

CHILE REVISITED: 1980

Over the past 18 months, numerous representatives of the church in Chile have come to Canada to seek the support of Canadian churches in their efforts to "make room for the reconstruction of a civil society". Canadians have also visited Chile to see for themselves what is happening.

The Taskforce on the Churches and Corporate Responsibility has compiled the information exchanged in response to the questions most often asked about Chile.

1.

THE PRESS REPORTS SAY THE HUMAN RIGHTS SITUATION IN CHILE HAS IMPROVED. ISN'T THAT TRUE?

It's important to remember that the Chilean people have suffered three different kinds of repression: physical, institutionalized, and economic.

During the first period after the coup, thousands of people were killed (estimates vary from official figures of 3,000 to 30,000). An estimated 2,500 people "disappeared" and thousands fled the country.

Gradually the killings and disappearances gave way to temporary detentions and torture. At the same time people lost their civil liberties; the constitution was changed to legalize detentions and the suspension of rights. For instance, the Chilean police have been granted power to detain and torture people for five days without laying charges, notifying relatives of their whereabouts, or allowing legal counsel. Church sources say that under current torture methods, five days are sufficient to silence a person for a lifetime. And it is perfectly legal for police to pick up a person who happens to belong to a group to which

another person suspected by the police belongs. Guilt by association.

In November 1979 the United Nations Special Rapporteur, Antonio Cassese, reported that the human rights situation in Chile has deteriorated and international agencies must be vigilant. He was particularly concerned about the following: the continuing State of Emergency, the unfree judiciary, an increase in the use of torture, reports of killings, and no accounting for the disappeared. On the basis of the Cassese Report, the UN Security Council condemned Chile for violating the rights of its citizens.

Church representatives from Chile point out that one of the greatest tragedies for the Chilean people is the loss of their longstanding democratic tradition. For almost seven years the people have been denied the right to vote, to form organizations, or even to hold a meeting without the permission of the police.

2.

FROM AN ECONOMIC POINT OF VIEW THINGS HAVE CHANGED, HAVEN'T THEY?

Bankers tell us Chile is more "creditworthy" now than it was during the Allende period, but what does that mean? Essentially, it means that bankers can feel sure that a loan to Chile will be repaid and that lenders needn't anticipate sudden changes that would put loans at risk.

In 1979 P.J. Nagy, an economist with the Bank of Montreal, told an interviewer from *Le Devoir* that in his view, "... a dictator is a far better risk than a fragile democracy. A well-established government can impose the necessary reform measures even if they are unpopular and onerous for the population. For example, Chile has succeeded in considerably ameliorating its financial situation at the price

of a substantial drop in the purchasing power of the workers."

That's a banker's point of view. But the real question is whether the economic situation has changed from the point of view of the majority of the people of Chile.

Government sources indicate that family incomes in Santiago in 1978 were 16.3% lower than they were in 1971. But an independent study by Jesuit José Aldunate indicates that real wages are still less than 60% of what they were in 1970 and well below the subsistence level. Aldunate also disputes the government's inflation rate of 38%. For low-income earners, he says, the inflation rate was

actually over 50% last year. The reason is simple: the prices of necessities — beans, potatoes, eggs, bread, gas and oil — have risen dramatically, not just the prices of luxury items, which people can do without when prices rise rapidly.

In early 1980, workers at the Goodyear plant received \$100/month for producing high-technology items. Miners, considered relatively well-off, got an average \$175/month. Yet consumer prices were virtually the same as in New York or Toronto.

Studies by the Jesuits show that a person needs a minimum of \$150/month in Chile just to survive. *El Mercurio*, Chile's leading newspaper, puts the survival level at \$250/month. Whatever the level, hundreds of thousands of Chilean workers fall below it.

The situation is even worse for the unemployed — nearly one-quarter of the workforce, according to church sources. (The official government figure is 13%.) One church repre-

sentative from Santiago told a Toronto audience: "We do not know how the 20-25% who are completely unemployed survive. Their diet is primarily 'tea' (brewed herbs gathered from the roadside) and bread. A kilo of bread costs 50 cents!"

The human side of those figures becomes clear at a rehabilitation centre in Santiago, where starving children receive intensive care to save their lives. Dr. Fernando Monckeberl, Director of the centre and Dean of the Institute of Nutrition at the University of Chile, told a *New York Times* reporter that the centre has treated 5,000 starving children in the past three years and that is only the "tip of the iceberg of the nutritional problem."

Is the economic situation better? Ask the people of Chile. Those who have jobs are rapidly losing out to inflation. The hundreds of thousands who have no jobs are left to live on charity, face starvation, or accept severe underemployment. For the lucky ones, there is a church soup kitchen.

3.

