

# Chile's Economic Miracle: A False Triumph Overshadows Unconscionable Tragedy

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On September 11, 1973, in Santiago, Chile, a military coup led by General Augusto Pinochet overthrew the government of President Salvador Allende, the first Marxist to win the presidency of a country through democratic elections. Allende set Chile on a “road to socialism” by implementing widespread socialist reforms, which antagonized both the rich business class in Chile and the Nixon administration in the United States. In order to protect U.S. economic interests, the CIA organized opposition to Allende and sowed social unrest, setting the stage for the coup in 1973. Immediately after the coup, the Pinochet regime began reversing the socialist reforms of Allende and reverted Chile back to a capitalist model. Pinochet did not have a clear economic plan of his own, and by 1975, Chile was in a crisis, with inflation reaching a high of 505%.<sup>1</sup> Pinochet soon turned the Chilean economy over to a group of economists, dubbed the “Chicago Boys,” that had been trained in Milton Friedman’s free market philosophy at the University of Chicago. Over the next 15 years, this neoliberal transformation allowed Chile to successfully integrate into the world economy, diversify exports, and attract foreign investment, which led to “a new level of prosperity”<sup>2</sup> for the developing country. By 1981, Chile was declared an economic miracle due to an average growth of 8% in GDP between 1977-1981, and the neoliberal model was promoted to other developing countries throughout Latin America. However, the “Economic Miracle” in Chile under the Pinochet regime is a false triumph, as the policies benefited only a small percentage of the population and exacerbated income inequality. Furthermore, the Chicago Boys were

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<sup>1</sup> Oppenheim, L. H. *Politics in Chile: Democracy, Authoritarianism and the Search for Development*, Second Edition. Oxford: Westview Press, 1999

<sup>2</sup> Davis-Hamel, Ashley. "Successful Neoliberalism?: State Policy, Poverty, and Income Inequality in Chile."

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only able to implement their neoliberal economic policies because the brutal, totalitarian government quashed any opposition and committed unconscionable tragedies against the Chilean people.

In 1970, the U.S., embroiled in the Cold War, was alarmed that an allied country elected a socialist leader. Secretary of State Henry Kissinger feared that the rise of socialism in Chile set a dangerous precedent amongst Latin American countries of “employing alternative societal structures that would upset the status quo.”<sup>3</sup> Allende’s platform promised to “redistribute income and reshape the Chilean economy, beginning with the nationalization of major industries, copper in particular, and to greatly expand agrarian reform.”<sup>4</sup> This platform drew the ire of American corporations which had long profited off of Chilean natural resources.<sup>5</sup> Chile’s leftist ideals concerned the U.S. as a potential base for the spread of communism in the Western hemisphere. Nixon invoked the domino theory, telling Kissinger: If Allende “can prove he can set up a Marxist anti-American policy, others will do the same.”<sup>6</sup>

U.S. corporations wanted their economic interests in Chile defended against Allende’s nationalist agenda. “In 1970 the CIA warned that \$800 million were at stake in Chile, of

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<sup>3</sup> Hoveman, Patrick. *An Assessment of the Pinochet Regime in Chile*. Master's thesis, UWE Bristol, 2014

<sup>4</sup> Church Committee, “Covert Action in Chile 1963-1973,” U.S. Department of State. <http://foia.state.gov/reports/churchreport.asp>

<sup>5</sup> Kennecott Copper Corporation made an average of 52.8% profits a year in Chile. In the same period of time, Kennecott was making less than 10% a year in profits in other countries.

<sup>6</sup> Kissinger telcons, 16 September 1973, Nixon Presidential Materials, U.S. National Archives [NA], College Park, MD

which one-third was insured by the U.S. Overseas Private Investment Corporation.”<sup>7</sup> Notably, Kennecott Mining Company and International Telephone and Telegraph, Inc. (ITT) joined the CIA in an effort to thwart an Allende presidency; ITT even offered \$1 million in assistance to CIA efforts to sabotage Allende economically.<sup>8</sup>

The Nixon administration aimed to look outwardly friendly toward Chile, but with the covert goal to “make their economy scream.”<sup>9</sup> “Not a nut or bolt will be allowed to reach Chile under Allende,” Ambassador Edward Korry declared. “Once Allende comes to power, we shall do all within our power to condemn Chile to utmost deprivation and poverty.”<sup>10</sup> As Allende nationalized the copper mines and financial institutions, and implemented aggressive agrarian reform policies, the economy made an initial surge. The poorest of Chilean society reaped the benefits of Allende’s reforms, which included “social security rights for all workers, land redistribution, rent reductions, improved health care facilities, improved housing and sanitation, free milk for nursing mothers and school children, anti-illiteracy campaigns, and raising of the minimum wage.”<sup>11</sup> Real wages increased by 20%<sup>12</sup> and the poor and working class had more spending ability.

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<sup>7</sup> CIA, “800 Millions Dollars of Investments are at Stake,” 10 September 1970, DOSFOIA; United States Congress, House, Committee on Foreign Affairs [HCFA], *The United States and Chile during the Allende Years, 1970-1973* (Washington, DC: Government Printing Office, 1975), 38-42.

