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## summary

- CHILE** 2 *Two sides of the same coin: economic freedom and political repression*  
*Orlando Letelier*
- JAMAICA** 19 *Bauxite and transnationals*  
*Jorge Velázquez*
- CONDECA** 25 *Imperialist tool*  
31 *Political cinema according to Littin*  
*Manuela Guevara*
- PARAGUAY** 42 *The transnationals' hidden paradise*  
*Carlos Sánchez*  
53 *Pinochet, the CIA and the Cuban counterrevolutionaries*  
*Carlos Rivero Collado*

# Two sides of the same coin: economic freedom and political repression

Orlando Letelier

Popular Unity Government Foreign Minister Orlando Letelier, assassinated in the United States last September, wrote an article shortly before his death which was originally published in the US magazine *The Nation*. (The version published here has been taken from *El Nacional* of Caracas, retranslated into English. Ed. Note).

The document, which represents Orlando Letelier's final denunciation of the hateful regime that has ruled in Chile since the coup d'état of September 11, 1973, clearly shows the failure of the economic policy applied by the Junta's economists, trained by North Americans Milton Friedman and Arnold Harberger, creators of the so-called "Chicago School." He also denounces the ineffectiveness of the formula which, applied to the Chilean reality, has meant increased poverty for the people and the general debacle of the national economy.

Letelier analyzes the consequences of the Junta's economic policy within the framework of a broad counterrevolutionary process which is based on surrendering political power to a reactionary minority and handing over to foreign capitalists millions of dollars that belong to the proletariat.

Everything Letelier says about the creators of the economic formula for Chile acquires great historical importance today, when the Nobel prize in economy has been awarded to Milton Friedman, an act even repudiated by four United States scientists who hold the same prize. Thus, the true complicity of imperialist economists in the economic genocide against Chile is revealed to an even greater extent.

To state that economic policies are conditioned by socio-political reality and that, when put into practice they modify that reality at the same time, would seem to be stating the obvious. Economic policies are introduced for the very purpose of changing social structures.

We only mention these considerations because the necessary link between economic policy and socio-political context seems to be absent from most analyses of the current situation in Chile published in the United States. In other words, the violation of human rights, the system of institutionalized brutality and the violent suppression of all forms of dissension are discussed (and generally condemned) as phenomena unconnected or only indirectly related to the unrestricted "free market" policy the military Junta has imposed. This point of view has been particularly characteristic of public and private financial institutions which, while praising and openly supporting the Pinochet government's economic policies, have voiced their regret at the "poor international image" the Junta has



acquired because of its "incomprehensible" persistence in torturing, imprisoning and repressing all its critics. Robert McNamara, president of the World Bank, recently justified that body's decision to grant a loan of \$33 million to the Junta, by saying that the decision had been on purely "technical" considerations that had nothing to do with the country's political and social conditions. That same line of argument has been followed by a number of private US banks which, according to one representative of a financial consulting firm, "have fallen all over each other to grant loans." (Ann Crittenden, *The New York Times*, February 20, 1976). But probably no one has expressed this attitude better than the US Secretary of the Treasury. Following a visit to Chile during which he talked with military authorities about the violations of human rights committed by the Junta, William Simon congratulated Pinochet for bringing "economic freedom" to the Chilean people (*The New York Times*, May 17, 1976). This particularly convenient concept of a social system in which "economic freedom" and political terror coexist without touching each other, allows these financial spokesmen to support their concept of "freedom" while exercising their verbal muscles in defense of human rights.

The convenience of this distinction is particularly appreciated by those who have inspired the economic policies that are currently being applied

in Chile. In a recent issue of *Newsweek*, Milton Friedman, intellectual author of the economic model the Junta has used and informal adviser to the group of Chilean economists that manage it, said:

In spite of my deep disagreement with Chile's authoritarian political system, I do not consider it a sin for an economist to provide economic technical assistance to the Chilean government, in order to end the plague of inflation, just as I would not consider it a crime for a doctor to provide technical advice to end a plague in the field of health (*Newsweek Magazine*, June 14, 1976).

It is curious that an academician who wrote a book defending the argument that only classical economic liberalism can serve as the basis for political democracy, should so easily be able to detach politics from economics when it proves indispensable to adopt a system of absolute restriction of all democratic liberties in order to apply the economic theories he supports (Milton Friedman, *Capitalism and Freedom*, University of Chicago Press, 1962). One would logically expect that if those who curtail private enterprise are held responsible for the effects of their measures in the political sphere, those who impose unrestrained "economic freedom" would also be held responsible when the imposition of this policy is inevitably accompanied by massive repression, hunger, unemployment and the permanence of a brutal police state.

## THE ECONOMIC PRESCRIPTION AND CHILE'S REALITY

The economic plan currently being put into effect in Chile represents the fulfillment of the historical aspiration of a group of Chilean economists, the majority of whom were trained at the University of Chicago by Milton Friedman and Arnold Harberger. Deeply committed to the preparation of the coup, the Chicago boys, as they are known in Chile, succeeded in convincing the generals that they would be able to complement their brutality with the intellectual talents they lacked. The United States Senate Select Committee on Intelligence Activities has recently revealed that "CIA collaborators" helped plan the economic measures the Chilean Junta put into operation immediately after it seized power (*Business Week*, January 12, 1976). Witnesses who testified before the Committee maintained that some of "the Chicago boys" received funds from the CIA for research work such as an economic plan written up in a 300-page document given to the military chiefs before the coup d'état. Thus it is understandable that after the seizure of power, the Chicago boys should be — as the *Wall Street Journal* (November 2, 1973) noted — "chomping at the bit to throw themselves" into the Chilean economy. Their first approach was gradual and it was only after a year of consid-

erable confusion that they decided to apply the theoretical model they had been taught at Chicago, without major modifications.

## THE ECONOMIC MODEL

What are the basic points in the economic model offered by Friedman and his followers and adopted by the Chilean Junta? First, that the only possible framework for economic development is one in which the private sector can operate freely; that private enterprise is the most efficient method of economic organization and that, as a result, the private sector must be the predominant one in the economy. Prices must be freely set according to the laws of the market. Inflation, the worst enemy of economic progress, is the direct result of monetary expansion, which can only be eliminated by a drastic cut in public expenditures.

In no country in the world (aside from the model promoted in Chile by the Chicago boys) is there an economic system which allows private enterprise to operate outside all governmental control. This is the case because all economists (except for Friedman and his followers) have known for decades that in real life capitalism it is not possible to find the perfect competition described by the classical liberal economists.

This is not the place to analyze the claims of Friedman and the Chicago boys from the point of view of their universal validity. We will concentrate only on examining what happens when this model is applied in a country like Chile. There, Friedman's theories are particularly objectionable, both from an economic and a moral point of view, because they propose a totally free market policy within the context of extreme inequality among various economic agents: inequality between the monopoly enterprises and medium and small businessmen; inequality between the owners of capital and those who have only their work force; etc. Similar situations would surely be observed if the model were applied to any other underdeveloped economy of dependent capitalism.

It is simply absurd to speak of free competition in a country like Chile, characterized by a clear monopolistic structure. An academic study made during the regime of President Frei, pointed out that in 1966:

284 enterprises controlled each and every subsector of Chilean economic activity. In the industrial sector, 144 enterprises controlled all the branches of that sector. Meanwhile, within each of those 144 enterprises, which represented the key to the industrial sector, only a few stockholders controlled and determined their activity: in more than 50% of the enterprises, the ten largest stockholders held between 90% and 100% of the capital (Chilean magazine *Política y Espiritu*, No. 350, 1975).

At the same time a number of studies also made during the pre-Allende period show the magnitude of the control the transnationals exercised over the Chilean economy. As Barnet and Müller pointed out:

In pre-Allende Chile, 51% of the 160 largest firms were controlled by transnational corporations. In each of the seven key industries of the economy, between one and three firms controlled at least 51% of production. Of the 22 most powerful corporations operating in the country, 19 had no competition or shared the market with other oligopolies (*Global Reach, the Power of Multinational Corporations*, Simon & Schuster, New York, 1974).

Between 1971 and 1973, the majority of the monopolist and oligopolistic industries were nationalized and transferred to the public sector. Nevertheless, the degree to which the military dictatorship has ended state participation in the economy and the accelerated rhythm with which industries are transferred to national and foreign private control, suggests that the levels of concentration and monopoly are not the same now but instead are greater than those that existed before the Popular Unity government.

A report from the International Monetary Fund in May, 1976, points out:

The process of returning to the private sector the vast majority of enterprises which, throughout the previous 15 years and especially between 1971 and 1973, had been incorporated into the public sector, continued (during 1975)... At the end of 1973, the Production Development Corporation (CORFO), a public body, held a total of 492 enterprises including 18 commercial banks... Of this total, 253 enterprises have been returned to their former owners. Of the other 239 enterprises, 104 (including 10 banks) have been sold; 16 (including two banks) have already been assigned and their transfer is only a matter of weeks; the sale of another 21 is being negotiated bilaterally with groups of potential purchasers... The so-called auction of the remainder is pending.

## THE INEFFECTIVE PRESCRIPTION

There are numerous examples that illustrate how the prescription proposed by Friedman fails to produce the economic effects implicit in his theoretical model. During the first semester of 1975, for example, in accordance with the prescribed elimination of economic controls, the price of milk was freed. What were the results? The price to the consumer rose 40% and, at the same time, the price paid to the producer dropped 22%. There are more than 10 000 milk producers in Chile but

**Ayuda yanqui a Pinochet**



there are only two processing companies, which really control the market. More than 80% of all paper and 100% of several kinds of paper produced in Chile, come from one single enterprise: the *Compañía Manufacturera de Papeles y Cartones*, which is part of the Alessandri economic group. This enterprise establishes its prices without having to face any competition whatsoever. In the household electrical appliances industry, there are more than 15 foreign brands on the market but it happens that all these brands are in the hands of just three companies that assemble the different appliances in the country and fix their market prices.

Any of the followers of the Chicago School would say that, once international trade is liberalized as prescribed by the model, the Chilean monopolies and oligopolies are exposed to competition from foreign trade, that is, to imported products that compete with those offered by Chilean industry, and that this competition would produce the market price norm. But it hasn't happened that way because the limited availability of foreign exchange does not allow the Chilean economy today to count on even the resources to import the most essential goods. More important than this is the fact that, since the international markets are controlled by oligopolies subject to monopoly competition, foreign enterprises are not interested in sending products to Chile that can compete with those of their Chilean subsidiaries, when they have monopoly control of that country's market. Moreover, in Chile the same economic groups control

manufacturing, the financial setup and imports. As is obvious, these groups are not prepared to cut their own shares.

In short, the practical application of Mr. Friedman's theories to the Chilean reality means that the industrial groups are able "to compete" freely at the price level they set.

There are other points that are frequently made in the Economics Department of the University of Chicago and which the Junta's economic advisers prefer to ignore when they advise their Chilean disciples: such as the importance of the free labor contract between owners and workers and the efficiency of the market as a tool for assigning economic resources. Certainly to mention the workers' right to negotiate appears sarcastic in a country where the Central Workers' Union has been declared outside the law and where wages are established by Junta decree. It would no doubt also be somewhat grotesque to speak of market laws as the most efficient tool for assigning resources when it is a widely recognized fact that there are practically no productive investments in the economy, since the most profitable "investment" is speculation. Under the slogan, "we must create a market for capital in Chile," certain private groups that enjoy the Junta's protection have been authorized to set up "financing" bodies that engage in unchecked financial speculation. Such have been the abuses that even Orlando Sáez, president of the *Sociedad de Fomento Fabril* (Manufacturing Development Association), composed of owners of industries, and a staunch promoter of the coup d'état, has had to admit: "It is not possible to go on with the lack of financial control that exists today. The dance of millions who speculate currently without regard for the presence and patience of those who don't even have work, must be directed toward productive investment," (Chilean newspaper *La Tercera*, April 9, 1975).

## THE BEST EFFORTS

With all this, as the Junta never fails to insist, Friedman and Company's prescription is control of inflation. According to the Junta, that must be the aim of "the best efforts of all Chileans." Professor Harberger, a gold mine of truth, categorically stated in Chile in April, 1975:

I see no excuse for not halting inflation, since its origin is perfectly well known: fiscal deficit and monetary expansion have to be stopped. I know you are going to ask me about unemployment: if the fiscal deficit is reduced by half, the current unemployment rate will not rise by more than 1% (Chilean weekly *Qué Pasa*, April 10, 1975).



According to official figures from the Junta, between April and December, 1975, the fiscal deficit was reduced by approximately the 50% recommended by Mr. Harberger. During the same period, the rate of unemployment rose to six times the figure he predicted. To summarize, the remedy lies, in the first place, in reducing fiscal expense which will reduce the money in circulation. This will be translated into restricted demand which, in turn, will bring with it a general price reduction, that is, the defeat of inflation. Of course, Professor Harberger did not mention explicitly who will have to reduce their standard of living to pay for the cost of the prescription.

## **THE FORGOTTEN REALITY**

The followers of the Chicago School forget the reality in which their theories are applied. They forget, for example, the previously noted monopoly structure of the Chilean economy, which determines that the industrial groups that control the economy have absolute freedom to fix prices at whatever levels they want. They also forget the so-called inflationary expectations and the role they play in generating higher prices. In Chile of late, inflationary expectations have been approximately 15% a month. Faced with this situation, businessmen are preparing for the future price increase in their input and are raising their sale prices in anticipation. This process means that there is a constant inflationary spiral. At the same time, in a climate of unchecked inflation such as

exists in Chile as a result of the continuous monetary devaluation, no one is prepared to maintain liquid resources. Under these circumstances, powerful economic groups that operate in the financial apparatus without government control create mechanisms to absorb and manipulate such resources, so that the most shameful forms of speculation take place, not only prospering from inflation but stimulating it enormously.

## THE ECONOMIC RESULTS

Three years have passed since the beginning of this experiment in Chile and there is now enough information to conclude that the Chicago boys have failed, at least in all their previously stated and measurable aims, especially in their attempts to control inflation. Nevertheless, it must be recognized that they have been successful, at least temporarily, in their historical aim to entrench political and economic power within a small ruling class through massive transfer of wealth from the hands of the workers and middle class to a privileged group of monopolists and financial speculators.

The empiric proof of their economic failure is overwhelming. On April 24, 1975, shortly after the last known visit Messrs. Friedman and Harberger made to Chile, the Junta's Treasury Minister Jorge Cauas, stated:

The honorable governmental Junta has asked me to draw up and carry out an economic program basically designed to eradicate inflation. With an ample group of technicians we have proposed to the country's authorities a program of economic recuperation that has been approved and put into action (the "group of technicians" he refers to is obviously the Chicago boys). The main objective of this program is to stop inflation during the rest of the year.