IN THE LONG-RUN, WON'T THOSE WHO MAKE IT THROUGH THE BELT-TIGHTENING BENEFIT BECAUSE CHILE IS ON THE ROAD TO RECOVERY?

Part of Chile is on the road to recovery — those who were better off in the first place. But for the majority of Chileans, it looks very much as if the "long-run" is exceedingly far off.

The government has chosen a development plan for the country built on the theories of Milton Friedman and his followers at the University of Chicago. In their plan for transforming Chile into a bastion of traditional free market capitalism, everything is "privatized", with the result that the social protections Chileans had acquired for themselves (e.g. national health care, unemployment guarantees, education) are being turned over to the private sector. As a result, people now find that they must pay directly for these services or do without. The new economic model of the Chilean junta has resulted in a high concentration of wealth in a few hands. Chilean economist Fernando Dahse points out that the two wealthiest groups in Chile now control over half the capital of the 200 largest corporations.¹

In practical terms, the richest 20% of Chileans consumed 51% of the goods and services in 1978, compared with 43.2% in 1969. Meanwhile, the poorest 60% of Chileans consumed only 28.1% of the goods and services in 1978, compared with 35.8% in 1968.²

Health care is probably the most dramatic example. The National Health Service is being dismantled and the Service's health care employees are joining the ranks of the unemployed. With health care now on a pay-as-you-go basis, even some skilled workers don't earn enough to pay for a visit to the doctor. Church sources estimate that 20% of licensed doctors are out of work, as are the majority of graduate nurses. People simply can't afford their services.

Meanwhile a quarter of the government's budget was allocated for defense spending, with the Department of National Defense spending \$1.094 billion in 1980.³

Despite the government's measures to keep the labour movement from discouraging foreign investment, the economic miracle has not materialized. Heavy overseas borrowing has pushed the foreign debt to \$8.5 billion — the bill for servicing that debt was \$1.5 billion in 1979. No wonder the government says there is no money for medicine for sick children.

At the same time, the promises of new investment haven't materialized. The junta has claimed that it has secured foreign investments of \$4.4 billion, but so far foreign investors have put in only \$650 million. A US businessman says that investors are "just sitting it out, waiting to see what happens with the political situation. Investors are nervous about the junta's chances for keeping a lid on a political uprising."

Even the middle class, including many who supported the military coup, find themselves worse off now than they were a decade ago. Their position has been damaged as the junta's economic model has had the effect of dismantling the nation's domestic manufacturing industry and restraining consumer demand.

That kind of development suggests the Chilean people may not have a healthy industrialized private sector to look forward to even if they do survive the belt-tightening and the repression imposed by the free market model adopted by the government. Parts of the economy are returning to a stage of underdevelopment and dependency that the country hasn't seen for decades.

4.

WHY DO CHILEAN WORKERS TAKE SUCH LOW WAGES? IF THINGS WERE REALLY THAT BAD, THEY COULD SURELY STRIKE.

Many of the people have very little leverage. First, so many are unemployed that those who pressed for better wages could be quickly replaced. Second, the labour laws restrict union activity so that the workers are virtually unprotected. In some industries, including copper, they have been denied the right to strike.

The Labour Vicariate of the Catholic Church's Vicariate of Solidarity has issued a stinging critique of the government's treatment of Chilean workers. Their statement concludes that the government had to severely weaken the trade

unions in order to prevent uprisings over the social costs of the economic development model.

By cracking down on the unions, the government made it extremely difficult for people to defend their interests in a workplace where the government plans to encourage transnational companies to establish themselves. The Cassesse Report stated that Chile's new labour law, prepared to avert an international boycott, permanently restricts the right to freedom of association, the right to strike, and the right to collective bargaining, all of which were guaranteed under the UN Declaration of Human Rights.

5.

SURELY PEOPLE WILL BE BETTER OFF IF CHILE GETS CANADIAN INVESTMENT. THEY CLEARLY NEED JOBS.

The history of the past decade demonstrates just the opposite. The bulk of Canadian investment in Chile has been in the mining and resource fields, where investments are large in relation to jobs created.

Furthermore foreign investors such as Noranda Mines, Falconbridge, and EXXON are in Chile to develop resources for export; that type of development provides few of the spin-off economic activities that affect other parts of the economy and produce jobs.

The benefits Chile receives from foreign investment are not distributed equally to all Chileans. The Cassesse Report stated directly that the government's economic policy tends "to sacrifice the needs and aspirations of the vast

majority of the population, in particular the underprivileged strata. . . ." He added that the social conditions of the vast majority of Chileans clearly demonstrated the error in believing the people would benefit from investment; most Chileans faced unemployment and "concealed unemployment", a drop in the purchasing power of those who had jobs, and cuts in public services such as unemployment insurance or social assistance.

