

## Recabarren Communist Organization OCR

### THE CHILEAN REVOLUTION: A PROBLEM TO BE SOLVED

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Ten years after the fascist military dictatorship, the breakdown of the economic scheme caused a further deepening of the country's economic and political crisis and its consequences did not wait:

The workers, mainly the working class, which had been carrying out sporadic strikes, rose once more in their economic and political demands by carrying out national **protests**, the first of which was on May 11, 1983.

The middle layers that in the early years supported the dictatorship abandoned it demanding changes in politics and economic plans. They join the national protests.

The bourgeoisie does not monopolize, in turn demanding changes in politics and the economy, since in recent years the policy applied by the "Chicago boy" had hurt them.

The monopoly bourgeoisie, directly served by the dictatorship, enters into conflict with each other. The financial-importing sector that supports the Chicago boy is attacked by the industrial bourgeoisie sector, also linked to the financial sector.

All this situation indicates to the dictatorship that the class struggle has sharpened and that a possible social outbreak is approaching, which leads it to seek a political solution to the crisis by resorting to the Church as a bridge between Pinochet and the bourgeois parties, beginning the opening, taking the following measures:

The teams in charge of the political and economic leadership of the dictatorship are replaced, going through the sector of the industrial bourgeoisie to replace the sector they financed, using the visible heads of this sector as scapegoats for the economic disaster.

The dialogue with the sectors of the Democratic Assembly and political groups from the ponochet right begins with Onofre Jarpa, new Minister of the Interior. Allowing the return of the expelled politicians, as well as some liberties when lifting the State of Siege and later of Emergency.

Along with the tactic of dialogue, the club is used at the same time. For the August protest, the dictatorship takes 19,000 soldiers to the street in Santiago, killing more than a hundred workers. Combs are raided and raided towns in order to intimidate the people.

The class struggle intensifies in so many ways that **in the protest of September 1983 the people took the periphery of Santiago and clearly insurrected struggles took place for 4 days.** Due to the combative and revolutionary character that the struggles of the proletariat and the people are taking, the bourgeoisie both in the government sector and the opposition call for pacifism by stopping the Democratic Alliance from participating in the protests.

Achieving the objective of paralyzing the protests, Pinochet ends the political opening and implements the State of Siege, unleashing brutal repression.

## **DEVELOPMENTAL BACKGROUND OF THE CAPITALISM AND OF THE STRUGGLE OF CLASSES IN CHILE.**

Chile from the colony and later from its independence emerged in the world market as an exporter of raw materials, initially as an exporter of agricultural products.

Upon independence from the Spanish Empire, the power of the State remained in the hands of the landowning aristocracy, which preserves the colonial economic structures (the latifundio), and imposes strong governments to protect its interests, in opposition to the creole groups linked to the export sector and to capital.

The main economic activity was agriculture, which has a great development due to the demand for agricultural products by California and Australia; which together with the discovery of new silver and copper mines, the installation of iron and copper smelters, and the increase in the milling industry, the rise of commercial and financial activity; to the growth of the urban population, as well as to the state apparatus, they develop the bourgeoisie, the middle class (petty bourgeoisie) and the proletariat.

Towards 1891, the agricultural activity decreased before the closing of the markets of California and Australia, producing an economic crisis in the country. The bourgeois sectors linked to banking, national and international trade, mining (La Plutocracia), through the Liberal party and the Radical party (which represents the interests of the mining bourgeoisie, mainly) promote freedom of economic initiative and trade (Laissez-Faire), which together with the abolition of Mayorazgo in 1828 that forced the subdivision of the large estates, allowing the transfer of land, which were later acquired by sectors of the plutocracy, which introduced technical advances giving a more modern character to their estates, giving way to

the society agricultural prevailing in Chile is transformed into a capitalist, but with strong semi-feudal remnants.

The Pacific War, along with giving the country great nitrate riches, which allowed it to get out of the economic crisis in which it was mired, brought great industrial development, the national industry largely provided the country with what it needed during the conflict. , developing the heavy industry (Lever, Murphy Co. That came to produce locomotives and freight cars), acquiring the industrial bourgeoisie participation in the direction of the State through the presidency of Manuel Balmaceda that led to the development of industrial capitalism for Chile and the elimination of foreign influence and the recovery of nitrate wealth in the hands of the English capitalist North. During this period, new irrigation works are developed in the field, as well as better cultivation techniques that improve the productivity of the field.

The purpose of the counter-revolution of 1891 was for the national oligarchy (landowning aristocracy and Plutocracy) to regain power to put an end to Balmaceda's nationalist policy and protect the interests of English imperialism, through the policy of open markets, ensuring this control of foreign trade, finance and mining wealth, the industrialization of the country being frustrated, because the action of English imperialism prevented the growth rate of the economy from being fast and intense enough to have an independent capitalist development.

For its part, the Chilean proletariat began to participate in mutualist associations in the mid-19th century, the purpose of which was to help their members and families. These were originally organized by young intellectuals influenced by democratic ideas from Europe, who would go on to found the Democratic Party, to be the workers' party. Participating in these associations allows the proletariat to grow the germs of its future trade union organizations, which come to life through the commons formed first by nitrate workers, at the beginning of the 20th century.