At the end of that year, the annual rate of inflation in Chile had reached 341%, the highest anywhere in the world. Meanwhile, consumer prices rose 375% during the same year while wholesale prices rose 440%.

Analyzing the causes for the high rate of inflation in Chile during 1975, a recent report from the International Monetary Fund (IMF) says: "The drop in fiscal expenditures with its adverse effects in areas of employment, housing and public works, had to go considerably beyond what had been planned in order to appease the great credit demands in the private sector. . . ." Further on, it notes: "General monetary management remained expansionist in 1975. Moreover, the high inflationary expectations and lack of willingness on the part of the public to increase their available



cash, greatly complicated the results of monetary programs." Referring to the private bodies that have begun to operate without any control, the report adds: "The 'finance houses' have been authorized to operate outside the commercial banking system and with interest rates up to 50% higher than the maximum the banks are permitted." According to the same source, "finance houses" were operating in 1975 at a real rate of interest that reached 14% a month, that is, the equivalent of 168% annually, while obtaining resources in New York by paying an annual interest of 10% to 12%.

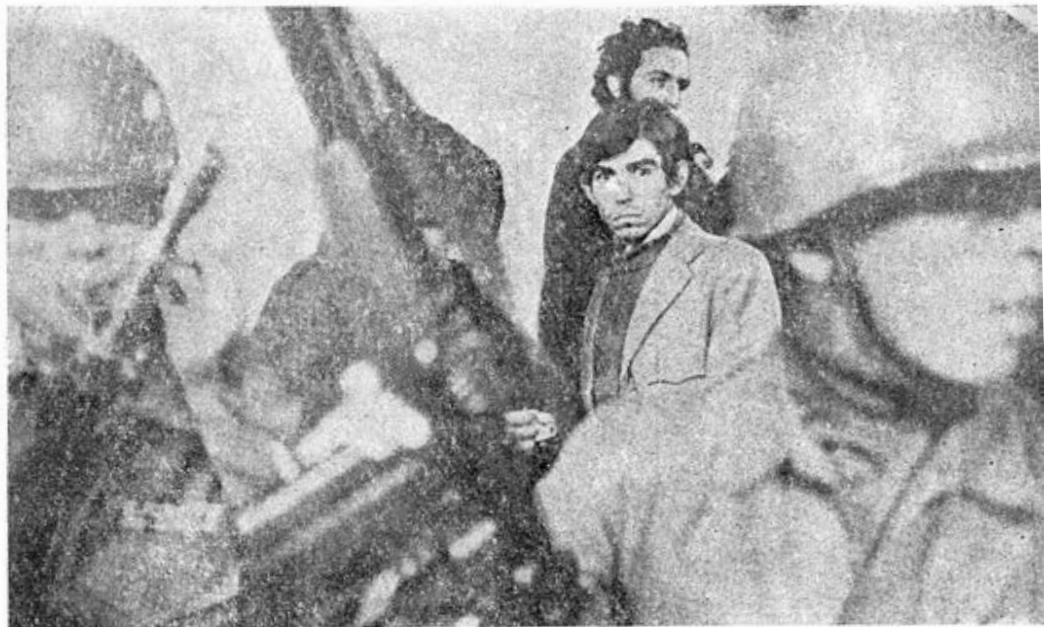
In other words, application of the model proposed from Chicago has not brought about a significant reduction in overall monetary expansion. What has occurred is that, while on the one hand circulating money is reduced by means of a relentless decrease in the income of wage earners and a dramatic rise in unemployment, on the other hand, the amount of money in circulation is increased to a greater extent by loans and transfers of big firms and by authorizing certain private financial institutions to issue money. As a United States political scientist put it: "The very social class that the Junta depends on is the chief activator of inflation." (James Petras, "Formula for the Chilean Junta's Success," *New Politics*, winter, 1976).

The exchange policy and the decrease in public expenses have caused an economic depression that has meant returning the country's level of development to a situation similar to what existed 12 years ago. The Junta and its advisers have achieved this in less than three years. The Gross National Product (GNP) shrank by almost 15% in 1975, reaching its lowest level since 1969 while, as the International Monetary Fund noted, real national income "dropped by 26%," placing real per capita income below the level of ten years ago." The decline in the GNP during 1975 is chiefly the result of an 8.1% reduction in the construction industry. Oil extraction fell by an estimated 11%, while transportation and communications declined 15.3% and trade 21.5%

In the agricultural sector, production seems to be virtually stagnant for 1975-1976, showing only 0.4% variation with respect to the previous agricultural year. This situation has been caused by a combination of factors, including the continuous rise in the price of fertilizers and pesticides. (It is estimated that the use of fertilizers decreased 40% during the 1975-1976 agricultural year). The return to their former owners of several million hectares of expropriated land transferred to peasant organizations under the 1967 Agrarian Reform law, has also had a negative effect on the level of agricultural production.

From the time of the coup up to the end of 1975, almost 60% of all agricultural lands affected by the Agrarian Reform law — the equivalent of about 24% of the total land expropriated — have been ruled on by the Junta. Of this total, 40% of agricultural enterprises (75% of the physical area and more than 50% of the irrigated land) have been totally returned to their former owners. Land ownership by big agricultural enterprises or individual ownership has now become the general rule, replacing the various forms of ownership and cooperative exploitation that existed only a short time ago.

In the foreign sector of the economy, the results have been no less disastrous. In 1975, the value of exports dropped by 28%, from \$2.13 billion to \$1.53 billion; meanwhile the value of imports dropped by 18%, from \$2.4 billion to \$1.81 billion leaving a deficit trade balance of \$280 million. If the type of imports is examined, it is apparent that food products dropped from \$561 million in 1974 to \$361 million in 1975, or \$200 million. Since internal food production dropped at the same time, the availability of food to the Chilean population has been dramatically reduced. At the same time, the foreign public debt payable in foreign exchange increased from \$3.6 billion on December 31, 1974, to \$4.31 billion on December 31, 1975, thereby accentuating the country's dependency, particularly on the United States. The Junta's uncontrolled indebtedness has transformed Chile into a country with one of the highest



per capita foreign debt rates in the world. The current level of foreign indebtedness, that is, without considering the new debts that will undoubtedly continue to be contracted in the immediate future, means that in the coming years, Chile will have to devote more than 34% of the estimated value of its exports to servicing its foreign debt.

## **DRAMATIC UNEMPLOYMENT**

But the most dramatic result of the economic policy has been the singular rise in the level of unemployment. Before the coup d'état of September, 1973, unemployment in Chile stood at 3.1%, one of the lowest in the western hemisphere. At the end of 1974, unemployment had risen more than 10% in the metropolitan area of Santiago and was still higher in some other areas of the country. Official figures from the Junta and the International Monetary Fund show that at the end of 1975, unemployment in the Santiago metropolitan area had reached 18.7%. In other parts of the country the corresponding figure was above 22% and in certain specific sectors, such as the building industry, it reached almost 40%. During 1976, unemployment has continued to mount. According to the most conservative estimates, in July of 1976, approximately 2.5 million Chileans (about a quarter of the population) had no income whatsoever, lived in complete poverty and malnutrition, surviving thanks to food and clothing distributions made by the churches and other humanitarian institutions. It goes without saying that the efforts of religious and humanitarian institutions to try to solve the economic hardship of thousands of

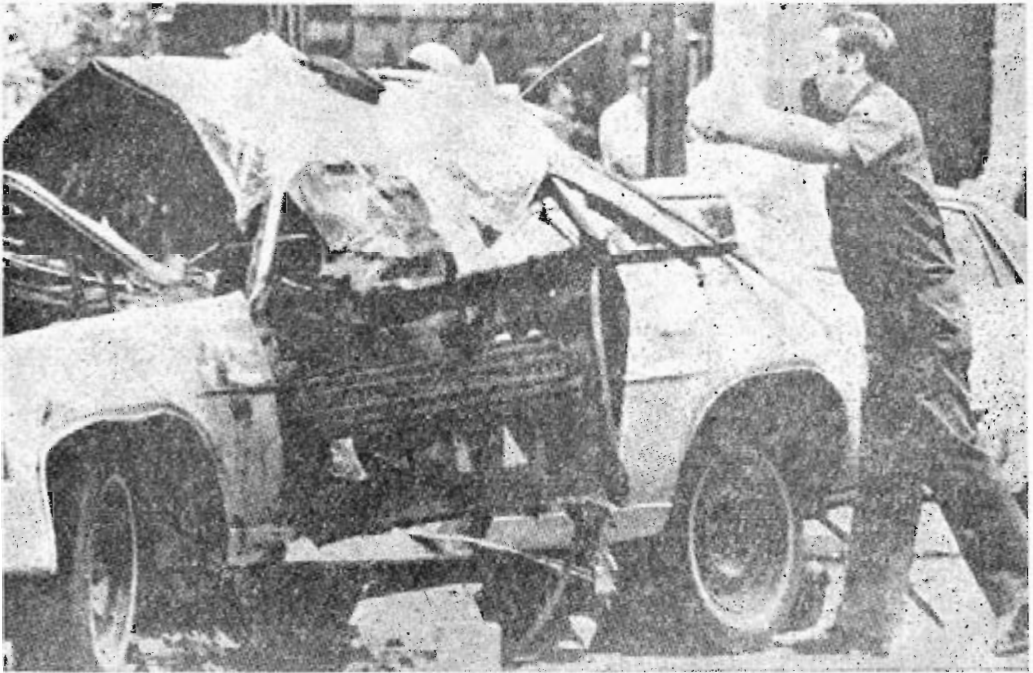
Chilean families have surrounded them with suspicion and in many cases the outright hostility of the secret police.

The inhuman conditions under which a high proportion of the Chilean population lives today are dramatically reflected by substantial increases in malnutrition and infant mortality and, at the same time, in the appearance of thousands of beggars who crowd the streets of the country's cities. This is a picture of poverty and privation heretofore unknown in Chile's history. The families that earn what is called the "minimum wage" are unable to buy more than 100 calories and 15 grams of proteins per person per day. This level of caloric and protein consumption represents less than half the minimal satisfactory level established by the World Health Organization. It is characterized by one single word: hunger. According to figures provided by the United Nations Economic Commission for Latin America (ECLA), infant mortality rose by 18% during the first year of the military government.

In order to counteract criticisms that have arisen even within its own ranks against the brutal results of firings, the Junta, in 1975, established a program of "minimum employment." This nevertheless applies to only 3% of the work force and the wages paid are only \$30 a month.

Although the economic policy has obviously affected the working class most cruelly, the general debacle of the economy has been so great that it has also affected the middle class to a significant degree. At the same time, the medium-sized national enterprises have found their possibilities for survival destroyed due to reduced demand, and a large number of them have been absorbed by the monopolies with which they were supposed to compete. As a result of the collapse of the auto industry, hundreds of shops and small industries tied to it have gone bankrupt. Three large textile firms (*FIAD*, *Tomé Oveja* and *Bellavista*) are currently working only three days a week; several shoe manufacturers, including *Calzado Bata*, have had to close down. Recently *Ferrijoza*, one of the chief products of the so-called "white line," declared bankruptcy (*Informe Latinoamericano*, July 1976, Vol. IV, No. 27, London). Faced with this situation, Raúl Sahli, new president of the Manufacturing Development Association which is closely linked to the big monopolies, stated recently: "The social market economy must be applied in all areas. If there are industries that complain about this, they can go to the devil. I won't defend them." (Quoted by André Gunther Frank, "Second open letter to Milton Friedman and A. Harberger," April 1976).

The nature and results of the economic prescription can be appreciated in their full significance if the figures for internal income distribution are examined. In 1972, during the Popular Unity government, employees' and workers' income represented 62.9% of total income; the other 37.1%



belonged to the capital sector. In 1974, the wage earners' share had dropped to 38.2% while the proportion devoted to capital had risen to 61.8%. According to International Monetary Fund estimates, "real average wages dropped 8% during 1975." Preliminary data is now available to indicate that these repressive income distribution tendencies have continued during 1976.

In other words, over the past three years, literally several million dollars have been taken out of the pockets of the wage earners and placed in those of the capitalists and big landowners. These are the economic results of applying to Chile the prescription proposed by Messrs. Friedman and Harberger.

## **THE POLITICAL BACKGROUND**

The Chilean Junta's economic policy and its results must be analyzed within the context of a broad counter-revolutionary process designed to return to a small minority, the political, social and economic control that it had gradually lost over the last 30 years and particularly during the years of the Popular Unity government.

Chilean society historically had been characterized by a growing participation on the part of the working class and its political parties in the country's economic and social direction, up to the time of the September 11, 1973 coup d'état. Since the beginning of the century, the workers, through the mechanisms of representative democracy, had been making economic, social and political gains, which culminated in the election of Salvador Allende as president of Chile in 1970. For the first time in history, a society tried to build socialism through peaceful means. During the period of Salvador Allende's government, there was a significant improvement in conditions of employment, health, housing, land ownership and education of the vast majority. In this process, the privileged internal groups and imperial foreign interests felt themselves seriously threatened.

Notwithstanding the strong financial and political pressure exercised from outside and the efforts to manipulate middle-class consciousness through a real psychological war orchestrated by the mass media that controlled the reactionary sectors, popular support for the Allende government rose significantly between 1970 and 1973. In March, 1973, only five months before the military coup, parliamentary elections were held in Chile. In these elections, the Popular Unity parties substantially increased their total voting percentage (by more than seven points), compared to the 1970 presidential election. This was the first time in Chile's history that the governmental political parties increased their vote in elections held during the period they occupied the presidency. These results con-



vinced the national upper bourgeoisie and its foreign supporters that it would be impossible to recuperate their privileges through the democratic process. For years, and particularly between 1970 and 1973, these sectors had been becoming aware of the fact that their possibilities of reestablishing a social system in Chile favorable to their own interests were becoming slimmer all the time. Thus, they resolved to destroy the democratic system and the state institutions and, by means of an alliance with the generals, take power by force.

Within such a context, the concentration of wealth is no accident but rather an imperative; it is not a side effect of a difficult situation — as they want to make the world think — but the basis for a social project; it is not an economic failure, but rather a political prerequisite. The real failure of the model applied to Chile does not lie in its obvious inability to redistribute the wealth or stimulate development, because this does not have priority in the model, but rather in its inability to destroy the consciousness of the Chilean people. The economic plan had to be put into practice, and, within the Chilean framework, that could only be done by assassinating thousands, establishing concentration camps throughout the country, imprisoning more than 100 000 persons in three years, abolishing the trade unions and neighborhood organizations, and prohibiting all types of political activity and every form of free expression.