<sup>8</sup> Church Committee, “Covert Action in Chile 1963-1973”

<sup>9</sup> Ibid

<sup>10</sup> Streeter, Stephen M. *Destabilizing Chile: The United States and the Overthrow of Allende*. Master’s Thesis. McMaster University, 2004.

<sup>11</sup> Fox, Senan Dr. “Remembering Salvador Allende.” Open Democracy. August 21, 2013.

<sup>12</sup> Chossudovsky, Michel. *The Neo-liberal Model and the Mechanisms of Economic Repression, The Chilean Case*.

“In 1971, the first year of the Allende government, the GNP increased 8.9%; industrial production rose by 11%; agricultural output went up by 6%; unemployment fell to 3.8%.”<sup>13</sup> Allende depended on the profits of newly nationalized companies, primarily copper mines, to pay for his social programs.

The initial success and popular support of Allende caused the U.S. to increase its harsh economic warfare. Nixon encouraged corporations to “promote economic instability on a domestic level,” while he would ensure massive cuts in aid to “cripple Chile’s economy on an international level. Accordingly, American foreign aid to Chile decreased from over \$260 million in 1967 to under \$4 million by 1973.”<sup>14</sup> In order to fully undermine Allende and send Chile into economic chaos, the U.S. successfully lobbied international aid organizations to put an economic squeeze on Chile: “Between 1962 and 1970, the yearly average amount of aid given by the World Bank and Inter-American Development Bank was \$42.2 million, in comparison to \$3.9 million between 1971 and 1973.”<sup>15</sup>

In addition to cutting off lines of credit to Chile, the U.S. enforced a shadow blockade, using diplomatic pressure to cut off imports. CIA-funded strikes in many key sectors compounded the issue. President Nixon proposed selling off the U.S. copper stockpile to drive down the world price of copper, Chile’s major export. While this may be an illegal tactic under international law, Nixon insisted this “could be the most important

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<sup>13</sup> Letelier, Orlando. “The Chicago Boys in Chile: Economic Freedom’s Awful Toll,” *The Nation*, August 28, 1976.

<sup>14</sup> Etsy, Frasier. “An Analysis Of U.S.- Economic Policy Toward Chile During The Cold War.” Honors thesis, Bucknell University, 2013.

<sup>15</sup> Ibid

thing we do. Latin America is ours and we want to keep it.”<sup>16</sup> In 1972, Kennecott Mining Company “tied up Chilean copper exports with lawsuits in France, Sweden, Italy, and Germany,”<sup>17</sup> tanking the global price of copper. Allende pleaded his case to the U.N.: “This financial stranglehold of a brutal nature has resulted in severe limitations of our possibilities to purchase equipment, spare parts, supplies, food and medicine. Every Chilean is suffering the consequences of those measures.”<sup>18</sup> His plea fell on unsympathetic ears; the combination of foreign attacks and world market shifts crippled the economy under Allende, and domestic popular support for him soon plummeted.

These conditions in Chile were untenable, and with a significant portion of the military dissatisfied with Allende, a coup was inevitable. The coup was fast and efficient; Allende’s government put up almost no resistance. Within hours, the presidential palace was under siege and the military seized control of the government. Prior to his death, Allende addressed the nation via radio: “The only thing left for me is to say to workers: I am not going to resign! Placed in a historic transition, I will pay for loyalty to the people with my life.”<sup>19</sup> During the attack, Allende killed himself to avoid legitimizing the coup.<sup>20</sup> Soon thereafter, Allende’s advisors surrendered to Pinochet and were exiled to the isolated Dawson Island forced labor camp. Upon assuming power, Pinochet disbanded

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<sup>16</sup> Streeter, Stephen M. *Destabilizing Chile: The United States and the Overthrow of Allende*.

<sup>17</sup> Swomley, Jr, John M. “The Political Power of Multinational Corporations,” *Christian Century*, 91 (25 September 1974), p. 881.

<sup>18</sup> Allende, Salvador. 1972. *Speech delivered by Dr. Salvador Allende, President of the Republic of Chile, before the General Assembly of the United Nations, December 4, 1972*. Washington, D.C.: Embassy of Chile.

<sup>19</sup> Allende, “Final Speech” 11 September 1973, radio broadcast from La Moneda Palace

<sup>20</sup> Some accounts claim that he was murdered, others claim that he committed suicide.

Congress and banned political parties. In just one day, the democratic government was replaced by a ruthless regime that would dominate Chile for almost two decades.

After the coup, Pinochet established a culture of fear in Chile, and organized a secret police force, the DINA, which systematically kidnapped, tortured and killed citizens that supported Allende or had leftist ideals. Pinochet “organized death squads that traveled throughout the country executing suspected opponents of the dictatorship.”<sup>21</sup> Many were shot immediately; others were taken to torture centers where “they were subjected to beatings, simulated firing squads, and electric shock treatments.”<sup>22</sup> Still others were taken and abandoned in the high elevations of the Andes to freeze to death. Shockingly, some dissidents were publicly dropped alive from helicopters into the Pacific Ocean, spreading terror to communities outside of the capital. Widespread fear crushed any ideas of speaking out or resisting Pinochet.