In the period from 1880 to 1890, the Chilean proletariat carried out about 380 strike movements, which were increased at the beginning of the 20th century by the economic crisis that the country suffered and which unleashed a great wave of social unrest, mainly in the north, where the workers of the saltpeter pampas carried out in 1907 a great strike, which was brutally repressed by the army, which killed 3,600 workers at the Santa Maria de Iquique School

The first national trade union organization of the proletariat was FOCH (Federación Obrera de Chile), created by the Conservative Party as coordinator of mutuals. It was **Luís Emilio Recabarren** , a graphic worker, the undisputed leader of the Chilean proletariat, the founder of the Partido Obrero Socialista (which would be renamed the Communist Party in 1922), who, through a great propaganda and agitation campaign, conquered the leadership of the FOCH, which adopts a revolutionary program whose ultimate goal is the suppression of the capitalist system in Chile.

In 1920 the oligarchy lost the absolute control that it had of the State. It is through the Liberal Alliance (Liberal Party, Radical Party and Democratic Party) that the industrial bourgeoisie, which had remained subordinate to the export-commercial sector, united to the

growing middle class, took control of the state apparatus, proceeding In order to adapt it to its interests, it is thus that it separates the State from the Church, taxes are applied to agriculture, a new political constitution, a new labor code and a set of social measures are elaborated. The working class in this period played a great role, rising politically and independent of the other social classes, acquiring a high degree of combativeness in their struggles, contributing greatly to this the revolutionary students grouped in the FECH, founded in 1906, who joined the labor movement. Arturo Alesandri, president of the time, faced with the impossibility of controlling the struggles of the proletariat, violently represses him, carrying out the massacres of San Gregorio, La Coruña and Pontevedra.

The repression was so violent that it paralyzed the Chilean trade union movement, leading to the disappearance of FOCH, during the military dictatorship of Carlos Ibáñez.

The nitrate crisis, as well as the opposition of the oligarchy to the new reforms, led the military to take control of the state apparatus, with the approval of the middle class. Definitively establishing the military dictatorship of Ibáñez, which gives the State a role in promoting the industrialization of the country, given the impossibility of importing due to lack of foreign exchange due to the drop in nitrate exports and its price. Ibáñez would leave aside the middle class to govern with the oligarchy, which had accepted the need for reforms. The dictatorship had the support of Yankee imperialism, who provided it with economic resources (loans) in exchange for it breaking with the price control that the English maintained on nitrate.

The crisis of world capitalism in 1930 deepens the economic crisis and further sharpens the class struggle in Chile. The Ibáñez dictatorship falls, replacing Esteban Montero representing the oligarchy and English imperialism, this in turn was replaced by a Governing Board that established the **Socialist Republic**, only 12 days long, it is replaced by the 100-day government of Dávila, a supporter of supporters supported by Yankee imperialism, which in turn is replaced by the Banchet Military Junta, which is forced by pressure from the people to surrender power, being elected electorally for President of the Republic Arturo Alesandri Palma, who arrives supported by the oligarchy. Political stability comes to accept the left (PC and PS) acting within the bourgeois political scheme and accepting the oligarchy to share power with the middle class.

In this period of crisis from 1925 to 1933, despite the repression of the union movement, the proletariat carried out 461 strikes, the greatest achievement being the unification of the union movement when the Confederation of Chilean Workers was established in 1936 (CTCH). The peasantry also joins the class struggle, which is repressed in Ranquil, with 500 peasants being killed. Sectors of the middle class (petty bourgeoisie) influenced by socialist ideas founded the Socialist Party with the aim of opposing, together with the proletariat, the oligarchy. In the course of the political crisis unleashed after the fall of Ibáñez, the Communist Party failed to lead the Chilean proletariat to play a relevant role, one of its causes being having been plunged into a fight against Trotskyism.

The rise of the struggle of the working class allows the participation of the middle class in the control of the State to be consolidated, since having the support of the latter, in 1938

the **Popular Front** triumphed (Radical Party, Socialist Party, Communist Party and other minor movements), reaching the presidency of the Republic Pedro Aguirre Cerda. Acquiring the State a more important role in the economic direction of the country: a major boost is given to electrification, the steel industry is developed, both of which are fundamental for the development of the manufacturing industry, which must begin to produce what the country has stopped importing because of World War II restrictions.

The manufacturing industry from 1900 to 1930 had doubled and in 1925 it occupied only 29% of the industrial workforce since the remaining 70% was in the artisanal industry. As of 1940, it already occupied 49.6% of the workforce as opposed to 54.4% of the artisanal industry, becoming the most dynamic sector of the national economy, displacing agriculture, which had not suffered until now. great transformations in relation to land tenure, even in 1939 it even prevented the unionization of farm workers.

Foreign investment in the transformation industry dates back to before the crisis of the 30s, which was mainly in the extractive industry, but given the importance that the transformation industry acquires under the wing of the State, foreign companies do so through subsidiaries or subsidiaries.