While the Chicago boys have provided an appearance of technical respectability to the dreams of *laissez faire* and the political greed of the landowning oligarchy and the high bourgeoisie of monopolists and financial speculators, the military have applied the brute force necessary to implement it. Repression of the majority and "economic freedom" for a small privileged group are two sides of the same coin in Chile.

Of course, there is an internal logic between the two central priorities established by the Junta after the coup of 1973: "destruction of the Marxist cancer" (which has come to mean not only repression of the left political parties, but also the destruction of all democratically elected trade unions and all opposition organizations, including the Christian Democrats and the church organizations) and at the same time, establishment of a "free private economy" and control of inflation à la Friedman.

Thus, it seems grotesque that those who inspire, support or finance that economic policy, should seek to present their actions as restricted to "technical considerations" and appear to reject the system of terror that policy necessarily requires to be put into practice.

# Bauxite and transnationals

Jorge Velázquez

Ever since it came to power in 1972, Michael Manley's government has directed its efforts toward controlling the production and marketing of bauxite, the country's chief natural resource.

With an area of 10 962 km<sup>2</sup> and a population of two million, Jamaica is the second largest producer (following Australia) and the foremost world exporter of that mineral exploited by the Aluminum Company of America (ALCOA); Reynolds Metal Company; Kaiser Aluminum and Chemical; Anaconda Company; Revere Copper and Brass

Company — all United States corporations — and Aluminum of Canada (ALCAN).

The Antillean nation entered into open confrontation with those six corporations that manage the white metal on a world level when, last May, the state increased taxes by 7.5% per ton on the export price of bauxite and announced its intention to reclaim 80 000 hectares of land in the hands of the transnationals.

Those companies, with refineries in the United States and Canada, extract, process and market be-

tween 13 million and 15 million tons of bauxite a year and pay the Jamaican state only about \$25 million in returns.

## **BAUXITE: JAMAICA'S BASIC WEALTH**

Jamaica has subsoil reserves of some 1.5 billion tons of that mineral and it is estimated that these deposits can last for more than 60 years. The cartel — composed of the previously mentioned corporations — has controlled 80% of its exploitations. Somewhat more than 60% of that production is exported to the United States which, in turn, imports 92% of what it needs for its industry while its own bauxite reserves in Alabama, Arkansas and Georgia remain unexploited.

A white rock containing 45% to 75% alumina with oxide of iron, silica, lime, magnesium and titanitic acid, bauxite is used to obtain aluminum and its components. The mineral has wide use in the metallurgical, aeronautics, oil and chemical, automobile, paper, glass, electronics, and building industries and in the manufacturing of household utensils and many other products.

The history of Jamaican bauxite, chief branch of that island's econ-

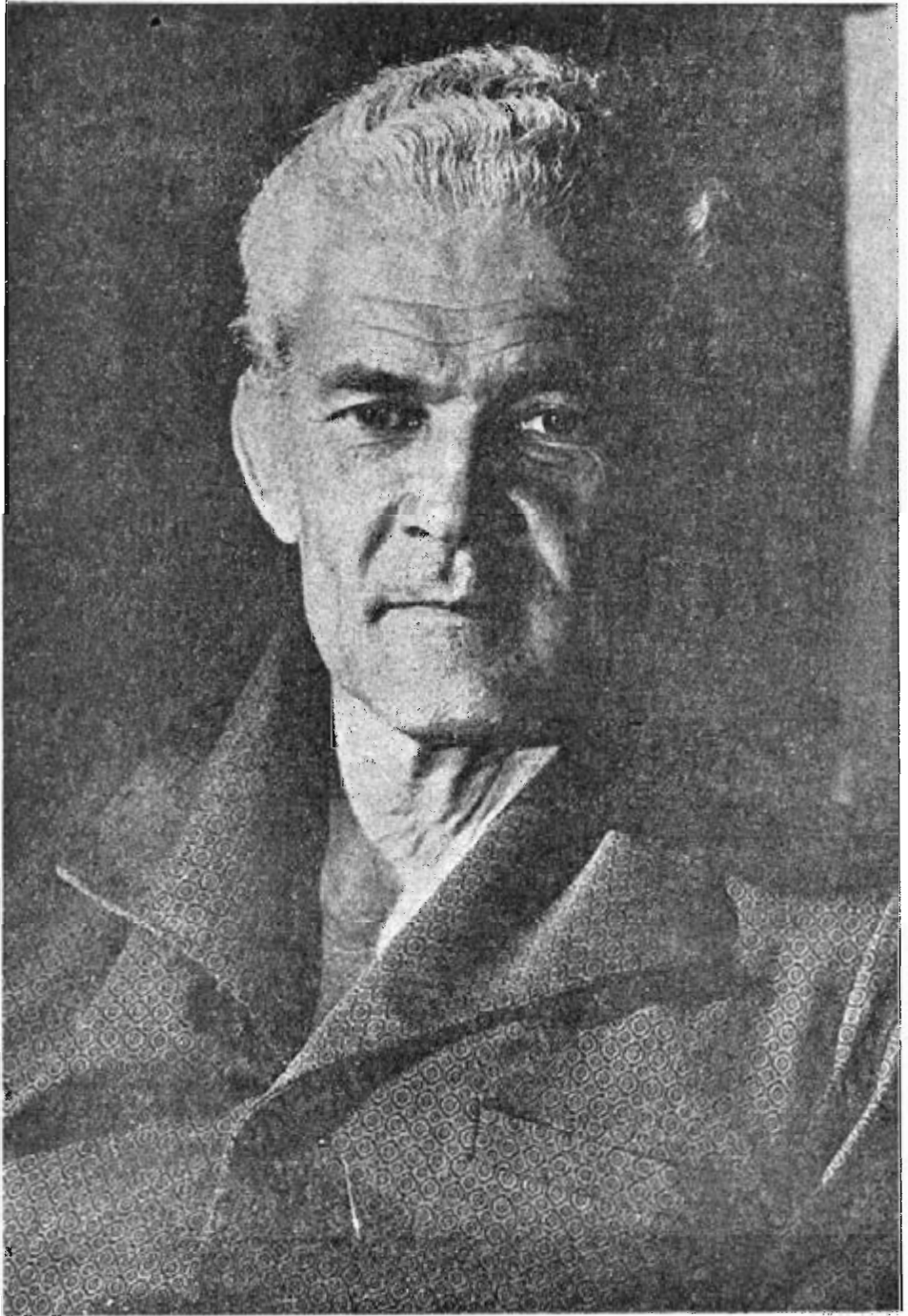
omy, begins in the '40s when the existence of large amounts of high quality bauxite were discovered.

## **THE TRANSNATIONALS ARRIVE**

Because of the growing demand for aluminum on the international market, Reynolds Metal Company, Kaiser Chemical Corporation and the Aluminum Company of Canada rushed into Jamaica in 1950. Two years later, extraction and processing operations were begun on an industrial basis and at the end of a decade and a half, traditional export products such as sugarcane, bananas and citrus fruits were left behind.

In his book *A Voice at the Workplace*, Manley states that the fight against the foreign companies began in 1952 with the creation of the Regional Federation of Bauxite Workers, when the companies were paying the miner only 14.22 cents an hour while the US worker was earning ten times as much for the same work shift.

Manley began his trade union activities in the National Workers' Union, founded in April, 1952, and participated actively in the 1953 strike against ALCAN as well as in successive trade union struggles by the workers of his country.



## **THE BATTLE FOR BAUXITE**

The confrontation with the monopolies exploiting bauxite in the Antilles led Jamaica, Guyana, Trinidad and Tobago and Surinam to unite in creating the Federation of Bauxite Miners of the Caribbean, founded in 1964 and led by Manley up to 1974.

In order to improve the country's situation following his electoral victory in 1972, the Prime Minister of Jamaica inaugurated an economic program aimed at land reclamation, negotiation of mining contracts and creation of a capital fund for the purchase of refineries, with the participation of Latin-American countries and the English-speaking Caribbean nations.

After two years of diplomatic efforts at Manley's initiative, Jamaica, Australia, Guinea, Yugoslavia, Sierra Leona, Ghana, Trinidad and Tobago, Surinam, the Dominican Republic and Haiti created the international Bauxite Association in March, 1974, in Conakry, Guinea, to defend common objectives.

That year the Jamaican government projected a tax policy to raise its income from \$25 million to \$200 million.

The international energy crisis that hit the island's economy with

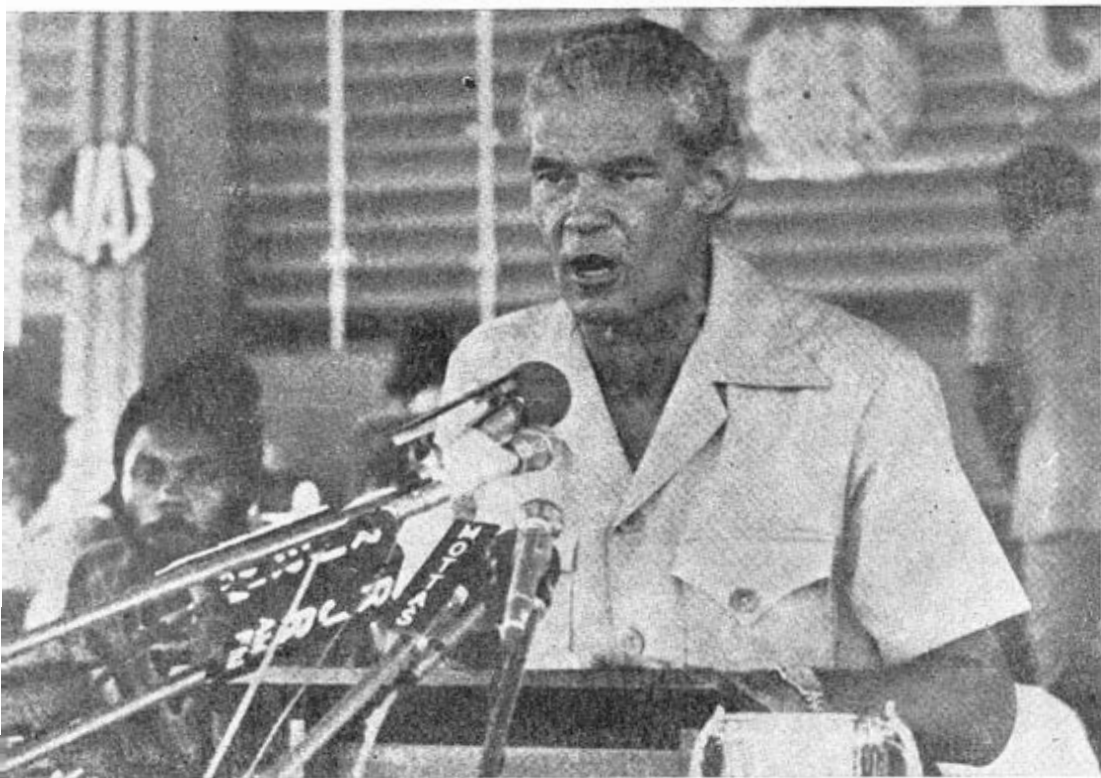
a deficit of \$85 million in its balance of payments for 1973, forced the government to redouble its efforts to raise income from bauxite.

## **FOR A JUST PRICE**

To that end, Manley held numerous meetings with Canadian Prime Minister Pierre Trudeau, in Ottawa, and with US Secretary of State Henry Kissinger, in Washington, during March, 1974, on prices, payments to the state and the status of the mining companies on the Caribbean island.

A few days later, the law increasing taxes on bauxite export prices was announced and, along with those regulations, it was revealed that a law would be issued revising and regulating the ownership of land in foreign hands, which allows the Jamaican state to control its natural resources.

The measures, which had the support of trade union and student groups and were put into effect last year, raised taxes from \$2.50 to \$11.72 per ton exported, and the state acquired 51% of the stock of the US transnationals Kaiser Aluminum Company and Reynolds Metal. Recently, negotiations on state participation in and control



of ALCOA's operations were announced.

## **THE CONFRONTATION WITH THE TRANSNATIONALS**

As a result of those measures benefiting the country's economy, the aluminum corporations mounted a campaign of harassment against the Jamaican government and even threatened to switch their purchases to Australia. But because of its distance, that source of supply meant a cost of \$4 more per ton than the cost of Jamaican

bauxite and aluminum, which then led the companies to reconsider where they would get the mineral which is vitally important to US industry.

The transnationals sharpened their campaign against Manley's government and have tried to destabilize it by openly supporting internal reaction. On several occasions, the six bauxite enterprises functioning on the island have halted their operations, fired workers, and ordered cuts in factory production plans.

Last October, the mining companies ordered a production cut and continued to fire workers in reprisal for the measures the Jamaican government had taken that benefited the country by \$300 million at the end of 1975.

The closing of the Kaiser, ALCOA, Reynolds and ALCAN factories last February in reply to the government's measures and workers' demands for increased wages and new collective bargaining agreements, has prolonged production instability.

The National Bauxite Council, member of the Jamaican Workers' Union, has requested nationalization and control of the enterprises that exploit that mineral.

Labor unrest provoked by the mining corporations increased when the government announced the opening of new markets in North Africa and the socialist countries.

## **THE CARIBBEAN UNITES**

Jamaica and Mexico will also have an alumina and aluminum production complex when they establish a mixed multinational enterprise, and Jamaica and Venezuela

will install an aluminum refinery in each country.

The building of two other refineries by Jamaica, Guyana and Trinidad and Tobago is projected.

The island also proposes to augment plans for its rice, citrus, sugarcane and banana crops and provide financial incentives and technical assistance for small farmers.

Jamaica is developing an integrationist policy with the English-speaking countries of the Caribbean, in defense of its natural resources.

## **TOWARD CONTROL**

Since Manley became Prime Minister in March, 1972, this line of action has been translated into Jamaica's active participation in international meetings where raw materials have been the subject of discussion.

The results of the negotiations with the transnationals represent an important step forward for Manley's government, reducing the influence of the US corporations and control of the chief export product, for the benefit of the national economy.

# CONDECA: Imperialist tool

**All Central American countries are obliged to help us in this struggle, in view of tomorrow, which may bring the same complications for them. Central America must unite against the invader, instead of supporting governments that enter foreign alliances.**

**A. C. Sandino**

In 1964, the defense ministers of Guatemala, Honduras, El Salvador and Nicaragua signed a pact that formally established the Council of Central American Defense (CONDECA).