This atmosphere allowed Pinochet to turn his economic policy over to the Chicago Boys without fear of opposition or repercussions. The Chicago Boys implemented the three-headed dragon of privatization, deregulation, and cutting social spending.<sup>23</sup> Surprisingly, Pinochet decided against privatizing the copper mines and created the state-controlled entity CODELCO, which he viewed as “a lucrative source of income to ensure the loyalty of his troops, passing a law requiring 10% of the company’s annual

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<sup>21</sup> "Chile: The Pinochet Years." Center for Justice and Accountability. 2016.

<sup>22</sup> Oppenheim, L. H. *Politics in Chile: Democracy, Authoritarianism and the Search for Development*

<sup>23</sup> These included cuts to education, health care, housing and wage freezes.

revenues to be earmarked for the military.”<sup>24</sup> In this unprecedented government arrangement, economic advisors were free to tinker with policies, while Pinochet and the military suppressed any opposition. “The Chicago Boys convinced the generals that they were prepared to supplement the brutality, which the military possessed, with the intellectual assets it lacked.”<sup>25</sup>

The first couple of years of this experiment were disastrous. “Inflation rose, local businesses were forced to close as a result of the increased international competition, and the cost of simple goods such as bread went through the roof”<sup>26</sup> with an overnight price increase of 264%. “From one day to the next, an entire country had been precipitated into abysmal poverty; in less than a year, 85% of the Chilean population had been driven below the poverty line.”<sup>27</sup> Unemployment rates rose from 9.1% to 18.7% between 1974 and 1975, “a figure on par with the U.S. Great Depression.”<sup>28</sup>

In order to tackle skyrocketing inflation and integrate into the world economy, the Chicago Boys prescribed “shock treatment” to the Chilean economy: “a drastic reduction in the money supply and government spending<sup>29</sup>, the privatization of government services, massive deregulation of the market, and the liberalization of

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<sup>24</sup> Kandell, Jonathan. "Chile - An Embarrassment of Riches." Institutional Investor. .

<sup>25</sup> Orlando Letelier, “The Chicago Boys in Chile: Economic Freedom’s Awful Toll,” *The Nation*, August 28, 1976.

<sup>26</sup> Etsy, Frasier. "An Analysis Of U.S.- Economic Policy Toward Chile During The Cold War."

<sup>27</sup> Chossudovsky, Michel. *The Neo-liberal Model and the Mechanisms of Economic Repression, The Chilean Case*

<sup>28</sup> Kangas, Steve. "The Chicago Boys and the Chilean 'economic Miracle'." The Robinson Rojas Archive.

<sup>29</sup> Spending on public housing was cut by 60%, healthcare by 40% and education by 73%.



international trade.”<sup>30</sup> Pinochet’s policies consolidated wealth at the top 10% of society, who saw their income rise 83%.<sup>31</sup> At the same time, the middle class in Chile was being eliminated. Forty five percent of Chileans were still below the poverty line at the height of the “miracle.”<sup>32</sup> Real wages plunged in 1975 to 62% of their value in 1970.<sup>33</sup>

Because income inequality was a direct result of the neoliberal policies, Chilean citizens’ spending power decreased. However, they had no voice to protest as Pinochet continued the tragic human rights abuses which had begun in 1973. He disbanded political parties, banned labor unions, and suppressed dissidents. “During his 16 years in power, the regime executed approximately 3,000 activists, exiled 15,000 others, and imprisoned, tortured, assassinated, or caused the "disappearance" of thousands more. According to one human rights group, the Pinochet regime was responsible for 11,536 human rights violations between 1984 and 1988 alone.”<sup>34</sup>

Despite these known human rights violations, foreign investment in Chile flourished. The Chicago Boys’ neoliberal policies lifted most restrictions on foreign investment, “creating an almost irresistible package of guarantees for the foreign investor.”<sup>35</sup> As foreign investment flowed into Chile, so did loans from sources such as the World Bank and the International Monetary Fund, tripling between 1977 and 1981. “Financial

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<sup>30</sup> Ibid

<sup>31</sup> Klein, Naomi. *The Shock Doctrine: The Rise of Disaster Capitalism*. London: Penguin, 2014.

<sup>32</sup> Ibid

<sup>33</sup> Oppenheim, L. H. *Politics in Chile: Democracy, Authoritarianism and the Search for Development*.

<sup>34</sup> Ibid

<sup>35</sup> Kangas, Steve. "The Chicago Boys and the Chilean 'economic Miracle'." The Robinson Rojas Archive.

conglomerates became the major beneficiaries of the open economy and the flood of foreign bank loans. Exports of nontraditional commodities, especially fruit, timber, and fish products, also grew impressively.”<sup>36</sup> Additionally, the exchange rate of the peso was fixed very low, 39 pesos to the U.S. Dollar, which had the effect of “encouraging the cheap importation of goods.”<sup>37</sup> These measures, plus the influx of private foreign loans in addition to massive government cuts to welfare programs, caused the economy to grow rapidly. These are the years often referred to as Chile’s economic miracle, as growth was at 6.6% per year.