The economic development achieved by the country from 1930 onwards, thanks to public investments and the protection and support of the national industry by the State, gives rise to sectors of the middle class becoming industrialists, contractors of public works, passing to become part of the bourgeoisie, which is also growing, due to the role they play in defending bourgeois interests, due to the high bureaucracy that becomes more important with the development of the State and its greater interference in the economy, causing the displacement of the middle class towards the bourgeoisie, leaving aside the proletariat, The one who had been fighting with increasing force for their socio-economic demands was violently repressed by the fronting government of Gabriel González Videla, first in 1946 the massacre of Plaza Bulnes took place and then through the "**Law for the Defense of Democracy**", an anti-communist monster of Yankee imperialism, which is used to repress the union movement and to imprison the workers' leaders. The repression broke the strength of the union movement, disappearing the CTCH.

In 1953 the unification of the trade union movement took place giving birth to the CUT, which carried out 2 general strikes, in May 1954 and July 1955, in defense of better socio-economic conditions. The fight during the second Ibáñez government (1952-1958, which was born supported by the middle class, PS, by the Labor Party, ends up ruling with the oligarchy) is sharpened to such an extent that a popular uprising breaks out on April 2, 1957 in the main cities of the country, which, lacking the leadership of its political vanguard, died within a few days of its emergence, without going beyond being a very spontaneous protest at the rise in the cost of living.

## THE EFFECTS OF THE CUBAN REVOLUTION IN CHILE

The decade of the 60s brings great political and social changes in Chile. The class struggle is deepening and sharpening more and more, in the face of the incapacity of the dependent capitalist system to satisfy the socio-economic demands of the workers and the people in general. The hopes of the frontist and populist governments to bring the country out of underdevelopment through industrialization, collided with the existing feudal structures in the countryside: large estates, a low use of modern techniques, according to the 1955 census, 60% of the exploitations used animals in the tasks of the field, 11% different machinery and only 7% owned tractors, while the agricultural proletariat constituted 53% of the entire peasant population, it was foreign to the consumer market, since be it for their starvation wages and / or the fact that a large part of these were paid in "royalties", for its part, Yankee imperialism through Point IV, imposed on Chilean agriculture the type of cultivation that would not enter compete with its agricultural surpluses, which plagued the country under the concept of "aid". The policy of promoting industrialization allowed monopolistic concentration in large industries and their control by the oligarchy, which in turn was dominated by foreign capital due to financial and administrative ties.

For its part, the Cuban Revolution comes to destroy the theories of the impossibility that in Latin America there would be an anti-oligarchy and anti-imperialist revolution of a socialist nature that triumphed by the armed route and managed to maintain itself despite the efforts of Yankee imperialism for ending it, which causes in Chile, like the rest of Latin American countries, a whole boom in the revolutionary demands of the proletariat.

The current regime of the United States, seeing its hegemony in Latin America in danger, before the influence of the Cuban Revolution, leaves aside its traditional partners, the oligarchy and the military dictatorships, and seeks the support of the bourgeoisie, does not monopolize and leads carried out "The Alliance for Progress", which aimed to reduce in part the great social differences between the oligarchic sectors and the people, seeking thereby to oppose the revolutionary awakening of the large Latin American exploited masses.

The presidential elections of 1958 had already shown the attitude of the proletariat and workers in general to fight for an anti-oligarchic and anti-imperialist government, which is further reaffirmed after the Cuban Revolution. Starting in Chile a great rise in the workers' struggle, the Health strike stands out, forcing the change of minister in the government of Jorge Alesandri Rodríguez, representative of the oligarchy, which again takes over the leadership of the State after the failure Ibáñez's populism. Unleashing in 1962 a great protest action by the people that ends with the massacre of the José María Caro Population.

In this great rise in the struggles and combativeness of the proletariat, which leads other sectors of workers to adopt their forms of struggle, the oligarchy who joins the candidacy of Eduardo Freí Montalba, who triumphed in the presidential elections of 1964, thus preventing the government from falling into the hands of the left forces.

In the government of the Christian Democracy, with its "Revolution in Freedom", it carries out the plans of the Alliance for Progress, despite the fact that with the change of government in the United States it was terminated this same year. Starting a period of reforms aimed at reducing the great differences in the distribution of national income and giving a way out of the stagnation of the country's development, mainly to the national industry through the reform of the property right of the Constitution, which allows the Agrarian Reform, through which 1,264 properties were expropriated until 1970, with a total of 3,400,000 hectares. The peasant unionization law was approved, of the 24 peasant unions existing in 1964, it reached 413 in 1970, with more than 114 thousand members.

The application of the agrarian reform, as well as the peasant unionization law, quickly incorporate the agricultural proletariat into the class struggle, which uses fund-taking as a tool of struggle. For their part, the most reactionary sectors in the field unite around the SNA and establish alliances with other sectors of medium and small farmers, to oppose agrarian reform, reaching the path of wheat producers and forming armed groups. to oppose the choice of "professional agitators" that created unrest in the field. Sectors seeking SOFOFA's support, which only opposes the DC government when it promotes property right reform, since it considers it dangerous in the event of a possible victory for the left. **Tacnazo**, who was born dead without the approval of Yankee imperialism.

The university students also joined the fight, achieving a great triumph by obtaining the University Reform for which they were fighting, a fight that unites the workers movement, promoting the worker-student unity.