But CONDECA was, in fact, born in 1961 when the top brass of Cen-

tral America met in Guatemala under the sponsorship and pressure of the United States Army's Southern Command.

Out of that meeting — and always with the backing of the United States — emerged the concept for *Operación Hermandad* (Framer-



nal Operation). Guatemala, Honduras and Nicaragua participated in this maneuver.

In 1964, when the constitutional agreement was signed, Costa Rica remained an observer (because it had no army in the technical sense), as did Panama.

With the creation of CONDECA, imperialism proposed several objectives:

1. To maintain political control over the Central American area, avoiding as far as possible an open and direct intervention. From the beginning of the century, the United States has not hesitated to intervene directly in Central America, but with the emergence of strong guerrilla movements in Guatemala and Nicaragua in the '60s it has sought to insure defense of the region by two basic means: supplying military aid and integrating the armies — thereby preventing "another Cuba" on the continent and avoiding the negative political repercussions of a direct military presence.
2. To coordinate and centralize the region's military command under United States military supervision. All CONDECA meetings and operations will take place with United States cooperation.
3. To protect United States investments in the area. According to General Robert Porter, until 1969 Commander-

in-Chief of the US Southern Command, Central America is important "because it allows for access, through relatively defensible routes, to South America's raw materials." No less important is the proximity of the Panama Canal, a particularly sensitive point for the United States.

4. To equalize training and equipment of the Central American armies. With the aim of infusing in their ranks a common judgment concerning who the enemy is and teaching common counterinsurgency techniques, joint military maneuvers have been carried out twice a year. At the Army School of the Americas in Panama, greater uniformity in training has been achieved. Creation of a Central American training school is also proposed.
5. To centralize espionage against the area's revolutionary movements. CONDECA's personnel is closely supervised by the CIA which provides it with information, and by United States Army, Navy and Air Force delegates in Central America.
6. To have well-trained armies with an interventionist mentality in order to be able to use them against Cuba and other countries. *The Miami Herald*, in its September 30, 1967 issue, says with respect to CONDECA that "the small Central American countries

are providing a forceful example for the bigger nations of the new world in fighting Cuban subversion...."

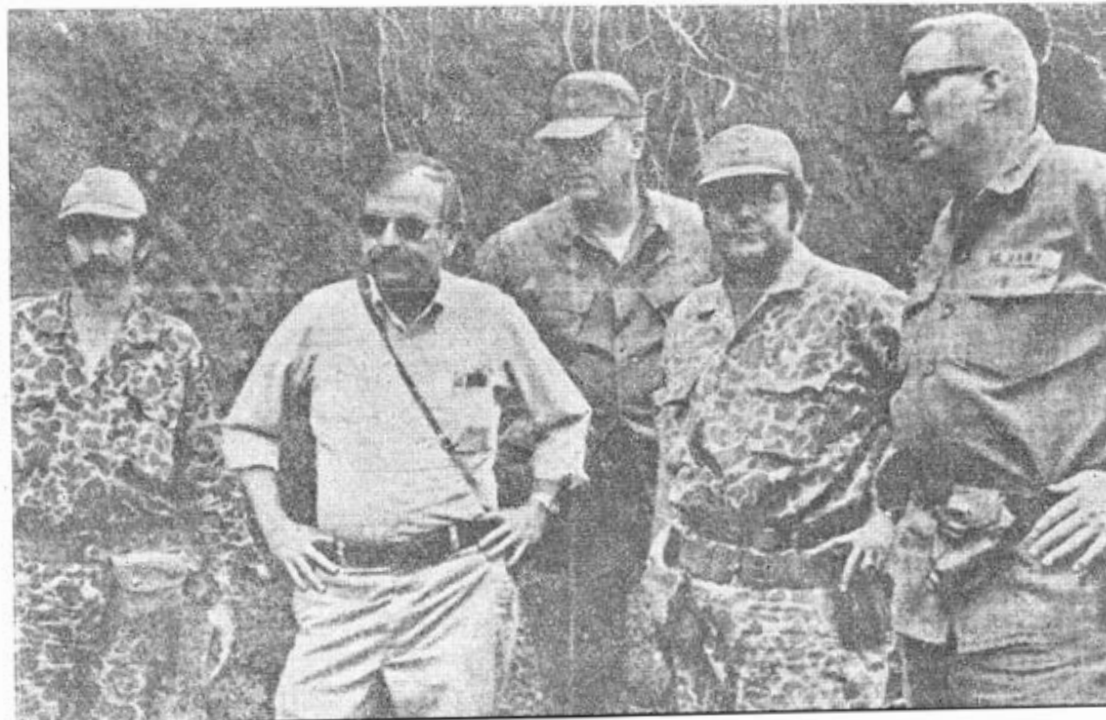
7. To stimulate the mentality of cooperation among the various armies in order to prevent old rivalries among the countries from flourishing. The first cooperation among Central American armies under CONDECA's auspices, was held in El Salvador after a section of the army mutinied to try to prevent Colonel Arturo Armando Molino from taking power through a corrupt election.

This action was planned and coordinated in Washington by Colonel Carlos Arana Guzmán, Chief of El Salvador's Military Mission. The uprising was crushed in 48 hours. The case of Nicaragua in 1972

showed equally efficient coordination, when Central American forces plus 600 United States Marines who arrived from the Southern Command of the Panama Canal Zone, occupied the country in less than 48 hours following the earthquake that occurred in Managua.

## CONDECA TRIES TO SAVE SOMOZA

CONDECA is currently serving as a screen for the 4th United States Occupation in Nicaragua, through Operation *Aguila Z*. Participants at the meeting where that aggression against the Nicaraguan people was planned, included soldiers trained by Lieutenant General Denis P. McAuliff, representative of the Southern Command of the Panama Canal Zone; Colonel Cecilio Dorce, Haitian, representative of



The eagles . . . clawing out our eyes

*They will come in November,  
my love,*

*they will point their guns at your bare feet,  
at your brown skin,  
at your corn patch*

*They will come in November,  
my love,*

*they have pointed your hatred toward increasing the tyrant's  
[hatred,*

*on their hands they will have*

*claws to destroy your devastated entrails*

*You who have done nothing more than ask for what is yours,  
will bear the weight of live armies on your afflicted back.*

*They will come in November,  
my love,*

*until then we have time to dig ditches,  
to multiply and be born in rivers, in trees,  
in hands that engender other hands,*

*They will come in November,  
my love,*

*let us raise our war cry  
throughout Central America.*

*Let us cry out so the people block their borders  
and refuse to let fraternal armies kill us in our own land.*

*Will they come in November,  
my love?*

*Will Central America bear the sorrow of Nicaragua on its  
[conscience?*

*Will the people permit the rulers to kill us in their name?  
Will they come in November,  
my love?*

*Gioconda Belli  
August, 1976*

the Interamerican Defense Board; Colonel Kennedy Murphy, delegate from the Interamerican Defense Board. Representatives from Central American armies and security organizations also appeared.

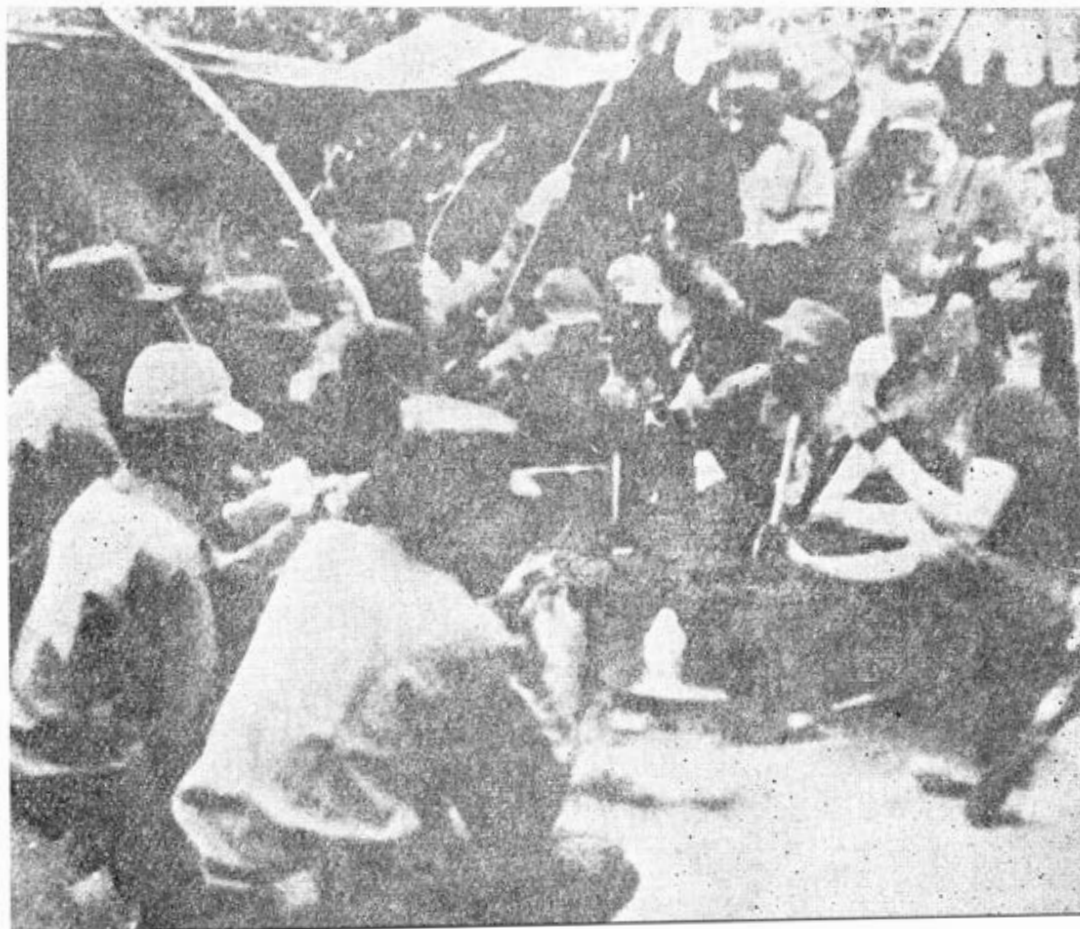
Operation *Aguila Z*, which was planned for the second half of November, answers to the concern of "...how to be more effective in controlling subversion in the area," according to one of the points on the agenda.

At Somoza's request, all the Central American armies (directly or indirectly) are ready to launch themselves against the Nicaraguan

revolutionary movement, especially against the Sandinist National Liberation Front's guerrilla columns operating in the mountains in the north of Nicaragua.

In the face of this US military escalation in Nicaragua, the Sandinist National Liberation Front urges the peace-loving peoples of the world:

1. To condemn Operation *Aguila Z* as an action that violates our national sovereignty, planned and coordinated by United States imperialism, which will only serve to cover up the crimes that are com-



- mitted daily in Nicaragua.
2. To exhort the Central American governments to refrain from intervening militarily in Nicaragua.
  3. To maintain a permanent campaign against military occupation of Nicaraguan territory by foreign armies and demand their withdrawal.

**San José, November 19 (PL).** The joint operation of Central American and United States armies, known as **Aguila Z** began today in the northern part of Nicaragua with a simulated counterattack, according to radio reports broadcast here.

**Aguila Z** started in an area of the Jalapa mountains, next to the town of Dipilto, on the northern Nicaraguan border, with military forces from that country, El Salvador, Guatemala and specialized troops of the United States Southern Command participating in it.

Military delegations from Honduras and Costa Rica are present as observers.

Fourteen high officers from the US Army advised the Southern Command in the operation, which has been denounced as an action in favor of the regime of Anastasio Somoza who has been confronted with guerrillas from the Sandinist National Liberation Front.

In its latest number, the Costa Rican weekly **Libertad** charged that the military operation, programmed and executed by the Council of Central American Defense (**CONDECA**) with US advice, is designed to "comb the mountains in the north of Nicaragua to try to massacre the Sandinist guerrillas."

The publication says the interventionist objective of the joint maneuver is so evident that **CONDECA** has been practically reduced to an alliance among the armies of El Salvador, Nicaragua and Guatemala.

Panama, Costa Rica and Honduras, according to **Libertad**, refused to provide troops for these maneuvers aimed at perpetuating Anastasio Somoza's regime in Nicaragua.

# Political cinema according to Littin

Manuela Guevara

During the Popular Unity government, Chilean film makers —shoulder to shoulder with workers, students and peasants— were able to initiate a truly national and militant cinema, direct heir of the workers' theater created by Luis Emilio Recabarren at the beginning of the century, contributing to a deepening of the revolutionary road the people had chosen when they elected Salvador Allende president.

Between 1970 and 1973, Miguel Littin shared his responsibilities as head of the state enterprise Chile Films by making several documentaries and the full-length films: *El chacal de Nahueltoro* (The Jackal of Nahueltoro) and *La tierra prometida* (The Promised Land).

After the September 11 fascist coup, Chilean cinema became a soldier of the resistance.

Thirty-four-year-old film maker Miguel Littin speaks about the objectives of this cinema, his previous films and his future one, *El recurso del método* (Reasons of state) and of his last full-length film, *Actas de Marusia* (Marusia Records), prize-winner in México and candidate for the Oscar (he attended the meeting where it was nominated to read a message from the Chilean resistance in the heart of the United States film industry).

*Chile's history includes many army massacres of the working and peasant masses. Why did you specifically choose the massacre of Marusia (1923) as the subject of your last film?*

Because its history included factors that permitted placing oneself in the actual period of the events and at the same time projecting oneself toward contemporary Chile. On the one hand, we find the working class emerging as a result of the country's industrialization; and, on the other hand, the so-called national army which, after having finished the stage of building the nationality, becomes an appendix of foreign interests, of imperialist interests, and begins, to fight "the foreign," which means simply contemporary revolutionary ideas. An army which, in its "defense of the homeland," attacks what it refers to as the "anti-homeland," which is nothing but the working class, representing the base of the new Chile that emerges with a different culture, with a culture produced by the attitude man displays when he confronts the class enemy and organizes.

And this basic confrontation goes on up to the present.

*The historical coincidence between the figures that appear in Actas de Marusia (Marusia Records) and those in current Chilean politics is interesting. For example, the figure of Troncoso, the officer who leads the troops that devastate Marusia, was strongly reminiscent of General Arellano Stark, former head of the Second Army Division, of the fascist Junta who, like Troncoso at the beginning of the century, shortly after September 1973, devoted himself to traveling through the Chilean north to assassinate people of the left. Was it your intention to depict figures from Chile's present policy in the film?*

No. What happens is that, going deeper into the essential strengths of the country's historical confrontation, we find that situations at the beginning of the century do not differ too much from those of 50 years later.

