatal en Chile", in Democracia y Socialismo en Chile, Tomás Moulian. (Santiago, 1983).

Moulian, Tomás and Torres Dujisin, Isabel, Discusiones Entre Honorables. Las Candidaturas Presidenciales de la

Derecha 1938-1946 (Santiago, no date).

Moulian, Tomás, La Forja de Ilusiones. El Sistema de Partidos 1932-1973 (Santiago, 1993).

Muñoz, Heraldo and Portales, Carlos, Una Amistad Esquiva. Las Relaciones de Estados Unidos y Chile (Santiago, 1987).

Muñoz Delaunoy, Ignacio, Historia del Poder: La Sociedad Nacional de Agricultura Durante el Período del Frente Popular (Santiago, 1991).

Muñoz Gomá, Oscar and Arriagada, Ana María, "Orígenes Políticos y Económicos del Estado Empresarial en Chile", Estudios Cieplán N. 16, September 1977.

Muñoz Gomá, Oscar, Chile y Su Industrialización. Pasado, Crisis y Opciones (Santiago, 1986).

Mutchler E., David, The Church As a Political Factor in Latin America With Special Reference to Colombia and Chile (New York, 1971).

Niosi, Jorge, Los Empresarios y el Estado Argentino (1955-1969) (Buenos Aires, 1974).

Nunn, Frederick, The Military in Chilean History. Essays on

Civil-Military Relations. 1810-1973 (Albuquerque, 1976).

Ortega, Emiliano, Transformaciones Agrarias y Campesinado. De la Participación a la Exclusión (Santiago, 1987).

Ortega Martínez, Luis, et.al., Corporación de Fomento de la Producción. 50 Años de Realizaciones. 1939-1989. (Santiago, 1989).

Ossandón, Fernando, "El Mercurio y la Represión, 1973-1978", in Investigaciones Sobre la Prensa en Chile (1974-1984), edited by Fernando Reyes Matta, Carlos Ruiz and Guillermo Sunkel. (Santiago, 1986).

Palma, Gabriel, "From an Export-led to an Import-substituting Economy: Chile 1914-1939", in Latin America in the 1930s. The Role of the Periphery in World Crisis, edited by Rosemary Thorp. (Oxford, 1984).

Palma Zúñiga, Luis, Historia del Partido Radical (Santiago, 1967).

Petras, James and Zeitlin, Maurice, "Miners and Agrarian Radicalism", in Latin America. Reform or Revolution? A Reader, edited by James Petras and Maurice Zeitlin. (New York, 1968).

Petras, James, Politics and Social Forces in Chilean

Development (Berkeley, 1969).

Petras, James and La Porte, Robert Jr., Cultivating Revolution. The United States and Agrarian Reform in Latin America (New York, 1971).

Pinto, Aníbal, "Desarrollo Económico y Relaciones Sociales", in Chile Hoy, Aníbal Pinto et.al. (Mexico, 1970).

Pinto Santa-Cruz, Aníbal, "Estado y Gran Empresa: De la Precrisis Hasta el Gobierno de Jorge Alessandri", Estudios Cieplán N. 16, June 1985.

Pinto S.C., Aníbal, "La Ofensiva Contra el Estado-Económico", Estudios Cieplán N. 21, June 1987.

Pike, Frederick B., "Corporatism and Latin American Relations", in The New Corporatism. Social-Political Structure in the Iberian World, edited by Frederick B. Pike and Thomas Stritch. (Notre Dame, 1974).

Pizarro, Crisóstomo, La Huelga Obrera en Chile. 1890-1970 (Santiago, 1986).

Powell, John Duncan, "Peasant Society and Clientelist Politics", American Political Science Review, N. 64, June 1970.

Quiroz Varela, Luis, "Chile: Agrarian Reform and Political Process", Kenneth Medhurst, ed., Allende's Chile (London, 1972).

Roger, Hans and Weber, Eugene, editors, The European Right: A Historical Profile (London, 1965).

Rojas, Mauricio, "Reflexiones Acerca del Debate Sobre Los Orígenes de la Industrialización Latinoamericana y de su Entorno Ideológico", Estudios Cieplán N. 23, March 1988.