In turn, to the revisionist positions that supported the CP and PS of peaceful development towards Socialism through the conquest of the government and the parliamentary majority, to give the State a greater interference in the economy, by nationalizing the large monopoly companies, the banks, as well as deepening the Agrarian Reform, would end the oligarchy's economic power and political influence. With the recovery of basic wealth in the hands of Yankee imperialism, it would end with its interference in the national economy, etc., etc.

Mainly supported by the MIR, which arose as a result of the influence of the Cuban Revolution in sectors of the radicalized petty bourgeoisie, and the RCP that was born in the heat of the international controversy of the Marxist-Leninists against the revisionists, posed the impossibility of constructing Socialism in Chile by peaceful means or gradually transforming the class character of the bourgeois state, which is only achieved by defeating the bourgeoisie by armed means and destroying the bourgeois state. The MIR proposes the immediate establishment of a Socialist State, the one that would be achieved through the guerrillas. For its part, the PCR proposes the establishment of the Popular Democratic Republic, since it is necessary to incorporate other social sectors into the process of building Socialism,

It is these revolutionary positions that reach the most advanced sectors of the urban as well as the agricultural proletariat, and give a high degree of combativeness to their vindictive struggles during the Freí government, highlighting their new forms, such as the taking of industries and estates.

## **POPULAR UNITY'S ELECTORAL TRIUMPH**

The presidential elections of 1970 find the class struggle in Chile at a very high point, the different social sectors are closely grouped around their class interests. The oligarchy that is opposed to the reform process initiated by the non-monopoly bourgeoisie and the middle class, want to recover the State leadership from their hands, for this purpose the National Party (former Liberal and Conservative Party) encourages the candidacy of Jorge Alessandri R. For his part, Radomiro Tomic of the Christian Democracy represents the continuity of the Frei government and its reformist policy. The forces of the old left unite around the Popular Unity (PC, PS, PR, MAPU, IC) that gathers around itself the majority of the proletariat to the most impoverished sectors of the middle class.

The electoral triumph of Salvador Allende, begins a new stage of the class struggle in Chile, in which it reaches its highest point of boiling, where the workers, with the proletariat at the head, carry out great battles against the oligarchy and Yankee imperialism, imposing with its combatant actions the expropriations of industries, banks and large estates, surpassing with its action the UP government itself and the parties that comprise it. The proletariat develops new forms of organization: the Industrial Cords, the germ of Popular Power, which extends throughout the country.

They are the errors and the vacillations of the UP, mainly of the PC, that with its revisionist theories of "the Via Pacifica to Socialism" tends to demobilize the people, opposing the revolutionary action of the proletariat and viciously attacking the revolutionary sectors that they fight in the streets against the reaction brigades, transforming into defender of bourgeois legality and the bourgeois state, approving laws such as arms control, which are used by the bourgeois armed forces to repress the proletariat and the revolutionary people. Allowing the oligarchy, with the support of the CIA, to organize and unleash a campaign to destabilize the UP government and isolate the proletariat from its allies, the middle sectors of the middle class, with which they organize national strikes. Example: Truck drivers' stoppage, health strike, etc. Even dragging sectors of the working class behind them. Example. The strike by the copper workers of the El Teniente mine, and obtaining the first majority of the DC list and obtaining advisers from the National Party in the election of the new National Council of the CUT,

## **THE TEN YEARS OF THE DICTATORSHIP**

### **( THE TRANSFORMATION OF CHILE )**

The coup d'état of September 11, 1973 that overthrew the Popular Unity government, murdering thousands of workers and the President of the Republic, Salvador Allende G., appears as the only way to stop the increasing access and combativeness of the struggles of the people, those led by the working class, aspired to seize power, surpassing their combativeness and activating the government to the UP parties.

They are the armed forces, the last bastion of defense of the bourgeoisie, in charge of protecting the bourgeois state from the assault of the exploited masses, establishing the fascist military dictatorship, which will administer it, removing its democratic mask and transforming it into an openly police state. Through the National Security Doctrine, terror is unleashed against the people, institutionalizing torture, to prevent the working class and workers in general from fighting for their most heartfelt demands: "BREAD, WORK, JUSTICE AND FREEDOM".

The fascist military dictatorship, led by Pinochet, represents the bourgeoisie in general, and in particular the monopoly-financial and landowning bourgeoisie (the oligarchy). **Dictatorship that was born promoted and supported by Yankee imperialism whose interests it defends to the detriment of national sovereignty and even of the Creole bourgeoisie.**

Basically, its objectives are: to repress the working masses, mainly the working class, disarticulating their political and union organizations to make the people bear all the weight of the chronic economic crisis that the country is suffering, allowing the most ruthless exploitation the latter at the hands of the bourgeoisie and Yankee imperialism.

He has been responsible for carrying out the "Social Market Policy" outlined by Milton Friedman and applied by the Chicago-boy in private companies, to meet this objective the following measures were taken:

**1.- The size, scope and function of the State in the country's economy are reduced,** giving this role to private companies. Of a total of nearly 500 state companies, without considering the traditional and public service companies, around 300 were returned to their "owners" and 200 were sold, which together with other assets sold for \$ 206 million. In turn, the bank shares held by the State and other assets are sold for 1,676 million dollars. All these companies and assets are sold below their real value and for years to come.