True, Arellano Stark travelled through the Chilean north after the coup d'état engaging in mass assassinations. But that doesn't mean that in



the Chile of 1900, of 1907 and throughout the century, there weren't other Arellano Starks who also travelled through the north; which accounts for the big massacres like Santa María de Iquique, etc.

The so-called Chilean north has been the focal point of class struggle in the country. There the first workers' struggles took place and there, for the first time, the great class outlines of history were delineated, from the seizure of power by arms to the development of parliamentary struggles along lines more or less established by Luis Emilio Recabarren, founder of the Communist Party of Chile.

The old peasant who lived in the south and went north — which is a kind of no man's land — now, as a worker in the salt mines, begins to ask himself about his destiny; not, as before, in individual terms, but in collective terms. Because this man needs to join with others to defend himself from the industry. Moreover, an internationalist atmosphere reigns.

The workers are from the south of Chile, but they are also from Bolivia, from Peru, from Argentina, and they are French, German, Italian as well.

And from these thousands of eyes that look, from these thousands of heads that think, come the answers in the very heart of the struggle. Under the influence of the *Communist Manifesto* — which reached Chile about 1880 — out of the first ideas of anarchy and utopian socialism, the contemporary history of Chile begins.

*One of your objectives, then, would have been to steep yourself in the origins of the proletarian-bourgeois class struggle, with a sense of the present at the same time.*

Yes. Because if, when we speak of Chile, we all limit ourselves to the 1970-1973 period of history, it will begin to seem that history began in 1970 and ended in 1973. And that is not the case.

The history of the struggle of the working class in Chile begins at the end of the last century and continues up to today. In my judgment, viewed within this perspective it is possible to place this period where it belongs: neither at the beginning nor at the end, but rather one more battle in the war the working class in Chile maintains to establish socialism. And that is precisely the basis of the film. Thus, at the end of the picture, those three people leave the town to carry to others the lessons learned in one way or another in Marusia, where not all has been lost ground at all, because this struggle will go on in other towns, in other mining camps, with hatred and the readiness to resist unalterable.

And that feeling of resistance is ingrained in the entire Chilean people, to such a point that, as with the people of Marusia, it would have been necessary to mow them down completely in order to destroy them. There are many examples of popular resistance throughout the whole century.



CONACINE presenta un film de MIGUEL LITVIN  
**'ACTAS DE MARUSIA'** GIAN MARIA VOLONTE • DIANA BRACHO • CLAUDIO OREGON  
 Música: NIKIS THEODORAKIS Fotografía: JORGE STRALIN Argumento: MIGUEL LITVIN

That is why we insist so much on the fact that Chile cannot be limited to the period between 1970 and 1973, because that would be to deny what is important in the country's history, which is its tradition of popular struggles. And today this rebelliousness, although at this moment it is not shown in spectacular deeds, remains in the depths of an entire people; today the proletariat is rearming and reorganizing as at the beginning of the century, or in other periods of the country's history when parties were outside the law and the left was persecuted, jailed and assassinated.

Neruda has a phrase that synthesizes Chilean popular feeling: "A moment of darkness does not blind us."

What *Actas de Marusia* states is simple, but essential. There is no spectator who will come away from the film without concluding that, faced with an army that operates as a horrible repressive machine, the only road for the working class and progressive sectors is to unite in order to resist, advance and win.

At the same time, we must not forget that one of the main objectives we Chilean film-makers of the resistance have set for ourselves is: to keep alive militant and internationalist solidarity with Chile and activate

it with the largest number of people possible, not only among the solidarity organizations, but also with the common man so that when he enters the cinema he finds Chile's image, not in the form of a regional problem but rather in what concerns him too, because it is a part of his history. Because Marusia is a piece of the history of Latin America, Marusia is a moment of class struggle on the continent.

But it is equally important that a middle European enter the cinema and find in *Actas de Marusia* and other films like it, ideological elements that strengthen his attitude against the Chile of the military Junta.

*Perhaps those universal perspectives you outlined are what permit this film — made in Mexico on the basis of Chilean history and acted by an Italian — to avoid clashing with different regions and, rather, remain integrated into a history of general class struggle.*

That is possible, but I want to say that the film was made as if it was shot in Chile. The place where it was filmed exists, it is a silver mine exploited by a corporation and the people live around it and live as they did in 1900. When I had to recount to them the events I wanted to film, there was no need to explain too much because someone from there, especially the women and old people, would say: "Don't tell us any more because we already know..." Well, that is a measure of the universality of history.

At the same time, the participation of an Italian, a Greek and of Mexicans, is also a part of the very nature of the film because it is an internationalist project. The very presence of an actor like Volonté, the music of Teodorakis, already provides political punctuation, because it isn't just any music or just any actor: above all they are revolutionaries.

Now, speaking in general, I believe that all film makers with a fully political attitude toward the use of cinema, seek to deepen their understanding of a specific subject in order to achieve universal content. It is one of the functions of cinema which, because of its nature as a spectacle, exists to be seen by many people throughout the world. And just as we have been able to understand through the cinema, far-reaching historical moments experienced by other people, so we have tried through the Chilean cinema to make Chile known, not as a geographic unit but rather, and above all, as an ideological and cultural reality.

*But there are several ways to make political films. Concretely, what do you consider the most effective?*

I can't give anyone a formula or a prescription. I think it is necessary to make both films and film makers exist and show their tendencies. As for me, I want to deepen my knowledge of my people's history. And in that search into the very bowels of history, the forms, the narrative specifics,



the content itself lead to the ways of telling it. This makes for the possibility of forming a different, new cinema —culturally speaking — because it will be nourished from the conduct and culture of a people, and especially from that part of culture which is the motor of history, the culture forged in the class struggle.

For a political film like *Actas de Marusia*, which has among its chief objectives reaching the largest public possible, it makes no sense to be understood only by a small elite.

If we wish to address ourselves to the masses, we must create a cinema that is not facile but is accesible, which is different; not a simple cinema but a complex one, perhaps contradictory but luminous in its narrative structure.

The worker-army confrontation is a constant in the continent's history, so it is not difficult for the film to have been understood by the masses, as has been the case with the public that has seen it up to now. For example, in Mexico there have been more than a million viewers.

The reaction I have been able to note among a public made up largely of workers, is that people participate actively in the spectacle: they identify with certain figures, applaud in the same spots (where the attitude of the people is most combative against the army) and, at the end, there is a reflective attitude: hard, bitter.

But not bitter in the defeatist sense. The testimony that Marusia gives the Latin-American masses is bitter in so far as it is a reverse that is repeated in our history but one which, more than anything, demands a combative response.

I believe that, in some way, there is a key in the very nature of the subject. That is: if we set out to raise the problems of the petit bourgeoisie — which are undoubtedly important — it will naturally interest the petit bourgeois public. But if it is our aim to reach workers and peasants, it is in the very nature of the subject that the communication lines exist for the message to reach the film's principal audience.

*Nevertheless, if we formally compare Actas de Marusia with your previous film, La tierra prometida, we see that there you used a more symbolic language. Why the symbols there and not in the other?*

When we speak of the peasant world, we refer to a part of the country's culture that remained in the epoch of the formation of the nationality. There the myths handed down from the colony are maintained and fused with a way of viewing the world.

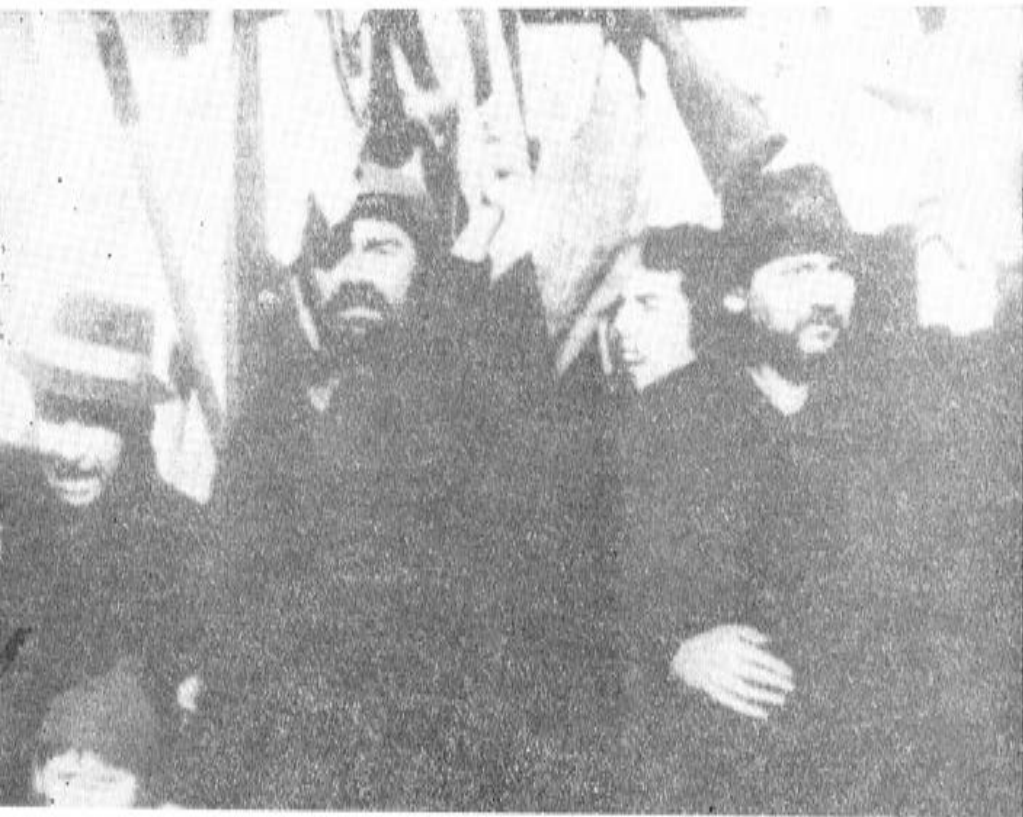
However, the working class, which is made up of that same peasant exiled from his natural habitat, who has cut the umbilical cord that tied him to feudalism, in again asking about himself and his fate, does so on the basis of a reflection stripped of all mythological weight. The proletariat is now a class that has a scientific revolutionary theory; it has

its newspapers, workers' theater. Now there is reading, discussion, organization and they organize and struggle against specifics: the big enterprises.

There is no mythology in Marusia because the class that is emerging is mobilized by revolutionary ideas. On the other hand, in the peasant sector, it is the myth that has kept men immobilized up to the moment when capitalist relations of production reach the countryside, and the peasants begin to change into farm workers.

Then the problem will be different. Nevertheless, up to that moment, they have been serfs on the land, with a patron representing God, representing Good and Bad. But in the north, the patron is the enterprise.

*La tierra prometida* was a film aimed at Chilean peasants, designed to warn about the reactionary nature of the army and to promote political discussion at a time when the class struggle had reached a point of culmination. That is why it is made from inside the myths, participating in them. But in *Actas* . . . there is a point of view that stands back from the situation, in an attempt to analyze; and so, for example, the constant narratives are sometimes mechanical and do not lead to emotion but rather to reflection. And here, in these two films, we see how the very nature of the story line makes the films formally different, although they pursue the same objective and maintain a continuity.



José Durán, the protagonist of *La tierra prometida*, is the *Chacal de Nahueltoro* with class consciousness. And one begins where the other ends. José Durán is passing from class instinct to class consciousness and, when he dies, he is no longer an isolated individual but part of the class that continues, through Gregorio, in *Actas de Marusia*, set in an internationalist and even more combative context.

*Do you believe that workers, without any direct contact with the peasant tradition, have been able to identify with the world they see in La tierra prometida and understand the message directed to people with a different culture?*

I don't see why a worker shouldn't be interested in knowing from inside — from mythology itself and especially from the point of view of the break with mythology — about the peasant struggle, since the peasants are his historical allies in the battle to wipe out the capitalist method of production, under which both are equally victims of exploitation.

*Up to now your protagonists have been men who belong to the exploited classes. Now, in your next film, El recurso del método (Reasons of State), the protagonist is a dictator. Will there be a continuity between the two previous films and the next one?*

In the first place, this film is not about a dictator but about the mechanisms that sustain a dictatorship. The dictator is not the protagonist, because the dictator does not make history; rather history unmakes him. He is merely a grotesque puppet of circumstances.

I believe the continuity between my previous films and this one will be maintained in so far as the mechanisms of dictatorial power, of popular rebellion, are analyzed and in so far as it reveals dictators and demystifies imperialisms.

*To what extent will it be a novel, or Miguel Littin's film version of a work by Alejo Carpentier on screen?*

I worked a long time with Alejo before writing the script, I discussed the film a great deal, I listened many times to history in his own voice. Together we visited the spots in Paris where the dictator lived. We completely took the novel apart. Then, on the basis of that knowledge of the work, I wrote the script.

In no way was the method similar to that of the other films. On the one hand, there is the novel; but above all this is the oral account from the lips of the narrator, except that in this case, the narrator couldn't be a better one: Alejo Carpentier.

And I never depart from Carpentier. There may be elements in the film that are not in the novel, but they are Carpentier's. To the extent



that Carpentier related it to me and I received it, a dialectical relationship was produced which jelled in a film script.

*El recurso del método* will be a film novel by Alejo Carpentier, but it will also be a film in itself.

*Aside from that, do you have any other projects?*

At the moment I am involved in *El recurso del método* which will be shot in Havana, Mexico and Paris; but I am also working on an idea about the formation of the Chilean working class. In particular, I am asking: Once the working class emerges, what makes an army which, during the first century of the republic was to a certain extent a national army, use the argument "defense of the homeland," yet turn into the anti-homeland and fight everything new, everything revolutionary? Why should a man of the people be disciplined to fight against himself once he becomes a soldier? What process led to identifying Chilean nationality with the very being of the army?

Let's remember that the bourgeois Chilean state was consolidated during the War of the Pacific (1879-1883). That was the moment when the peasants of Colchagua, the peasants of Chile, men from the center of the country, joined an army that was going to fight against Peru and Bolivia. And then this very soldier, who became a miner once the war was over, is subsequently attacked by the very army he helped create. And for that army, the homeland was the institutionalization of plunder: a shield and a national anthem were placed at the service of exploitation.

This is where the historical break takes place and two contradictory currents appear: one feudal, peasant, republican mixed together; and the other forged in the struggle to establish socialism.