Romero, José Luis, El Pensamiento Político de la Derecha Latinoamericana (Buenos Aires, 1970).

Roxborough, Ian, "Populism and Class Conflict", in Sociology of Developing Societies. Latin America, edited by Eduardo P. Archetti, Paul Cammack and Bryan Roberts. (London, 1987).

Santa-Cruz, Eduardo, Análisis Histórico del Periodismo Chileno (Santiago, 1988).

Salinas, Maximiliano, Clotario Blest (Santiago, 1980).

Scamell, W.M., The International Economy Since 1945 (London 1985).

Schmitter, Philippe, "Still the Century of Corporatism?", in The New Corporatism. Social-Political Structures in the Iberian World, edited by Frederick B. Pike and Thomas Stritch. (Notre Dame, 1974).

Scruton, Roger, A Dictionary of Political Thought (London, 1983).

Scully, Timothy R., Los Partidos de Centro y la Evolución Política Chilena (Santiago, 1992).

Serrano, Sol, "El Partido Conservador y la Falange Nacional, 1932-1938", in Horacio Walker y Su Tiempo, Sofía Correa S., et.al. (Santiago, 1976).

Serrano, Sol, "Arturo Alessandri y la Campaña Electoral de 1920", in Siete Ensayos Sobre Arturo Alessandri Palma, Claudio Orrego et.al. (Santiago, 1979).

Sierra, Enrique, Tres Ensayos de Estabilización en Chile (Santiago, 1970).

Silva Castro, Raúl, Prensa y Periodismo en Chile (1812-1956) (Santiago, 1958).

Silva Castro, Raúl, El Mercurio de Santiago (1900-1960) (Santiago, 1960).

Silva V., Fernando, "Un Contrapunto de Medio Siglo: Democracia Liberal y Estatismo Burocrático 1924-1970", in Historia de Chile, Sergio Villalobos et.al., vol. 4. (Santiago, 1974).

Smith, Brian, The Church and Politics in Chile. Challenges to Modern Catholicism (New Jersey, 1982).

Stabili, María Rosaria, Il Cile. Dalla Repubblica Liberale al Dopo Pinochet (1861-1990) (Firenze, 1991).

Stabili, María Rosaria, "Mirando Las Cosas Al Revés: Algunas Reflexiones a Propósito del Período Parlamentario", Luis Ortega, ed., La Guerra Civil de 1891. Cien Años Hoy (Santiago, 1993)

Stein, Steve, "Social Control", in Sociology of Developing Societies. Latin America, edited by Eduardo P. Archetti, Paul Cammack and Bryan Roberts. (London, 1987).

Sunkel, Guillermo, El Mercurio. 10 Años de Educación Político Ideológica. 1969-1979 (Santiago, 1983).

Sunkel, Osvaldo, "La Inflación Chilena: Un Enfoque Heterodoxo", Trimestre Económico N. 100, October-December 1958.

Sznajder, Mario, "El Nacionalsocialismo Chileno de los Años

Treinta", Mapocho N. 32, 1992.

Tapia Valdés, Jorge, La Técnica Legislativa (Santiago, 1960).

Thiesenhusen, William C., Chile's Experiments in Agrarian Reform (Madison, 1966).

Tironi, Ernesto, "El Comercio Exterior en el Desarrollo Chileno: Una Interpretación", in Chile: Treinta y Cinco Años de Discontinuidad Económica, 1940-1975, Roberto Zahler et.al. (Santiago, 1978).

Touraine, Alain, Actores Sociales y Sistemas Políticos en América Latina (Santiago, 1988).

Trivelli, Hugo and Trivelli, Pablo, "El Crecimiento Económico Chileno", in Chile: Treinta y Cinco Años de Discontinuidad Económica, 1940-1975, Roberto Zahler et.al. (Santiago, 1978).

Urzúa, Raúl, La Demanda Campesina (Santiago, 1969).

Urzúa Valenzuela, Germán and García Barzellato, Ana María, Diagnóstico de la Burocracia Chilena (1818-1964) (Santiago, 1971).