**2.- The Agrarian Reform ends.** Between 1965 and 1973, 5,809 properties corresponding to 9,965,868 physical hectares were expropriated. As of July 31, 1976, 1,415 properties had been fully restored and 2,109 partially. As of February 28, 1978, CORA had a total of 1,743 reserves with an area of 865,798 physical hectares. Reserves that included; management houses, schools, churches, sites, central wine cellars, warehouses, dams and wells. All this was finished off, ending with the Agricultural Societies of Agrarian Reform (SARA). More than 10,000 farm machinery held by CORFO are also auctioned off. All this is transferred especially to institutions of the armed forces, to expropriated farmers who are given extensive guarantees and, also, by eliminating the quality of "peasant" as an essential requirement to be a land grab, butcher owners, pharmacists, hardware stores, agricultural technicians, lawyers, notaries and general merchants, they become the new agricultural owners. Benefiting the policy of land distribution to landowners and other bourgeois sectors in loss of former peasants of the Reformed Area and of small and medium farmers. Moving the agricultural capital from the peasant sectors that represented the Reformed Area to traditional sectors, to the capitalists who join the field, therefore there are no new investments in the field.

**3. - The dictatorship to allow the greater exploitation of workers needs the "freedom of the labor market"**, which in other words meant the paralysis of the union movement, subjecting it to the National Security Doctrine. After the bloody repression against the working class and workers during the first period of the coup, in which the CUT and the union leaders most committed to the revolutionary process were eliminated, the legal mechanism for collective conflicts was suspended, that is to say, the right to strike was eliminated, the right to choose the basic union leaders was suspended (these were appointed by the company or by the interveners) Partial suspension of the jurisdiction or immobility of the union leaders. Limitation of the time of the union leaders to dedicate themselves to the tasks proper to their positions, the right to hold union assemblies, They can only be informative and can be done with prior notice. Increased legal grounds for firing workers, etc.

**4. - The measures that hinder the development of a capital market are eliminated** , decreeing: releasing the interest rate, reducing the reserve requirements and transferring the banks in the hands of CORFO to the private sector. Since the center of the dictatorship's economic policy is the Capital Market, which will replace the role of the State in the distribution of capital, which will go to the most profitable companies, whether in investments or credits. According to the dictatorship, all those companies that were not profitable enough should go bankrupt, leaving those that deliver good quality products and that can compete with similar imported prices. With this policy, the country must produce what is more capable and imported the rest, implanting the international division of labor promoted by the Yankee imperialism, causing the breakdown of those industries with backward techniques that thanks to state protection survived, thereby increasing the cost of living, by making expensive products and of dubious quality. The textile industry was one of the most affected.

**5. - The customs tariffs are lowered** , from an average rate of 94% in 1973, an average of 10% has been reached in 1983, thus allowing the national market to be invaded by imported products, mainly luxury goods. Although this reduction in tariffs directly affected industry and agriculture, these in turn were favored by the reduction in values of machinery and imported raw materials.

**6. - The doors to foreign capital are opened** by means of Decree Law 600, of the Statute of the Foreign Investor, but this was not enough, so it was modified with DL 1.748 giving foreign capital the following guarantees:

a) Principle of not discriminating between the foreign investor and the national entrepreneur.

b) An unalterable tax treatment is opened for 10 years, at a fixed total tax rate of 49.5% of profits (between 1952-1971 the State obtained more than 70% of Copper), with the option of exchanging for a only once to the normal tax system, that is, the one that applies to national entrepreneurs.

c) Free transfer of profits abroad, as well as the repatriation of capital.

d) Accelerated depreciation and deduction of past losses

e) The investment can be valued in a minimum period of 3 years, which implies that the invested capital can be discounted in three years, so there would be no profits, therefore the State does not receive anything by way of taxation.

Despite all these guarantees, foreign investment did not reach the country in the proportions that the dictatorship expected, so it is now intended to deliver Copper, renouncing the country's sovereignty over it.

## **THE CRISIS**

The current economic crisis that shakes the entire economic policy of the dictatorship and that endangers its own stability, has been caused exclusively by the application of the measures listed above, which further deepen the country's economic stagnation, making it more dependent on the Yankee imperialism.

The international crisis that affects the world capitalist system only came to accelerate the fall of the "Social Market Economy" policy of the military regime.

We will see how this crisis affected the various productive agents in the country:

### **The production**

In 1975 *Shok's policy* was applied reducing public spending

in 30%, causing a stoppage of the country's productive activities when the public works are stopped, which brings as a consequence the stoppage of construction which suffers a 33.9% drop in its activity, causing unemployment in these sectors, to which must be added the one of 100 thousand public officials fired, the demand is contracting (the real turnover of large stores fell by 57.5%) due to the high unemployment rates that exceed 30% of the workforce and the loss of purchasing power of the working masses is 60% in relation to that of 1969, which paralyzes industrial activity, which fell by 24% in relation to 1974, causing the bankruptcy of important industries.