However, a deeper analysis of these numbers reveals that this was no economic miracle, and can only be considered a false triumph. “By March 1974, food prices in Chile had increased by 505.5% since September 1973.”<sup>38</sup> Over the course of Pinochet’s rule, the GNP per capita fell 6.4%. The damage was so large that even by 1993, Chilean GNP per capita was still below 1973 levels. Unemployment was another consequence of the “miracle.” In 1983, unemployment was 34.6%.<sup>39</sup> Inequality continued to rise, with the top 0.1% of Chileans owning 10.1% of Chile’s wealth. Poverty increased from 28.5% in 1969 to 49% in 1987.<sup>40</sup> Quality of life for most Chileans plummeted due to these reforms. These economic realities were revealed in a damning

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<sup>36</sup> Pike, John. "Pinochet's Economic Policies." GlobalSecurity.org.

<sup>37</sup> Oppenheim, L. H. *Politics in Chile: Democracy, Authoritarianism and the Search for Development*

<sup>38</sup> Chossudovsky, Michel. *The Neo-liberal Model and the Mechanisms of Economic Repression, The Chilean Case*

<sup>39</sup> Hoveman, Patrick. *An Assessment of the Pinochet Regime in Chile.*

<sup>40</sup> Oppenheim, L. H. *Politics in Chile: Democracy, Authoritarianism and the Search for Development*

exposé published on September 21, 1976 in *The Nation* by Orlando Letelier,<sup>41</sup> in which he describes the conditions in Chile: “Economic freedom for a minority and political repression for the majority are two sides of the same coin.”<sup>42</sup> A couple of months later, Letelier was assassinated by the Pinochet regime in a car bombing on American soil.

Much of the miracle can be attributed to “an important economic rule of thumb: the deeper the recession, the steeper the recovery.”<sup>43</sup> Dramatic upturns often follow times of drastic decline. A majority of the growth was merely the economy recovering from the initial devastation of Pinochet's economics. When looking at total growth, “Chile actually had the second worst rate of growth in Latin America between 1975 and 1980.”<sup>44</sup> Yet proponents of the neoliberal model presented growth during the recovery as if it were overall growth from the baseline.

In 1980, the U.S. dipped into a recession of its own, which had a ripple effect to many countries, including Chile, as demand for products waned during this economic downturn. “In 1981, Chilean banks began to default on loans and file for bankruptcy. In 1982, the global recession and debt crisis hit Chile extremely hard. In 1982 alone, there were 810 bankruptcies.”<sup>45</sup> Between 1982-1983, the GDP fell by 14.5%, the worst in

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<sup>41</sup> Letelier had been Allende's ambassador in the US and held three different ministries during the last four months of Allende's government.

<sup>42</sup> Letelier, Orlando. “The Chicago Boys in Chile: Economic Freedom's Awful Toll,” *The Nation*, August 28, 1976.

<sup>43</sup> Kangas, Steve. “The Chicago Boys and the Chilean 'Economic Miracle'.” *The Robinson Rojas Archive*.

<sup>44</sup> *Ibid*

<sup>45</sup> Sigmund, Paul E., *The United States and Democracy in Chile*.

Latin America.<sup>46</sup> By 1989, Chile's poverty rate was 41.2%, and the percentage of Chileans without adequate housing increased from 27% to 40%. Additionally, Chile experienced a drop of 20% in industrial production, and a dangerously high unemployment rate of 30% of the total work force.<sup>47</sup>

In order to save Chile from economic collapse, Pinochet was forced to abandon neoliberal principles with aggressive government intervention. The state took control of 14 of the country's 26 banks and 8 out of 17 other financial institutions. In order to stave off a full collapse, the state had to assume the loans of the re-nationalized banks. Tariffs were raised from 10% to 35% and the peso was devalued. Recovery was slow, but the economy eventually stabilized due to this massive government bailout.

The Pinochet years were marked by tragedy as the repressive regime killed thousands of citizens, and plunged many more thousands into extreme poverty. Yet, the economic model is often proposed as one to emulate in other developing countries, espoused as a triumph. The numbers show that the Pinochet years between 1974-1990 were plagued by significant economic instability including two deep recessions. While overall per capita GDP during the Pinochet years showed an annual average growth of 1.92%, this growth benefited the richest members of Chilean society, while the "rate at which Chilean society became more unequal was one of the fastest in the world."<sup>48</sup> And while

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<sup>46</sup> Santiso, Javier (2007). *Latin America's Political Economy of the Possible: Beyond Good Revolutionaries and Free-Marketeters*

<sup>47</sup> Sigmund, Paul E., *The United States and Democracy in Chile.*

<sup>48</sup> Garst, J. *Miracle or Misery? The Accomplishments of the Chicago Boys in Chile 1960-1990.* Master's thesis, Leiden University, 2017.

the Chilean economy has stabilized since Pinochet was voted out, income inequality is a lingering legacy of his policies. In 2007, Chile ranked 116th of 123 countries in inequality in the world, making Chile the 8th most unequal country. This data substantiates that the Chilean economic miracle was a deception, a false triumph.