When O'Higgins proposed his program for Chile's liberation from Spain, the values he supported, the ideology that was infused into the concept of the homeland he fought to establish, represented revolutionary thinking on the continent at the beginning of the 19th century. But a hundred years later, the historical relationship is different and now we see how the principles of O'Higgins and other ancestors begin to be distorted and invoked by the dependent bourgeoisie and their imperialist bosses. And today we see how Pinochet himself, in the name of fascism, continues manipulating and exalting figures from the first independence.

The current that nourishes the revolutionary thinking of our times is not that. And this has been evident since the beginning of the century.

I am just telling you what I think. I want to show Marxism in the light of our national experience, how Marxism begins to take hold in the Chilean masses, how Recabarren interprets Chilean reality from a Marxist point of view.

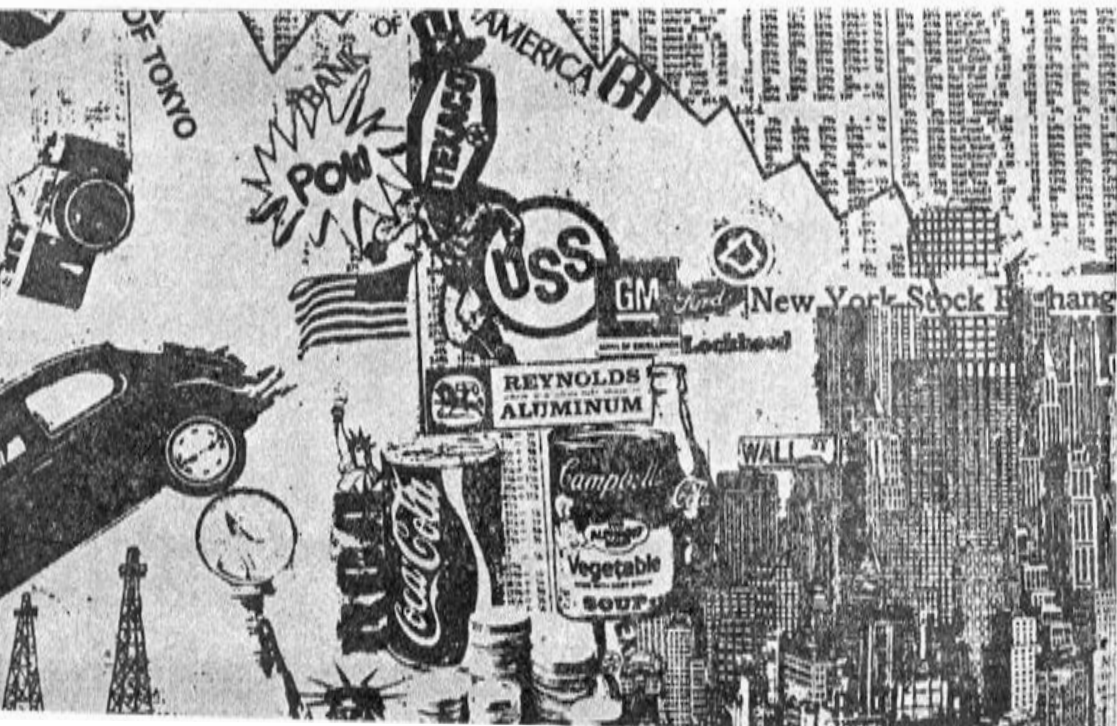
# The transnationals' hidden paradise

Carlos A. Sánchez

Until recently, the only thing known for certain about Paraguay was that, on August 15, 1954, General Alfredo Stroessner took power in a country with an area of 406 752 km<sup>2</sup>; but in recent years, the negotiations to begin country's sovereignty to foreign interests that provide very little reliable statistical information on the state of industrial, agricultural and service sectors and even on the population growth.

The Paraguayan authorities are totally committed to mortgaging the country's sovereignty and to foreign interests that provide very little reliable statistical information on the state of industrial, agricultural and service sectors and even on the population growth.

The transnational companies and the Paraguayan authorities themselves block publication of figures permitting a serious analysis of the



country's economic situation. Precisely because of this, it stands to reason that — to the extent of its mineral, agricultural and human resources — that country has been a deliberately hidden paradise for foreign capital and the local oligarchy over the last two decades, at the expense of the extreme but very "picturesque" poverty of the Guarani Indians.

In July of 1976, the Paraguayan Minister of Industry and Trade, Delfin Ugarte Centurión, explained his government's political thinking and attitude toward foreign investors to a group of Brazilian industrialists in São Paulo as follows: "Priests, intellectuals and professors are all tools of communism; those who defend it have abandoned the country or are in prison."

He added that:

The Paraguayan government is totally against nationalization or state ownership and does not deem it appropriate to fix limits on the profits sent abroad. Foreign investors can count on the political stability produced by the harmony of the nation's vital governmental and work forces.

On the 17th of that same month, the majority of the deputies of the *Colorado* Party, to which Stroessner belongs, agreed to reform the Constitution one more time, meaning legalization of the lifetime dictatorship.

In January, 1973, the Stroessner regime issued a five-year plan designed to strengthen production in those branches that sell Paraguayan products abroad, according to the euphemistic declaration. But in practice, the plan opened the nation's doors to foreign capital and particularly to United States firms, either directly or through their subsidiaries located in Brazil.

There was never any thought of modifying the structural flaws that characterize the Paraguayan economy and include, among other things, injustice in the distribution of income per inhabitant, meaning that 1.90% of the population absorbs almost 30% of the national income, while the remainder subsists on an annual per capita income of less than \$300.

## **PARAGUAYAN RIVERS, ENERGY FOR OTHERS**

Paraguay hopes to become the first world exporter of electricity during the next ten years, provided the vast binational hydroenergy projects on the Paraná River: Itaipú, with Brazil; and Corpus, Salto Grande and Yacyretá-Apipé, with Argentina, are completed.

Beginning in 1984, this South American country will sell its two neighbors and associates the quota which will be due them in production from

their participation in the hydroelectric systems — an annual minimum of ten billion kilowatts, estimated at a value of \$60 million a year.

The amount represents 70% of the present value of all Paraguayan exports, according to Enzo Debernardi, president of the National Electric Administration and co-director of Itaipú.

Paraguay claims to be self-sufficient in electricity, if self-sufficient means that 82.5% of the homes and 75% of the population lack this service.

In the United Nations' 1969-72 *World Energy Supplies*, published in 1974, Paraguay is in last place among all South American countries in the per capita consumption of electricity — an average of 106 kilowatt hours in 1972.

While the details for the operation of the Itaipú project were being completed during the first half of 1975 — 12 600 000 kilowatts in 1984 at a total cost of \$4 293 000 000 — Paraguayan corporate interests began a major campaign against existing rates for electric service.

These interests, agricultural as well as industrial, argue that the price of electricity currently exported to Argentina and Brazil is less than 40% of the internal sale, which benefits the development and promotion of industries competitive with Paraguayan industries in those countries.

Corporate interests, headed by the Union of Industries, demand a total revision of the long-range national energy plan which would even provide for the use, without sale, of Paraguayan quotas in the binational hydroelectric systems.

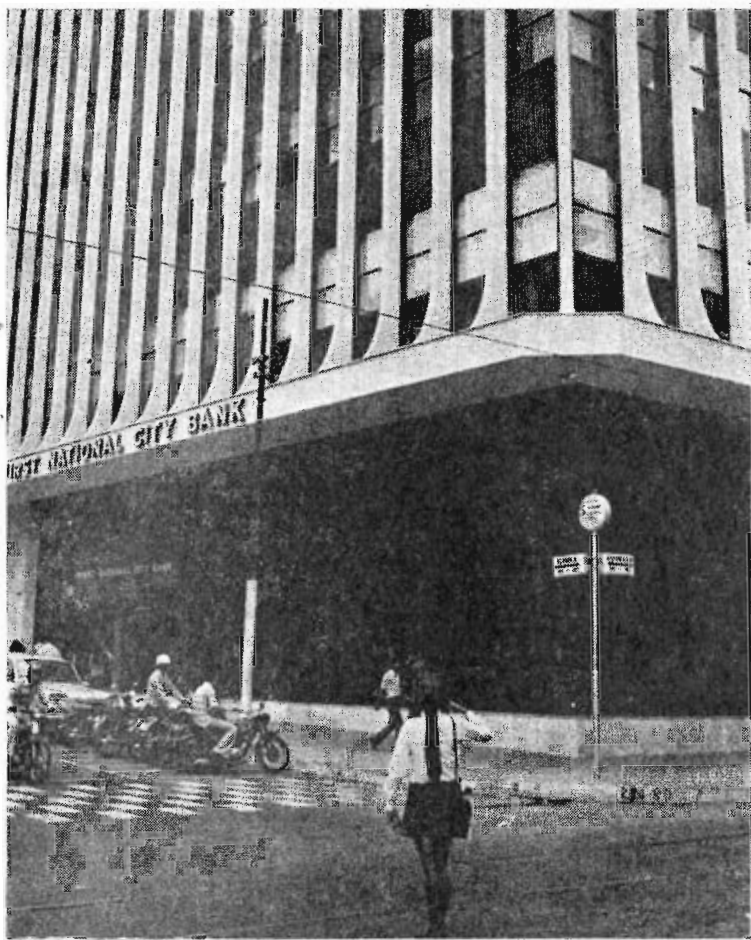
Within this framework, an expansion of electrical transportation as well as the massive replacement of household equipment using oil derivatives, and the establishment of industries that use high levels of electrical energy such as iron and steel, metalurgy and aluminum, are considered possible.

The Stroessner regime signed contracts with the *Panaerense* Energy Company of Brazil and with another in Misiones province in Argentina, to supply 51% of the 90 000 kilowatts generated by the "Acaray I" hydroelectric plant each year for a period of ten years.

These sales come to \$2.4 million a year.

In the case of the Itaipú hydrocomplex, the contracts signed stipulate that the kilowatt will be sold at 0.85 *guaranies*, equivalent to a fraction above a half cent, over a period of 50 years.

Since Paraguay will have to pay Brazil what the latter lends to finance its contribution to the dam, the Paraguayan news agency in exile explained that national dependency on its neighbor will continue over the next five decades and that an increase in the price of kilowatts sold will depend more on political than economic factors.





## RAW MATERIALS FOR FOREIGN INDUSTRIES

In addition to representing a sector with little vitality within the overall national economy, Paraguayan industry continues to suffer a period of extreme vicissitudes in which its production capacity and the labor force employed have dropped.

Paraguay is one of the most backward Latin-American countries in terms of industrial development. This "traditional" backwardness was aggravated by the rise to power of Stroessner, dean of the region's dictators.

In 1955 and in 1963 the only Paraguayan industrial censuses were taken. The first established the existence of 2723 enterprises with 34 443 workers and the second of 2450 and 28 783 respectively.

The past and present state of national industry is the direct consequence of the government's economic policy which worsened and completely stagnated the few local industrial bases.

Entering decisively into this process is officialized smuggling, bribery, fraud and tax evasion favoring Brazilian-Argentinian competition, which led to the bankruptcy of many national enterprises.

That is what happened in textiles, distilleries, matches and cigarettes, which paid the "price for social peace," as Stroessner calls the black market.

Most of the industries operating in Paraguay today with a high level of foreign capital, are devoted to the transformation of raw materials designed for export, mainly canning and processing of meats, vegetable oils, sugar refineries and saw mills.

A relative growth in the national industry programmed in the pompous 1971-1975 plan cannot be taken as a sign of Paraguayan national industrial recovery, since the plan omitted any protection against the transnationals; nor was there a stabilized internal market free of the disloyal competition from officialized smuggling: The two questions form the basis for the petitions of the government made by the Federation of Industry and Trade and the Paraguayan Industrial Union.

To stimulate this industrial "takeoff," the government issued Law 216 on the treatment of foreign investments, at the end of 1970.

This legislation grants foreign capital a number of facilities, exempting it over the first ten years from various burdens such as taxes on profits and the import of capital goods that the state considers necessary.

Along with Law 216, Law 416 on banks and foreign entities, recently decreed, infinitely increases the legal level of expatriated profits, depending on the demands of the banking sector which is completely controlled by foreign interests.

With the support of these exceptions, the massive entrance of direct new investments in the country increased after 1973, prejudicing local enterprise, and accelerated during the following year with the stimulus provided by the previously mentioned national and binational hydroelectric projects.

According to data from the Paraguayan Ministry of Industry and Trade, total authorized foreign investments in 1974 reached \$67.7 million, of which \$41.5 million involved imports of capital goods for new mixed enterprises.

During the 1976-77 two-year period, a billion dollars of investments in the country is expected, chiefly United States and Brazilian, directed toward the production of cellulose and paper pulp, steel, aluminum and food, in which *Sidepar-Siderurgia Paraguaya*, with 60% Paraguayan capital and 40% Brazilian capital, is outstanding.

Of total investments last year, 52% were channeled toward the wood sector, where the greatest concentration of Brazilian enterprises exists, controlling most of the production and marketing of this product in the country.

One of the major investments in the wood sector has been made by *Uniao de empresas brasileiras* for the installation of a huge industrial complex in San Pedro department.

Argentinian capital, for its part, is studying opening an aluminum plant and a cellulose factory, the latter of which would take advantage of the country's large forestal resources which cover 60% of the national territory.

In the wood sector, Paraguay has just announced the presence in the department of Amambay, of The Wood Association, with 95% Brazilian capital, which controls 50 of the 58 existing sawmills and provides 30% of the wood used in Brazil.

This relentless forestal exploitation means the annual deforestation of 60 000 hectares of high quality precious woods each year. Out of every thousand cubic meters exported, 500 goes into smuggling.

The second major sector for foreign investments in Paraguay this past year was the food industry which represented 11.7% of the total.

In this field, the meat processing industry is in the hands of the Dutch-Argentine enterprise *Pampa S. A.*, recently involved in a bankruptcy case and which may be purchased by interests linked to the *Banco do Brasil*.

The edible and industrial oil processing industry, basically soya, is controlled by the CAPSA (Adela Investments) group, and CAICISA (Japanese capital) and other agricultural branches are under the control of United States and Western European capital.

Other sectors in which investments were made in 1974 were textiles (6.1%), non-mineral metallic products (2.1%) and chemicals (1.8%).

Brazilian enterprises are at the head of this race to invest in Paraguay, including the Real and Bloch groups and the firms UEB, *Independencia Decred*, *Lunardelli* and *Luchisinger Madorin* (see adjoining table).