For its part, agriculture suffers the impact of the release of the interest rate, seeing that the cost of credits rises, which means that the costs are not in accordance with the profitability of the properties, forcing the technical level of inputs, decreasing the use of fertilizers by 60% in relation to 1974, (other sectors of farmers changed course, some dedicated to fruit growing) that year agricultural production grew by 7.7%, entering this in a serious crisis in 1976 since production was 9.4% less than in 1975 and 20% less than in 1971. In 1982 the cultivated area was less than the assistant in a period of the UP.

Economic measures, such as lowering tariffs, freedom in banking interests, etc., were not initially contested, as they had been favored by the dictatorship with some measures: freedom of prices, lower labor costs, taxes were lowered, the employer's contribution to the provision was eliminated, the importation of machinery and raw materials was reduced, the state control ended, etc.

But when sectors of the commercial and financial bourgeoisie started the import boom, producing unfair competition, they felt disadvantaged when the criticism of the regime began, since they were forced to lower domestic prices, both for industrial and agricultural products, which together with the high cost of credits deepens the crisis in the industry, reaching the limits already known.

## **Capital Market**

In order to create a "free and competitive Capital Market" the dictatorship ends with the obstacles and controls of the State to the financial system. Interest rates are released, the proliferation of financial companies is allowed, which together with Mutual Funds and Insurance Companies allows economic groups to capture funds that they use to acquire the banks held by CORFO and through them to external credit to appropriate industry, producing a great concentration of economic power in the hands of the monopolizing bourgeoisie, which emerged with more force than before, having absolute control of the State, which has put its interests at the expense of the bourgeois sectors not monopolistic.

At the end of 1976 the interest rates of the money were very high, reaching 18% monthly (proving to be an excellent business since it was the most lucrative to have money deposited than to invest it), the cost of the credits being prohibitive, due to the contraction monetary imposed by the dictatorship, becoming increasingly difficult the economic situation of the industries (especially that which were not profitable) and the agricultural sector, which added to the tariff reductions and the contraction of demand, caused by the high rates unemployment and the loss of purchasing power of workers, helped the inevitable breakdown of important industries. Being affected the financial companies that had invested the funds of their savers in said companies,

Financiera Manuel Rodríguez declared in default, its executives disappearing. Financiera Fin Regio, ceases its payments as a result of the bankruptcy of Comercial Citroen. Financiera "La Familia" goes bankrupt, with Javier Leturia being one of its executives.

The case of Banco Osorno acquired from CORFO by the Fluxa-Yaconi Group (Los Cocodrilos), paying half in cash and the balance on time. Through the Bank they bought companies, some of them bankrupt, to which they granted credits for half of the loans they had. The cost of money was high, the debts grew out of investment. They tried to obtain external credits to cover themselves, but were blocked by the Cruzat-Larrain and BHC groups interested in removing him from the competition. Before the eminent bankruptcy the Bank was intervened to avoid the chain effect that would affect the entire banking system, disappearing the Fluxa-Yaconi group eaten by the "Piranhas" who did not forgive their excessive appetite.

Once the financial crisis was controlled, the concentration of credit in the banks took place, making it even more expensive for those companies that obtained it from the "informal" financial companies that were condemned to disappear.

In 1978, banking activity was one of the most profitable, the average profitability was 12%, increasing banking concentration, since only 4 banks managed 70% of bank capital.

In 1980 Banco de Chile obtained 34% of profits on capital and reserves, Banco del Trabajo 25.6%, Banco H'Ohiggins 22.4%, Banco Sud Americano 21.4 &, Banco Osorno 20, 4%.

In 1981, Banco de Chile's profits were 37 higher than in 1980.

All profits came from financial speculation. It was borrowed abroad at interest rates of Iván from 10% to 12% per year and it was lent to companies in the country with rates that exceeded 30% per year, earning banks more than a billion dollars.

The great flow of external capital, due to the abundance of "petrodollars" in the industrialized countries, created the illusion that the economic model was working, which together with the reduction of tariffs up to 10% and the freezing of the value of the dollar (measures taken to avoid rampant inflation that would cause the large amount of foreign currency that was available) brought the BOOM of imports and a greater lack of protection for the substitute industry, while depressing traditional exports. Industrial, agricultural, commercial, mining, transportation companies, which imported machinery, raw materials, vehicles (buses, trucks, cars, etc.) and luxury items, went into debt. Professionals and employees in the acquisition of cars and luxury items also went into debt.

In February 1982, the factors that triggered the financial crises in the summer of 1977 were still present. Demand restriction, high unemployment rate, low purchasing power of workers, high interests that Ivan on the rise, exceeding the assets of companies, cause the bankruptcy of CRAV, Frutera Sud Americana, IRT, Chilean Cotton Manufacturing (Yarur, Caupolican and Honeycomb), Fanalosa, Engels, Sedylan, Rayoih and Rayón Said, destroying 4 banks and 4 financial companies, which must be intervened to avoid their bankruptcy and serious damage to the financial system. This life preserver borders the 1,200 million dollars, which are added to the previous ones that the Central Bank must deliver to keep the financial system working.

But the banking situation did not improve since the problem of the indebtedness of the companies was not solved.