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## Annotated Bibliography

### Primary Sources

Allende, Salvador. "Final Speech," 11 September 1973, radio broadcast from La Moneda Palace

While the coup was taking place, and the presidential palace was under siege, Allende addressed the nation over the radio to tell the people of Chile what was occurring, and to give hope that they would overcome this tragedy, and that democracy in Chile would ultimately prevail.

Allende, Salvador. 1972. *Speech delivered by Dr. Salvador Allende, President of the Republic of Chile, before the General Assembly of the United Nations, December 4, 1972.* Washington, D.C.: Embassy of Chile.

In this speech to the United Nations, Allende lays out the case that Chile had been economically sabotaged by the U.S. and other international crediting entities such as the World Bank. Allende describes the stress these policies have placed on Chile.

*Chile: Successes and Failures of Poverty Eradication*, Shanghai Poverty Conference: Case Study Summary – <http://info.worldbank.org/etools/docs/reducingpoverty/case/24/summary/Chile%20Summary.pdf> Accessed February 1, 2019.

This source provided me with information on the stabilization and later boom of the Chilean economy after Pinochet had left power. I used this information to frame my argument that Pinochet was not good for the Chilean economy because the economy did better after he left.

CIA, "800 Millions Dollars of Investments are at Stake," 10 September 1970, DOSFOIA; United States Congress, House, Committee on Foreign Affairs [HCFA], *The United States and Chile during the Allende Years, 1970-1973* (Washington, DC: Government Printing Office, 1975), 38-42.

I used this document to provide direct evidence of the CIA involvement in destabilizing Chile, with economics as a primary motivator.

*Chile: Successes and Failures of Poverty Eradication*, Shanghai Poverty Conference: Case Study Summary. Accessed March 31, 2019.  
[http://web.worldbank.org/archive/website00819C/WEB/PDF/CASE\\_-30.PDF](http://web.worldbank.org/archive/website00819C/WEB/PDF/CASE_-30.PDF)

This source is a case study which examined economic policies under Pinochet which exacerbated income inequality and poverty rates, and contrasted Pinochet's policies with the policies of the presidents which came after him, when poverty rates were declining, yet the overall economy was showing growth.

Church Committee, "Covert Action in Chile 1963-1973," U.S. Department of State.  
<http://foia.state.gov/reports/churchreport.asp> Accessed February 13, 2019.

This report on the U.S. actions to undermine Allende was very important to phrasing my argument. This provided direct evidence of CIA involvement in fomenting a coup in Chile.

Chossudovsky, Michael. *The Neo-liberal Model and the Mechanisms of Economic Repression, The Chilean Case*, Research Paper No. 7411, Department of Economics, University of Ottawa, 1974, published in *Co-Existence*, Vol 12, 1975

The author was a visiting Professor of Economics at the Catholic University at the time of the coup. When he realized that several of his students had been arrested by the military junta, he escaped to Peru in December of 1973.

Central Intelligence Agency, SECRET Intelligence Information Cable, [Assassination of Orlando Letelier], October 6, 1976

This CIA report shows that their belief is that the Chilean government was directly responsible for the assassination of Orlando Letelier in a car bombing near Washington D.C.

Central Intelligence Agency, SECRET Intelligence Report, "[Deleted] Strategy of Chilean Government with Respect to Letelier Case, and Impact of Case on Stability of President Pinochet," June 23, 1978

This CIA report details how the Pinochet regime was covering up their role in Letelier's assassination, and refused to cooperate with the U.S. investigation into his murder.

Department of State, SECRET Memorandum, "Chilean Executions," includes "Fact Sheet-Human Rights in Chile," November 27, 1973

This memo outlines the latest intelligence on human rights abuses in Chile after the coup, including the number of people that had been murdered, tortured, disappeared or exiled. At the same time, this memo discusses U.S. economic aid to Chile under these conditions.

Escobar, Ricardo Lagos. *The Southern Tiger: Chiles Fight for a Democratic and Prosperous Future*. Basingstoke: Palgrave Macmillan, 2012.

This book was written by an economist under Allende, and future President of Chile, about the grassroots movement to vote no on extending Pinochet's rule. He also discussed life in Chile under Pinochet and how it was impacted by Pinochet's economics. He witnessed the terror after the coup and was forced into exile during most of the Pinochet years.

Junta Government of the Republic of Chile, Ministry of Defense. Law Decree No. 1 – Santiago, Chile. 11 September 1973.

<https://library.brown.edu/create/modernlatinamerica/chapters/chapter-10-chile/primary-documents-w-accompanying-discussion-questions/document-29-military-decrees-on-seizing-power-augusto-pinochet-1973/>

This source is the official decree establishing the military Junta as being in control of the government of Chile, with Augusto Pinochet as President.

Junta Government of the Republic of Chile, Ministry of Defense. Law Decree No. 3 – Santiago, Chile. 11 September 1973.