Urzúa Valenzuela, Germán, La Democracia Práctica. Los

Gobiernos Radicales (Santiago, no date).

Urzúa Valenzuela, Germán, Los Partidos Políticos Chilenos. Las Fuerzas Políticas. Ensayos de Insurgencia Política en Chile (Santiago, 1968).

Valdés, Juan Gabriel, La Escuela de Chicago. Operación Chile (Buenos Aires, 1989).

Valdivia Ortiz de Zárate, Verónica, La Milicia Republicana. Los Civiles en Armas 1932-1936 (Santiago, 1992).

Valdivia Ortiz de Zárate, Verónica, "Las Milicias Socialistas", Mapocho N. 33, 1993.

Valenzuela, Arturo, Political Brokers in Chile. Local Government in a Centralized Polity (Durkham, 1977).

Valenzuela, Arturo, The Breakdown of Democratic Regimes. Chile (Baltimore, 1978).

Valenzuela, Samuel, Democratización Vía Reforma: La Expansión Del Sufragio en Chile (Buenos Aires, 1985)

Van Der Wee Herman, Prosperity and Upheaval. The World Economy 1945-1980 (London, 1987).

Varas, Augusto, ed., El Partido Comunista en Chile. Estudio

Multidisciplinario (Santiago, 1988).

Veliz, Claudio, Obstacles to Change in Latin America (London, 1965).

Vernon, Raymond, The Dilemma of Mexico's Development. The Roles of the Private and Public Sectors (Cambridge, Mass., 1963).

Villalobos, Sergio, Origen y Ascenso de la Burguesía Chilena (Santiago, 1987).

Von Beyne, Klaus, Political Parties in Western Democracies (Gower, 1985).

Wiarda, Howard J., "Towards a Framework for the Study of Political Change in the Iberic-Latin Tradition: The Corporative Model", World Politics, vol. XXV, January 1973.

Wilson, Graham, Business and Politics. A Competitive Introduction (London, 1985).

Winn, Peter, Weavers of Revolution. The Yarur Workers and Chile's Road to Socialism (New York, 1986).

Wood, Bryce, "Scholary Exchanges Between Latin America and the United States", in Changing Latin America. New Interpretations of its Policies and Society, edited by

Douglas A. Chalmers. (New York, 1972).

Wright, Thomas C., Landowners and Reform in Chile. The Sociedad Nacional de Agricultura 1919-1940 (Urbana, 1982).

Wright, Thomas C., Latin America in the Era of the Cuban Revolution (New York, 1991).

Zahler, Roberto, "La Inflación Chilena", in Chile: Treinta y Cinco Años de Discontinuidad Económica, 1940-1975, Roberto Zahler et. al. (Santiago, 1978).

Zeitlin Maurice, Ewen Lynda Ann, Ratcliff Richard Earl, "New Princes for Old? The Large Corporation and the Capitalist Class in Chile", American Journal of Sociology N. 80, July 1974.

Zeitlin, Maurice and Ratcliff, Richard Earl, "Research Methods for the Analysis of the Internal Structure of Dominant Classes: The Case of Landlords and Capitalists in Chile", Latin American Research Review, vol. X, N. 3, fall 1975.

Zeitlin, Maurice and Ratcliff, Richard Earl, "The Concentration of National and Foreign Capital in Chile, 1966", in Chile. Politics and Society, edited by Arturo Valenzuela and J. Samuel Valenzuela. (New Jersey, 1976).

Zeitlin, Maurice, The Civil Wars in Chile (or the bourgeois revolutions that never were) (Princeton, 1984)

Zeitlin, Maurice and Ratcliff, Richard, Landlords and Capitalists. The Dominant Class of Chile (New Jersey, 1988).

INTERVIEWS:

Héctor Correa Letelier, October 13, 1986.

Sergio Diez Urzúa, May 11, 1992.

Hernán Errázuriz Talavera, January 23, 1992.

Felipe Herrera, September 10, 1986.

Pierre Lehmann, September 12, 1986.

Raúl Sáez Sáez, October 8, 1986.

Víctor Santa-Cruz Serrano, September 17, 1986.