The country's financial situation in mid-1982 was already critical and deadlocked, a situation that took on a catastrophe character when the devaluation of the dollar was announced in June, economic groups saw their debts increase almost double. The government pressures the banks to sell their overdue portfolios and related portfolios to the Central Bank, the latter to deconcentrate credit, which creates conflict within the banks, eg at Banco de Chile, Javier Vidal is displaced by Manuel Vinegar. The freedom to buy dollars was also decreed, seeking the dictatorship to give confidence in its economic management, but the only thing that managed to get more than 5 billion dollars to flee the country, which went to swell the private accounts abroad of the national bourgeoisie.

Informa's declaration of cessation of payment, on January 10, 1983, and the bankruptcy of the Mutual Funds within a few days, which were controlled by 97% by the economic

groups Cruzat and the BHC, damaging 100 thousand savers who they had deposited some 8 billion pesos that were lost due to being invested in a Broker of Paper Companies and in those with Chimneys that went bankrupt and owned by said groups, leads to vi.-Minister Rolf Lunder (of the BHC group) on 13 January 1983, to intervene Banco de Chile, Banco BHC of the Vial group, Banco de Santiago, Banco Colocadora Nacional de Valores of the Cruzat-Larrain group, Banco Concepción of the Gomes-Gallo group. With these last interventions, added the previous ones, the great part of the financial system was in the hands of the State.

Today the "open and competitive" Capital Market implanted by the dictatorship has failed. The entire system financed this bankruptcy. Banks whose total capital, including the State Bank, do not exceed 1,100 million dollars, are unable to collect credits from an industry that owes 2,900 million dollars, from a business that owes it 3,500 million dollars and from agriculture some 2,000 million dollars, as a product of the "Chilean miracle". And their banks cannot pay the external loans.

### **External Debt**

The dictatorship's policy of releasing the procedures for banks to obtain loans abroad and freezing the value of the dollar at \$ 49.-, making it cheaper, convert debt into foreign business for the financial oligarchy, resulting for the foreign banks an attractive business in front of the profitability that their capitals obtained.

Private indebtedness increased 300% between 1974-1978, with 70% of external loans going to financial speculation, 17% to industry and the rest to agriculture and construction.

Today the external debt of 3,500 million dollars that were owed in 1973 has risen in 10 years of dictatorship to 18 billion dollars, 68% of this indebtedness corresponding to the economic groups.

Chile had to cancel around 15 billion dollars between 1983 to 1986, in 1983 it had to pay 3,641 million dollars for services, given the impossibility of canceling such amount, the dictatorship has had to repair the external debt, allowing for the worst conditions, has indebted to the country in 37 billion dollars, Chile becoming the highest debt ratio per capita in the world.

### **Economic Groups**

With the advent of the fascist military dictatorship, those economic groups that had resisted the UP's nationalization, such as the Banco Chile group, Edgard, Matte, Angilini, etc., are the ones that take control of the country's productive apparatus, to which are joined the new groups of Cruzat-Larrain, BHC group, Fluxa-Yaconi group (the latter condemned to disappear early). This as a result of the free and unrestricted Capital Market and other measures implemented to implement the "Social Market Economy" policy.

As of December 1978 (according to Fernando Dahse's map of extreme wealth) 5 economic groups controlled more than half the assets of 250 major private companies, of which 214 were managed by no more than 80 people. The stock market was controlled by the

7 most important economic groups, as well as insurance companies. For its part, private banking is controlled by no more than 50 natural persons.

The economic groups and subgroups are 43, which have been increasing at the cost of a sharp decrease in individual entrepreneurs, producing economic concentration, operating closely bequeathed to the financial sector with the productive and current directly on the dictatorship through their national organizations, such as their guilds or business associations, apart from the fact that their men are in key positions in the government and that they have been incorporating retired senior officers of the Armed and Order Forces into their companies.

These most important groups and subgroups are:

- 1.- Cruzat-Larrain Group:** The assets of the companies they control amount to 1,000 million dollars. The one that has the support of Ricardo Claro's subgroups, Patricio García Vela and the allied group of Francisco Sosa Causiño. Participating in the ownership of 109 companies and controls 85.
- 2.- BHC Group:** Main owner Javier Vial Castillo, participates in the ownership of 65 companies, controlling 61, the equity of the latter was 520 million dollars. Linked to the subgroups of Carlos Vial Espantoso, Carlos Cruzat Paúl, of the Maria Larrain family.
- 3.- Matte Group:** Participates in the ownership of some 45 companies, controlling 35, their equity being 360 million dollars.
- 4.- Angelini Group:** Participates in the ownership of 26 companies, controlling 16 whose equity is 140 million dollars.
- 5.- Ewards Group:** Participates in the ownership of 40 companies, controls 26 with equity of \$ 74 million.
- 6.- Luksic Group:** Participates in the ownership of 31 companies, controlling 29 whose assets would be 150 million dollars. Luchetti Company, Pesquera Iquique, Naviera Arauco, etc.
- 7.- Yarur Banna Group:** Participates in 12 companies, controls 8 whose assets are 100 million dollars. Banco Crédito e Inversiones.
- 8.- Parir Lolos Group:** it participates and controls 6 companies whose assets are around 20 million dollars.