<https://library.brown.edu/create/modernlatinamerica/chapters/chapter-10-chile/primary-documents-w-accompanying-discussion-questions/document-29-military-decrees-on-seizing-power-augusto-pinochet-1973/>

This source is the official decree, declaring that the country of Chile is under a state of siege.

Junta Government of the Republic of Chile, Ministry of Defense. Law Decree No. 5 – Santiago, Chile. 11 September 1973.

<https://library.brown.edu/create/modernlatinamerica/chapters/chapter-10-chile/primary-documents-w-accompanying-discussion-questions/document-29-military-decrees-on-seizing-power-augusto-pinochet-1973/>

The source is the official decree from the military junta which states that because Chile is under a state of siege, perpetrators against the government can be “shot on the spot”.



Kissinger telcons, 16 September 1973, Nixon Presidential Materials, U.S. National Archives [NA], College Park, MD

This important primary source was the declassified telephone recordings of Henry Kissinger spanning Kissinger's tenure under President Nixon from 1969 to August 1974 as national security adviser and also as secretary of state beginning in September 1973.

Kornbluh, P. (2013) *'Making the economy scream': secret documents show Nixon, Kissinger Role backing 1973 Chile coup*, DemocracyNow 2013, United States, September 10.

This book is a collection of many declassified documents on a wide range of covert American actions in Chile, ranging from propaganda to economic attacks. Information from this book was crucial to establishing the American efforts to weaken the Chilean economy under Allende.

Letelier, Orlando. "The Chicago Boys in Chile: Economic Freedom's Awful Toll," *The Nation*, August 28, 1976.

Letelier had been Allende's ambassador in the US and held three different ministries during the last four months of Allende's government. This expose revealed the terror throughout Chile required to implement Pinochet's economic policies. In addition, Letelier demonstrates that the economic growth was false and that the average Chilean was suffering massively under Pinochet. The publication of this document would result in Letelier being assassinated under Pinochet's orders with a car bomb, on American soil.

Nixon Library, "Background of 40 Committee Deliberations on the Chilean Presidential Elections." <http://www.nixonlibrary.gov/virtuallibrary/releases/dec10/15.pdf>. Accessed December 16, 2018.

The 40 committee was a secret committee which reviewed covert actions taken by the U.S. Government. The document discusses the covert actions the CIA were planning to try to prevent an Allende presidency and to foment a coup in Chile.

United States Central Intelligence Agency. African and Latin American Analysis. *Chile: Pinochet Under Pressure*. 1-24. Declassified March 02, 2012. Accessed March 30, 2019. <https://www.cia.gov/library/readingroom/docs/CIA-RDP85S00317R000100160001-2.pdf>.

This CIA intelligence assessment discusses the economic downturn experienced in Chile during the 1982 recession. Chilean citizens were hit exceptionally hard, and this assessment discusses how conditions were so severe that the people began risking their lives to once again organize and speak out against the government.

U.S. Senate. 1973 Multinational Corporations and United States Foreign Policy: The International Telephone and Telegraph Company in Chile, 1970–71. Washington, DC. 1976 Covert Action in Chile, Washington, DC.

This report discusses ITT's willingness to fund CIA covert action to prevent Allende's presidency to protect corporate economic interests as they feared Allende may nationalize the telephone companies.

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Breslin, Bryce. "CHILE: Democracy and the Chilean Miracle." Center for Latin American Studies (CLAS). August 13, 2015. Accessed March 04, 2019.  
<https://clas.berkeley.edu/research/chile-democracy-and-chilean-miracle>.

This synopsis of Chilean economic indicators during and since the Pinochet years was written by a graduate student of UC Berkeley summarizing Professor Manuel Castells' presentation discussing the changes in economic theory post Pinochet, and that those new policies, particularly wealth redistribution, are responsible for Chile's economic miracle post 1990, not the Chicago Boys' policies.

"Chile: The Pinochet Years." Center for Justice and Accountability. 2016. Accessed April 3, 2019. <https://cja.org/where-we-work/chile/>.

This article focuses on the human rights abuses, executions and terror which occurred during the Pinochet years, and gives the figures for the amount of victims which was uncovered by the Rettig Report.

Coha. "The Tradeoff of Labor and Neoliberal Economics: The Case of Chile in the 1990s." Council on Hemispheric Affairs. August 03, 2011. Accessed April 03, 2019.  
<http://www.coha.org/the-tradeoff-of-labor-and-neoliberal-economics-the-case-of-chile-in-the-1990s/>.

This report from the Council on Hemispheric Affairs discusses the attack on labor unions and on the Chilean working class. This report posits that Pinochet attacked labor first and very heavily to make sure that people could not organize and would more easily be forced to accept the harsh economic policies of his regime.

Constable, Pamela, and Arturo Valenzuela. *A Nation of Enemies: Chile under Pinochet*. New York, NY: Norton, 1993.

This book chronicles the tale of Chile under Pinochet's repressive rule, constantly demonstrating the plight of the everyday Chilean. *A Nation of Enemies* shows that Pinochet did nothing for the working Chilean, and that his policies and rule resulted in a divided, bitter society.