The table listing the ten major enterprises in the country does not show the scope and influence of the powerful UEB group nor of the US Anschutz Corporation, to which, according to the Paraguayan press itself, practically half the eastern part of the country was ceded, exclusively, for 40 years, for mineral prospecting and exploring, although the company committed itself to an investment of only \$1.4 million.

The Argentine publication, *Memorandum económico latinoamericano* for November 1, 1976, affirms this and notes:

Anchutz is an enterprise of United States origin, with headquarters in Denver, Colorado, and its contract authorizes it to remit 100% of the income obtained from the sale of the minerals it exploits over the first 15 years.

UEB has just acquired 18 646 hectares to build a sugar refinery whose installed capacity will be greater than the total industrial installations in this sector that now exist in the country.



Other medium and small-sized Brazilian firms are joined to the large ones along the common border —mainly saw mills— and are supported by a massive colonization estimated at more than 200 000 persons, while 30 000 Paraguayans a year emigrate to the Buenos Aires industrial pole for lack of jobs in the country.

The massive penetration of foreign capital into Paraguay, to the detriment of the weak national industry, is directly tied to the present and future hydroenergy potential this country has, which will permit an abundance of cheap electricity that Paraguay cannot absorb for its integral national development.

This investment current is naturally integrating the country into the process of continental penetration by foreign transnational enterprises that tends to convert Paraguay into a complementary region for Brazilian aggressive industrial expansion serving as a front for United States monopoly capital.

## **THE ADMITTED SOCIAL COST**

Every year some 30 000 people leave the country desperately seeking work opportunities in bordering countries.

The population increases 4% by birth but diminishes more than 1% by emigration.

Since Stroessner came to power, the funds devoted to repression consume more than a fifth of the national budget, which has a low base for tax collection.

In 1965, the Ministry of Defense accounted for 21.14% of public expenses. In 1974, that organization received 18.27%, remaining at the head of budgetary expenses.

The rise in the highest income levels, composed of a latifundist elite of some 500 families, took place at the cost of an economic policy that progressively depresses the income of rural and urban social groups.

In 1965, taxes paid by low income consumers represented 58.8% of total tax collections while those who own land and other real estate paid only 15.9%, according to official figures.

Wage earners faced a worse situation in 1974 because their tax rate jumped to 62.40%, while that of the latifundists, the upper bourgeoisie and foreign investors was 3.94% compared to 4.87% in 1970.

Increased inflation and living costs make the economic situation of the working class —already hit with an unemployment rate of 37% in 1973— increasingly difficult.

The *Bank of London and South American Review*, in its March, 1974 issue, revealed that the cost of living rose from 14.1% in 1973 to 25.2% the following year but indicated that these estimates are considered too conservative inside Paraguay.

In past months, the cost of living crisis forced even the pro-government Paraguayan Workers Federation to demand that the government freeze prices on prime-necessity articles in order to avoid social conflict.

The fifth national convention of Paraguayan educators, held at the beginning of 1975, reiterated the immediate need for wage increases in most sectors.

Paraguay is among the Latin-American countries with the lowest wage scales. The daily minimum wage for an urban worker is 285 *guaranies* (\$2.26) and that for a peasant is 26 cents, or about \$7 a month.

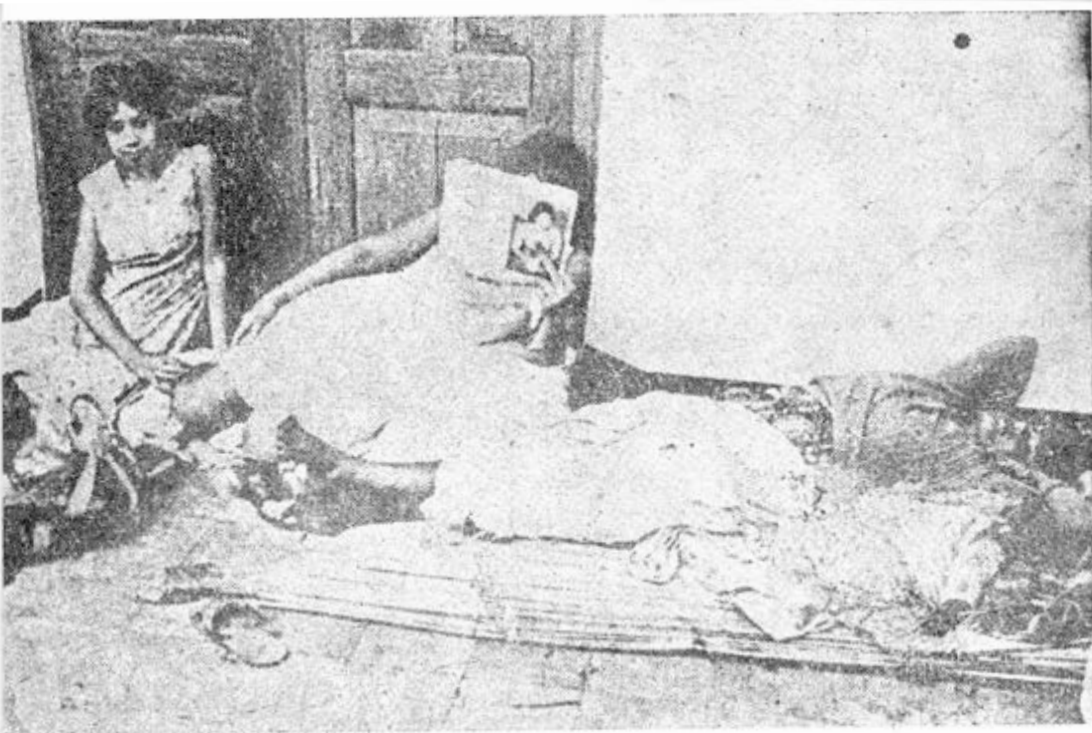
To insure a high profit rate for local and foreign enterprises, the regime froze wage increases for seven consecutive years. This measure remained in effect until May of 1974, but in practice it continues through the erosion caused by the inflationary spiral.

As a result of this socio-economic policy, Paraguay also holds one of the foremost positions on the continent in malnutrition, mortality and lack of doctors.

**PARAGUAY: THE TEN LARGEST ENTERPRISES IN THE COUNTRY**

Name	Ownership	Origin
1. REPSA (Refinería Paraguaya de Petróleo S.A.)	French-Argentine group	France-Argentina
2. CAPSA (Cía Algodonera Paraguaya S.A.)	Adela group	US-European transnational
3. LIEBIG'S (Extract of Meat Co. Ltd).	The Bond group	Britain
4. International Product Corporation (IPC)	Ogden Co. group	United States
5. Cervecería Paraguaya S.A.	Bemberg group	Switzerland
6. Manufactura de Pilar S.A.	Alberzoni group	Italian-Paraguayan (currently managed by a Swiss trust)
7. Molinos Harineros del Paraguay S.A.	Bunge & Born group, Dianda group, Berthomier group	US-European Argentina Paraguay
8. Carlos Casado Ltda. S.A.	Lanusse group	Argentina
9. Grupo Scavone Yasca	Scavone group	Paraguay
10. Esso Standard Paraguay S.A.	Exxon-Standard Oil group	United States

Source: List based on data from the Paraguayan press.



The United Nations Children's Organization (UNICEF) states that for each 1000 live births, between 80 and 90 babies die from lack of medical care; 11% of the infant population dies from gastroenteritis and other parasitological diseases.

According to the UNICEF report, lack of food has a powerful influence over school dropouts, which are listed at 72.88% in the first three grades. Malnutrition and illnesses are also a major factor in irregular school attendance.

## **McNAMARA'S SOLUTION**

Guided by the Agency for International Development (AID) and the World Bank, the Ministry of Public Health is waging an intense propaganda campaign to convince the population that most of their economic problems arise from the excessive population or the rapidly rising birth rate.

But Paraguay has only 6.3 inhabitants per square kilometer and a population that tends to emigrate in search of better conditions.

In the light of this socio-economic panorama, sooner or later that population will have to seek better conditions inside Paraguay itself and that will be the end of the tyrants and of the transnationals' hidden paradise.

# Pinochet, the CIA and the Cuban counter-revolutionaries

Carlos Rivero Collado

It is no longer a mystery to anyone that the Chilean military dictatorship has in the Cuban counterrevolution one of its firmest allies, that there is complicity between them in the innumerable crimes conceived by imperialism and that the latter is the progenitor and central motor of their activities.

Carlos Rivero Collado knows the Cuban counterrevolution from within, because he himself was one of its leaders for years. He went into exile on January 1, 1959. He was leader of the first counterrevolutionary group: La Rosa Blanca (The White Rose). Later, he was a member of the mercenary brigade that invaded Cuba at Playa Girón in 1961. There he was captured and jailed until 1962, when he was exchanged along with the other mercenary prisoners, for medical supplies and baby food. In 1965, he was leader of the Association of Veterans of the Bay of Pigs in New York and after that he founded the counterrevolutionary organization Vanguardia Nacionalista (Nationalist Vanguard).

It was then that Rivero Collado began his political rectification process. And in his book *Los sobrinos del Tío Sam* (Uncle Sam's Nephews), Social Science Publishers, Havana, 1976 he tells about this:

But very soon I became aware of the falsity of the new position that had been adopted when I realized that counterrevolutionary nationalism was leading directly to fascism, that is, to the adoption of a fanatical, criminal, terrorist and above all, anachronistic posture condemned by the world. Then I understood that the only way to avoid my transition to fascism was to maintain my nationalist position. . . .

From that position of progressive nationalism to a revolutionary position there was very little difference, in many cases, none.

It was then that Carlos Rivero Collado, without ceasing to act as leader of the expatriot groups, began his revolutionary work in their midst. When his revolutionary work was completed, he left Miami one day in 1974, to begin the return trip to the homeland.

Tricontinental offers its readers an article he wrote exclusively for the Information Bulletin of the Chilean Committee of Solidarity with the Antifascist Resistance, in Havana, Cuba.

The assassination in Washington, of the Foreign Minister of the Popular Unity Government of Chile, Orlando Letelier, and the barbarous explosion of a *Cubana de Aviación* plane in flight, over the Barbados beach, taking the lives of 57 Cubans, 11 Guyanese and five Ko-

reans, are the most recent events in the macabre pact between the United States Central Intelligence Agency, the fascist Chilean Military Junta and the terrorist heads of the Cuban counterrevolution who have set up their general headquarters in the city of Miami.

In November of 1974, we charged publicly that certain heads of the Cuban counterrevolution were receiving direct material aid from Augusto Pinochet's regime with the knowledge and approval of the high command of the United States CIA. On that occasion, we accused the fascist Junta of maintaining a military camp, under orders of high officers of the National Direction of Intelligence (DINA), devoted to the training —especially in everything related to terrorist tactics— of some of the best-known Cuban counterrevolutionary chiefs, among them Orlando Bosch Avila, Héctor A. Fabián, Guillermo Novo Sampol and others. The CIA and, through it, the government of the United States, knew about all this and had advised the DINA in the course of these plans.

That accusation was picked up by international news agencies and published by the entire press of the continent. The Pinochet regime could not, or would not, answer our charges, thus making themselves responsible for those deeds.

We believe it useful to repeat here the most essential points in our declaration of November, 1974:

1. The Cuban counterrevolution's terrorist campaign, supported by Yankee imperialism, began in the year 1964, under the name "war on the world's highways." The specific event that launched that campaign was a mortar shell

which was fired at but missed the United Nations building in New York. We could determine at that time that the physical perpetrators of the attack were the brothers Ignacio and Guillermo Novo Sampol who in the hierarchical order of the fascist *Movimiento Nacionalista Cubano* held positions number 2 and 3. The main leader of the group is the confessed Nazi, Felipe Rivero Díaz, who was the brain of the Cuban counterrevolution's terrorist strategy and is today one of its most active heads. In spite of the fact that everyone in the Cuban counterrevolutionary world in the United States knew that the perpetrators had been the Novo brothers, directed by Rivero Díaz, the Yankee authorities couldn't bring them to trial. Later, both Rivero and the Novo brothers frequently and publicly bragged of having been the ones who fired the projectile at the UN building and of having "evaded" United States justice.

Thus we see that the Cuban fascists were the creators of the terrorist campaign that has developed with impunity over the last 12 years. They were the ones who paved the way so that, years later, their Chilean imitators could count on an organized and trained terrorist current, which is what is now placing international peace in jeopardy with its typically Hitlerian practices.

2. Around 1968, there was an escalation in terrorist action and new groups similar to the *Movimiento Nacionalista Cubano* were created; *Poder Cubano* (founded by Orlando Bosch, Fabián and others who years later were closely associated with the Chilean fascist Junta), *Ejército Secreto Anticomunista* (of which Ramiro de la Fe, very closely linked to DINA after the end of 1973, was a member and leader) and others. Together, these terrorist elements formed the fascist current of the Cuban counterrevolution, and many of them even admitted publicly to holding ideas like those of the Nazi-fascist horde that devastated humanity up to 1945 and which is represented in several parts of the world today.

3. In November 1971, a group of Cuban counterrevolutionaries based in Miami and following direct instructions from the CIA, embarked on a plan to assassinate President Salvador Allende and Commander-in-Chief Fidel Castro on the latter's trip to Chile. On that occasion—just as currently in the explosion of the *Cubana* Airlines plane—the counterrevolutionaries had the cooperation of certain people in Venezuela who provided them with Venezuelan passports and documents accrediting them as journalists and photographers for Caracas television Channel 4. The man whose job it was to assassinate Allende and Fidel was the



Cuban counterrevolutionary Jesús Domínguez Benítez, member of Alpha 66 and well-known CIA agent. For purely fortuitous reasons this attempted assassination did not occur. Moreover, it is worth pointing out that Alpha 66 has maintained close links with Pinochet's Junta through its agents in Miami. In Alpha's offices on 36th Street in the northwest section of Miami, representatives of the Chilean fascist Junta have held secret meetings with the heads of this organization and it is known that they agreed to carry out aggressive actions at sea against the Cuban Revolution with the direct aid of the Chilean fascists, a strategy that

Alpha 66 has been responsible for carrying out since 1964.