The other groups would be Hochschid (US \$ 60 million), Said Briones (US \$ 55 million), Puig (US \$ 90 million), Galmez (US \$ 95 million), Lepe-Pirque and Lema (US \$ 60 million), Sumar (US \$ 26 million), etc.

## **Workers and their Living Conditions**

The fascist military dictatorship with its doctrine of National Security has unleashed a more open and bloody terror in these 10 years against the large mass of Chilean salaried, in defense

of the interests of the bourgeoisie and of Yankee imperialism, which have unloaded on them everything the weight of the economic crisis that the country is suffering, exacerbated by the 10 years of action of the Chicago-boy. The union movement was paralyzed after the assassination, imprisonment and expulsions of the foreigner of union leaders and the elimination of the CUT, thus depriving it of its highest social leadership body, removing the right of petition, strike, assembly, etc.

During the first years of the dictatorship, the workers, the Medinas and the Castles, servants of the dictator, pose as representatives of the Chilean workers, pretending to put the union movement at the tail end of the dictatorship.

The economic crisis caused by Shok's policy of 1975-1976 causes a great layoff, which exceeds 30% of the workforce, forcing the dictatorship to create the PEM, in order to absorb the layoff, to those pays you miserable wages. At the same time, the wages of the workers suffer the loss of their purchasing power by 40%, in addition to the outrages on the part of the employers, which leads to a sector of union leaders that the dictatorship had left in office to form the "Group of Ten", those who petition the military dictatorship to lift restrictions on the union movement, which responds with the Labor Plan.

With the enactment in 1979 of **the Labor Plan**, which regulates trade union activity, mainly the right to strike in such a way that instead of being a tool for lobbying workers, it becomes a danger to them by allowing the look-out of employers and their right to dismiss them if they do not return to work after 60 days under the conditions prior to this or for what the employer's part imposes.

The Labor Plan "favors" only 20% of workers, since public employees of the central administration, those of state-owned companies, maritime workers, workers in small industries and retail and almost all of the peasants.

What has been intended with the Labor Plan is to prevent the working class, mainly, and other workers from using their union organizations as a tool to fight against the political and economic power of the bourgeoisie, that do not use the union movement to take by storm the The bourgeois state, what they want is to lock up the most organized and revolutionary sector of the working class in requests of a mere economist court, denying it any interference in the political life of the country.

The workers, despite the obstacles of the National Plan, start a new stage in their struggles for demands, developing new forms of struggle to annul the repressive power of the dictatorship, so the Chuquicamata workers carry out "the empty meats", to In turn, the Panal workers mobilize their women and children, the 620 workers of the No.1 union of Gooyear standing out, who were the first, after a 6-year dictatorship, held a street demonstration. This rise of the union movement allows the federations to be reactivated creating national organizations to replace the CUT, despite the dictatorship, as happens with the "National Union Coordinator" which together with the Confederation of Copper workers come to give these 2 years another direction to the union movement,

In these 10 years of dictatorship, the purchasing power of workers has decreased by more than 70% compared to 1970. In September 1973, the minimum wage for a public official was 7,290 Escudos per month, 243 Escudos per day could buy 22 kilos of bread (cost E.-11 per kilo). A family that ate, we would say in September 1973, spent 9% of its monthly income on bread (Message Magazine No.235 / 12-1974). As of September 1983, that same public official should be earning, in order to acquire the same amount of bread, a minimum daily wage of 1,232 pesos (if the kilo of bread is worth \$ 56.- multiplied by 22 kilos of bread), it is say, you should have a monthly salary of 36,970 pesos. Today they represent 2 kilos of bread daily, 27% of their monthly income.

Agricultural wages have been further decreased. In January 1974, DL 275 authorized employers to deduct from their workers the “royalties” of the minimum income of up to 50%, what was allowed until September 1973 was 25%.

A study carried out in January 1983 by the University of Chile indicates that the distribution of national income has had a regressive trend since in 1982 the poorest sector, 30% of the population, saw its share of income decrease by 7, 01% to 6.65% of the total, on the other hand, 30% of the population with the highest income presented an increase of theirs from 69.49% in 1981 to 70.37% in 1982.

**In 1970 the participation of workers in the National Income was 53.7%.**

These indexes are the most tangible sample that come to demonstrate what the dictatorship has been for the workers.

### **Situation of the Peasants of the Reformed Area**

Currently there is a large post-unemployment rate among them, since of the 80,000 families that benefited from the Agrarian Reform, 40,000 were left without land, without a house and without work, due to the regulation or return of the properties already expropriated from the landowners (the 28.14% of the land). Of the 33,000 plots assigned to peasant families, a post-grade of more than 20% was transferred due to lack of assistance and the means to work the land, which made it impossible to cancel the credits obtained to work. Transfer that was made below its real value, passing these lands into the hands of bourgeois sectors of the city and the countryside.

### **Situation of the Mapuche People**

The Mapuche people over the years have been stripped of their lands through deception and legal tricks. The dictatorship has dissolved the community of the land allowing the transfer of these, creating conflict within the communities due to the delimitation of the land by not reaching in some communities all of its components. The objective of this measure is to allow the Mapuches total dispossession of their lands.