Davis-Hamel, Ashley. "Successful Neoliberalism?: State Policy, Poverty, and Income Inequality in Chile." *International Social Science Review* 87, no. 3/4 (2012): 79-101. Accessed March 31, 2019. <https://www.jstor.org/stable/41887539>.

This study examines the neoliberal policies in Chile and dissects the economic numbers to demonstrate that while certain statistics under Pinochet made it look like Chile was experiencing an economic miracle (such as GDP), other figures painted a clear picture of economic suffering by the poor and middle class in Chile during those same years.

Etsy, Frasier. "An Analysis Of U.S.- Economic Policy Toward Chile During The Cold War." Honors thesis, Bucknell University, 2013. Accessed January 08, 2019. [https://digitalcommons.bucknell.edu/cgi/viewcontent.cgi?article=1152&context=honors\\_theses](https://digitalcommons.bucknell.edu/cgi/viewcontent.cgi?article=1152&context=honors_theses)

This honors theses examines the U.S. policy toward Chile, both politically and economically between 1960 and 1988. This helped me to understand the U.S. fear of the spread of Communism and decisions to undermine Allende's economic policies.

Fox, Senan Dr. "Remembering Salvador Allende." *Open Democracy*. August 21, 2013. Accessed January 22, 2109. <https://www.opendemocracy.net/senan-fox/remembering-salvador-allende>

Dr. Senan Fox is an Associate Professor of Modern History and International Relations at Kanazawa University, Japan. This article helped me understand that Allende would rather commit suicide than succumb to an illegitimate government. He also details the social reforms that Allende implemented and how they were benefitting the poorer people of Chile.

Garst, J. *Miracle or Misery? The Accomplishments of the Chicago Boys in Chile 1960-1990*. Master's thesis, Leiden University, 2017. Accessed January 08, 2019. [https://jornalggn.com.br/sites/default/files/documentos/milagres\\_ou\\_misericordias\\_passadas\\_dos\\_chicagos\\_boys.pdf](https://jornalggn.com.br/sites/default/files/documentos/milagres_ou_misericordias_passadas_dos_chicagos_boys.pdf)

This thesis is a critical analysis of the results of the Chilean economy under the Chicago Boys. It helped me understand how income inequality was exacerbated after their policies were implemented in Chile, and that that is a legacy that has continued into present day Chile.

Gilmour, Matthew. "The Pinochet Regime and Chilean Politics." *E-International Relations*, April 3, 2013. Accessed April 01, 2019.  
<https://www.e-ir.info/2013/04/03/the-pinochet-regime-and-chilean-politics/>.

This thesis provides a useful background of the events in Chile from the early Allende years to the coup and the economic policies of the Chicago Boys which were implemented under Pinochet. However, this paper draws a very different conclusion from the numbers than I do, and lays out an argument to demonstrate that Chile did experience an economic miracle under Pinochet.

Harvey, David. "Neoliberalism as Creative Destruction." *Swedish Society of Anthropology and Geography*, 88, no. 2B (2006): 145-58. Accessed March 31, 2019.  
<https://justassociates.org/sites/justassociates.org/files/neo-liberalism-as-creative-destruction-david-harvey.pdf>.

This critique points out how neoliberal economic policies spread throughout many developing countries, especially in Latin America and created a lot of destruction because these policies only benefit the elites and corporate interests, consolidating wealth at the top, and leaving much of the population in poverty.

Hoveman, Patrick. *An Assessment of the Pinochet Regime in Chile*. Master's thesis, UWE Bristol, 2014. E-International Relations. Accessed February 10, 2019.  
<https://www.e-ir.info/2015/05/14/an-assessment-of-the-pinochet-regime-in-chile/>

This source was a great overview of Chilean history from 1970 until 1990, and discussed the social and economic ramifications of Allende's policies in comparison to Pinochet's.

Kandell, Jonathan. "Chile - An Embarrassment of Riches." Institutional Investor. Accessed February 16, 2019.  
<https://www.institutionalinvestor.com/article/b150nxlwjt11y/chile-an-embarrassment-of-riches>.

This source discusses Chile's economic boom post Pinochet. I learned from this article that Pinochet did not nationalize the copper mines so that 10% of the profits from copper sales could fund his military and keep them happy and loyal.

Kangas, Steve. "The Chicago Boys and the Chilean 'Economic Miracle'." The Robinson Rojas Archive. Accessed February 16, 2019. <http://www.rrojasdatabank.info/econom~1.htm>.

This article was an excellent source for data and figures showing the inflation rates, GDPs, percent of people living in poverty, and price increases that happened in Chile in both Allende's tenure and during the Pinochet regime.

Keech, William R. "Democracy, Dictatorship and Economic Performance in Chile," Latin American Meeting of the Econometric Society (2004), Accessed March 31, 2019. <http://fmwww.bc.edu/repec/esLATM04/up.7151.1083008433.pdf>

In this paper presented at the Latin American Meeting of the Econometric Society, Keech argues that it was the neoliberal policies of the Pinochet which brought about an economic miracle, not only during the time of the dictatorship, but in the prosperity Chile boasted throughout the 1990's as well.