On the question of whether or not foreign investment helps the Chilean people, Mr. Cassesse's report was unequivocal: "Foreign economic assistance largely serves to strengthen and to prop up the economic system adopted by the Chilean authorities. . . ."

6.

AREN'T BANK LOANS DIFFERENT? THEY COULD ASSURE DEVELOPMENT AND BETTER LIVING CONDITIONS.

They might if the Chilean Government had the people at heart. Unfortunately, it does not, as one investigative team after another has demonstrated.

Yet international bankers are willing to align themselves with the Chilean Government and to keep it afloat by

extending further credits or rescheduling debts. Such partnerships with the junta only strengthen its hands and make it possible for the economic model to function for as long as it has. They also give the junta a respectability it doesn't deserve.

7.

WHY SHOULD CANADIANS WORRY ABOUT CHILE WHEN WE LIVE IN OUR OWN GLASS HOUSE?

First, Canada is Chile's second largest post-coup foreign investor. Canadian banks have been prominent lenders to the military government and its agencies.

That means the Canadian people have considerable leverage for seeking an end to the violation of human rights in

Chile. Canadian banks and corporations are the primary representatives of the Canadian people in Chile. Their behaviour and the impact of their business decisions speak far more clearly about Canadian foreign policy than do even the most progressive statements issued by the federal government.

8.

WHY HAVE THE CANADIAN CHURCHES ASKED FOR AN END TO ALL INVESTMENT IN CHILE?

Actually, the churches haven't asked for an end to all investment in Chile. Instead, they've asked companies to make their new investments contingent on the restoration of democratic rights. They've asked the banks to place the same condition on their loans. That's what is known as a "conditional investment" position, in contrast with a "no investment" or "withdrawal" position. As long as interna-

tional agencies such as the UN and Chilean church sources report that the economic and human rights situations are deteriorating for many Chileans, the Canadian churches will be asking Canadian banks and corporations to use the leverage they have as investors to press for an end to the suffering in Chile.

9.

WHAT CAN INDIVIDUALS OR REGIONAL GROUPS DO?

The single most important act would be to let your bank and your Member of Parliament know how you feel. The Ministers of External Affairs and of Industry, Trade and Commerce also need to hear what Canadians think about government policy and about programmes that encourage investment in Chile.

A second step might be to raise the issues with agencies investing in Canadian banks and corporations, such as pension funds, insurance companies, large churches, unions, universities, and so on.

It helps to stay abreast of developments in countries like Chile. The following groups can be helpful:

Inter-Church Committee on Human Rights
in Latin America (ICCHRLA)
Suite 201
40 St. Clair Avenue East
TORONTO, Ontario M4T 1M9

Latin American Working Group (LAWG)
Box 2207, Station P
TORONTO, Ontario M5S 2T2

An important resource for news coverage of Latin America and the Caribbean, as well as Canadian church action is:

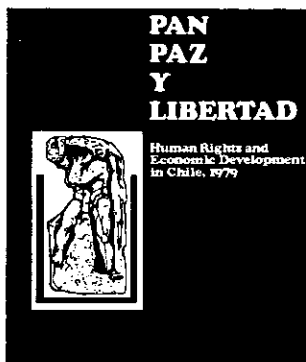
CATHOLIC NEW TIMES
80 Sackville Street
TORONTO, Ontario M5A 3E5
Price/year: \$7.00

See also:

Bread, Peace and Liberty: Human Rights and Economic Development in Chile, 1979; available from TCCR; \$2.50.

Mapuches: People of the Land, Report of a Fact-Finding Mission to Chile (November 1979); available from ICCHRLA (address above); \$2.50.

"One Body: Human Rights, a Global Struggle", ISSUE 19-20; available from United Church of Canada, Division of Mission in Canada (85 St. Clair Avenue East, TORONTO, Ontario M4T 1M8); free.

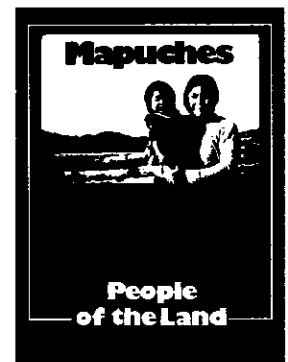


NOTES

¹ Fernando Dahse, *Mapa de la extrema riqueza*, 1979.

² Alejandro Foxley, "Las políticas económicas ortodoxas en perspectiva", in *Mensaje*. Santiago, September 1979.

³ *Chile News*, 7 January 1980, No. 771.



TASKFORCE ON THE CHURCHES AND CORPORATE RESPONSIBILITY

600 Jarvis Street
TORONTO, Ontario M4Y 2J6
(416) 923-1758