Klein, Naomi. *The Shock Doctrine: The Rise of Disaster Capitalism*. London: Penguin, 2014.

This book is an overview of many nations that followed similar disastrous economic action following a tragedy. I used this book to inform much of my initial research, and later for specifics on statistics and information through my paper. This was one of the cornerstones to the creation of this project.

Montes, Leonidas. "Friedman's Two Visits to Chile in Context." PhD dissertation, University of Richmond. Abstract. Accessed February 20, 2019. <https://jepson.richmond.edu/conferences/summer-institute/papers2015/LMontesSIPaper.Pdf>.

This report discusses the impact and criticism that Professor Milton Friedman received by visiting Chile and advising Pinochet about neoliberalism and shock therapy. Friedman publicly stated that he did not approve of the authoritarian government, but also stated that Pinochet's government provided a path back to democracy that would not be possible with Allende.

Nef, Jorge. "The Chilean Model: Fact and Fiction." University of Chile. Accessed April 03, 2019. <http://www2.facso.uchile.cl/sociologia/1060225/docs/chile/chilean.pdf>.

This article looks at the economic policies and data from Allende to post-Pinochet and analyzes the Chilean economic miracle, coming to the conclusion that state intervention after Pinochet, and Allende's nationalizations were more responsible for Chile's economic growth throughout the 1990's than strict neoliberalism.

Oppenheim, L. H. *Politics in Chile: Democracy, Authoritarianism and the Search for Development*, Second Edition. Oxford: Westview Press, 1999.

This book was probably my most important secondary source. It analyzed Chile's politics and socioeconomic transformation from Allende to Pinochet's dictatorship. It discusses the terror and repression of the Pinochet regime. And then, she discusses Chile's

economy after Pinochet, discussing how neoliberalism and privatization are still affecting Chile today-in some ways positively such as Chile's diversified export economy, and in some ways negatively, such as Chile's two tiered systems of health care and education.

Pike, John. "Pinochet's Economic Policies." GlobalSecurity.org. Accessed February 20, 2019.

<https://www.globalsecurity.org/military/world/chile/president-pinochet-economy.htm>.

This source examines Pinochet's economic policies and the ramifications of those policies. It discusses how large banks and multinational corporations made huge profits initially under Pinochet, and that the export economy diversified and grew due to companies making such large profits.

Rettig, Raul. "The Rettig Report: Report of the National Commission for Truth and Reconciliation (Comisión Nacional de Verdad y Reconciliación)" 1991. Accessed April 4, 2019.

[https://www.usip.org/sites/default/files/resources/collections/truth\\_commissions/Chile90-Report/Chile90-Report.pdf](https://www.usip.org/sites/default/files/resources/collections/truth_commissions/Chile90-Report/Chile90-Report.pdf)

This report was commissioned by the first elected government after Pinochet to investigate the human rights abuses, executions, disappearances and torture which occurred after the coup, and to provide a list of names of the victims. This investigation and report was a compromise which allowed the new government to attempt to identify victims and provide reparations, but did not allow any prosecutions.

Santiso, Javier. *Latin America's Political Economy of the Possible: Beyond Good Revolutionaries and Free-Marketeters*. Cambridge, Massachusetts: MIT Press, 2007.

This book analyzes Chile's economy from pre-Allende to post-Pinochet, and helped me to understand more fully how neither socialism nor neoliberalism was able to work well in Chile. The author also discusses economic principles that he feels will guide Chile's, and perhaps other Latin American countries' economies going forward.

Sigmund, Paul E. *The United States and Democracy in Chile*. Baltimore, Maryland: Johns Hopkins University Press, 1993.

I used this source mainly to understand the global recession of 1982 and how it affected Chile even worse than other countries because it had opened itself up to the flow of market forces without regulation. This source discusses how private enterprises started going bankrupt and set the stage for Pinochet to abandon strict neoliberalism and provide government intervention to save Chile from collapse.

Streeter, Stephen M. *Destabilizing Chile: The United States and the Overthrow of Allende*. Master's Thesis. McMaster University, 2004. Ontario, Canada: Department of History. Accessed December 16, 2018.

This Master's thesis discusses in great detail the efforts and actions that the U.S. took in order to try to prevent an Allende presidency, sow unrest, and eventually overthrow Allende due to fear of socialism. This article discussed economic strategies such as the shadow blockade that the U.S. imposed on Chile to destabilize the country economically.

Swomley, Jr, John M. "The Political Power of Multinational Corporations," *Christian Century*, 91 (25 September 1974)

This article discussed the power of multinational corporations, such as ITT and large copper companies such as Kennecott have to influence worldwide economics. This article highlighted how Kennecott used its power to limit the profits that Chile could reap from their copper mines in an effort to undermine Allende's economic policies which relied on copper profits to fund.

Winn, Peter. *Victims of the Chilean Miracle Workers and Neoliberalism in the Pinochet Era, 1972-2002*. Durham: Duke University Press, 2004.

This book was a compilation of case studies of how the poor and working class citizens fared under the Chicago Boys' policies. It gave me great insight into how neoliberalism under Pinochet made the rich richer and the poor poorer.