4. Some months before the fall of the Popular Unity government, in the city of Miami, a movement of coordination was created among certain Chilean fascists living in the United States and a group of Cuban counterrevolutionaries, headed by Ramiro de la Fe. On the Chilean side, the self-styled journalist Pedro Ernesto Díaz, closely linked to the fascist band *Patria y Libertad* was active. This initial integration of Chilean and Cuban fascists was used, after September 11, 1973, by Augusto Pinochet and by the DINA agents in Miami. Ramiro de la Fe had been very active in the Cuban counterrevolution from 1959 on, distinguishing himself as one of the chief heads of the terrorist faction. Aligned with de la Fe were individuals who had taken part in the Playa Girón invasion and years later participated actively in terrorism: such as Salvador Madruga's group, Justo Alfonso and Luis Tornés and the pragmatist group responsible for the terrorist attack against Cuba's commercial offices in Montreal, in which Comrade Sergio Pérez Castillo was assassinated. It is known that de la Fe, as well as Madruga, Tornés and Alfonso have been CIA agents for many years. Tornés and Alfonso have been named as allegedly responsible for the death of Rolando Masferrer, famous Cuban

political thug assassinated on October 31, 1975. Masferrer had run into problems with several counterrevolutionary organizations in Miami, in the on-going Mafia war that has consumed these elements since the assassination of José Elías de la Torriente in April, 1974, and especially with the *Movimiento Nacionalista Cubano* and its leaders, Rivero Díaz and the Novo brothers. As we charged at the time, the nationalist group (closely linked to the groups headed by Ramiro de la Fe, Salvador Madruga and others) organized the secret terrorist cell known as *CERO* which was the group that killed Torriente. A few days following the death of the man who headed the Cuban counterrevolution after Playa Girón, the *CERO* group issued a list of people that were to be executed.

On that list were the names of Luciano Nieves Mestre and Rolando Masferrer Rojas. Nieves was assassinated on February 21, 1975. Masferrer went down eight months later. On April 30, 1976, the well-known radio commentator and director of Radio Station WOBA in Miami, Emilio Milián —enemy of the terrorist groups— was victim of an attempted assault and was seriously hurt (both legs had to be amputated below the knees). Incidentally, Rolando Masferrer, Emilio Milián and Orlando Letelier were all victims of identical terrorist attacks: a bomb connected to the starter of the car.

5. A few days after the heroic death of President Allende, an intimate friend of Chile's tyrant Augusto Pinochet, Colonel Eduardo Sepúlveda, visited the city of Miami and met with Ramiro de la Fe and other members of Alpha 66 and the terrorist groups. It was known that, in the course of these conversations, a pact was signed whereby Cuban counterrevolutionaries committed themselves to creating a so-called "Pro-Chile Committee" destined to issue propaganda inside the United States favorable to the fascist Junta which, in turn, committed itself to helping those groups in their struggle against the Cuban Revolution. Months later,



Eduardo Sepúlveda was named Chilean consul general in Miami, acting as Pinochet's delegate to the Cuban counterrevolution in the United States and directly responsible to the DINA high command. In these initial conversations between Eduardo Sepúlveda and the heads of the Cuban counterrevolution in Miami, the future use of these terrorist groups based in Miami in actions favorable to the Chilean Junta was accepted in principle. Sepúlveda was then to enter into direct contact not only with the terrorist groups, but also with other sectors of the Cuban counterrevolution, such as Brigade 2506 (which, following its First Congress in September, 1976, was to become a part, as an essentially terrorist entity, of the Command of United Revolutionary Organizations —CORU— the direct perpetrator of the air attack in Barbados this past October 6), the political groups belonging to *La Cuba de Ayer* (the Cuba of Yesterday), among them Cuban ex-president Carlos Prío Socarrás, the Free Medical College (the association which is composed of Cuban doctors that fled the country to become expatriots in the service of Yankee imperialism, led by the counterrevolutionary chief Enrique Huertas, known to have travelled to Santiago de Chile more than once to hold secret interviews with officers of the fascist Junta), and other organizations in Miami.

## THE CIA-PINOCHET-MIAMI PACT

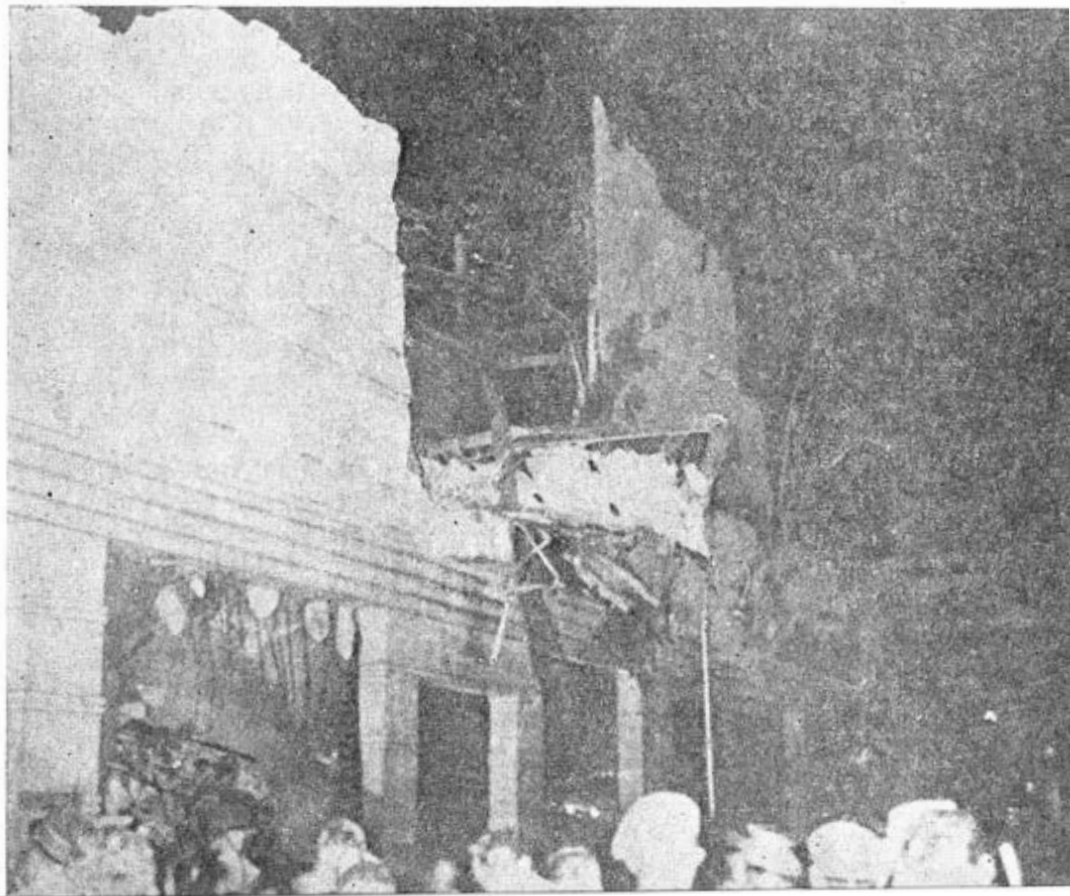
In our declarations in November, 1974, we pointed out all this, emphasizing that the Pinochet fascist Junta had, in many ways, become the protector and directing head of the Cuban counterrevolution.

In the following months, events were to confirm our words. The Pinochet - CIA - Miami connection broadened its contacts and perfected its methods. Toward the end of 1975, nothing of importance occurred within the Cuban counterrevolution with branches in the United States, Canada, Latin America and Europe, that did not have the backing and guidance of the Chilean fascists and the coordination and nod of approval from the Central Intelligence Agency bosses who, from their general headquarters in Langley, Virginia, seek to subject the world to imperialism's dictates, even though they have to bloody the four corners of the earth to do so.

A year and a half after our original charge was made, circumstances and the Cuban counterrevolution's cunning terrorist campaign, which had gathered form and intensity during 1975 and the beginning of 1976 —culminating with the pirate attack on our humble fishermen on April 6, in which Comrade Bienvenido Mauriz was assassinated, and the terrorist attack on

our embassy in Lisbon in which comrades Efrén Monteagudo and Adriana Corcho died on the 22nd of that same month— forced us to make a new accusation which, like the first, was widely disseminated by the press of our continent.

From our press conference of April 29, 1976, in which we broadened our accusation concerning the CIA-Pinochet-Miami pact, we can select the essential points:



1. On March 5, 1976, the journalist Esteban Lamela (reporter for the Voice of America and known CIA agent) published in the magazine *Réplica* of Miami —funded by the Agency— an interview he held with Orlando Bosch in Santiago de Chile. Although the location of the interview is not mentioned in the text, various subsequent notes and information published in the counterrevolutionary press in Miami, established the fact that the interview between the journalist-CIA agent and the main head of the Cuban counterrevolution's terrorist faction, had taken place in a house on the outskirts of Santiago. Among other things, Orlando Bosch said:

a) "In Cuba a new process will begin; the true Latin-American revolution (?). Venezuela will play an important role." (Orlando Bosch said this 19 months before the Barbados crime in which Venezuelan counterrevolutionaries played a main role).

b) "Now you will see what happens there inside Cuba and those who talk a lot of garbage will be punished." (Note Bosch's elegant language).

c) "Now I see many people talking about the armed forces and there are disgraceful fat ones in that mess. The water is boiling and you can get burned." (The same method of expression).

d) "From February 24 (of 1975) on, we will begin to kill big shots

in Cuba." (It isn't known whether, in referring to big shots, Bosch was thinking of the sports figures, students and workers killed in Barbados on October 6).

During his stay in Chile, under the auspices of Pinochet and the DINA, Orlando Bosch granted several interviews to Miami newspapers and television channels. The members of his group never hid the fact that Bosch was in Chile. For them, complicity with the fascist Junta was a "high anticommunist honor." It is now known that Bosch travelled in several Latin-American countries with a Chilean passport, always protected by Pinochet's diplomats, many of them DINA agents.

2. On March 19, 1975, Augusto Pinochet received, in a special meeting held in his office in the *Portales* building — provisional headquarters for the Chilean fascist executive — the Cuban counterrevolutionaries Alejandro Fidel Valdés, Luis Fuentes and Francisco Battle, heads of a so-called "Committee for a Cuban Government in Exile." The meeting was widely reported in the Chilean press and Miami ex-patriot publications. When they left the meeting with the dictator, the counterrevolutionaries stated that Pinochet favored the establishment of that "government in exile" and that once it was set up he would try to grant it the official diplomatic recognition of

the Chilean government. Pinochet told them:

Free Cubans, do not forget that Chile will always be your ally. I urge Cuban exiles to unite in one sole bloc to overthrow Castro. Tell our Cuban brothers in exile and the Cuban people, who are not communist, that they will always have in Chile, *an ally ready for anything.*

When they returned to the United States, the three counterrevolutionaries visited the editorial offices of several ex-patriot newspapers in order to spread Pinochet's words. On several occasions, they



were accompanied by terrorists like Héctor A. Fabián, Orlando Bosch's deputy, and others. Later it became known that the so-called "government in exile" planned to name Orlando Bosch as military head of the organization. The "government" was simply a political screen used by the CIA and the terrorists to provide a "legal" form for their plans for aggression and crime.

3. On April 18, 1975, at a meeting held in Miami, Brigade 2506, as it is known, made up of former Playa Girón invaders, presented dictator Augusto Pinochet with the so-called "Bay of Pigs Order," an award created by that group specifically to honor Pinochet. Eduardo Sepúlveda accepted the document in the name of the fascist Junta, from the hands of Juan Pérez Franco, head of Brigade 2506. Sepúlveda's speech on that occasion could not have been more unfortunate. He said:

I wish to recall at this moment, September 11, 1973, when all social means of communication informed the world of the Chilean military declaration: the majority in order to twist it because of the interests they have with the Soviets; the minority, to say to the world that the communists had been rooted out of

Chile. There was one place on the earth, *in all the world*, where this news brought rejoicing, where men, women and children ran into the streets to dance and make merry; and that territory of America, that tiny point *in all the world* was the city of Miami.

Pinochet's own consul in Miami, evidently a man of limited intelligence, recognized that the Cuban counterrevolutionaries in Miami, on a world scale, were the only ones who had been happy with the fascist coup. A great truth which, in the mouth of a thug from the DINA holding diplomatic credentials, acquired the nature of a definitive confession.

Only Pinochet has received the mentioned "Bay of Pigs Order" from the hands of the Miami counterrevolutionaries, from the time of its creation in March 1975, up to the present. That is, the expatriots themselves recognize Pinochet as their "highest leader."

This is an unequivocal sign that Brigade 2506, vanguard group of the Cuban counterrevolution, had become a terrorist cell directly serving the Chilean fascist Junta.

4. Throughout 1975 and 1976, the fascist Junta has paid for the terrorist campaign of the counterrevolution which is really the only

expression of the struggle of those based in Miami. We can affirm that, behind the bombs, the assassination attempts, the Mafia war and other counterrevolutionary expressions, the hand of Pinochet has been ever present.

5. On February 19, 1976, Orlando Bosch entered Costa Rica, using a diplomatic passport issued by the Chilean foreign office in the name of Emilio Lobanza. Bosch's special mission in San José was to assassinate Andrés Pascal Allende, the Chilean leftist leader of MIR whom the Junta had been unable to keep in the Costa Rican embassy in Santiago because of the great pressure of world public opinion. In revenge, Pinochet ordered Andrés Pascal's assassination and the DINA high command used Bosch for this purpose. But Bosch's presence in Costa Rica was discovered in time and publicly denounced by some of that nation's progressive groups, forcing the government of Daniel Odúber to arrest him. Orlando Bosch remained in prison from February 21 to March 30, 1976, in the city of Cartago, and during all that time, the US federal judge had issued an order obliging United States authorities to reclaim Bosch because he had violated his "parole" by illegally leaving the city of Miami at the end of April, 1974, shortly after the

assassination of José Elías de la Torriente, in which it is possible that Bosch may have participated as an instigator, along with Felipe Rivero, Héctor Díaz Limonta and the Novo brothers.

### **THREE PILLARS THAT WILL CRUMBLE**

The investigations made around the cowardly crime in Barbados once more bring to light the bloody campaign ordered by the CIA and the Pinochet regime, which has had as physical perpetrators, the counterrevolutionaries in Miami and other areas. Today it can be stated that the intellectual authors were the CIA chiefs with the direct complicity of the Chilean fascist Junta through its close links with the leader Orlando Bosch Avila who, in Caracas, obviously conceived the plan to blow up the *Cubana* plane in flight, using the Venezuelans Freddy Lugo and Hernán Ricardo.

The international news agencies tell us that Orlando Bosch, fearful of the personal consequences that may result from his participation in the massacre, has told officials of the DISIP (Direction of Intelligence and Prevention Services) of Venezuela that the physical perpetrators

of the assassination of Orlando Letelier in Washington, were the brothers Ignacio and Guillermo Novo Sampol.

As the investigations of the Barbados crime continue to shed more light, the CIA-Pinochet-Miami pact will be proven: three pillars serving world reaction.

A bloody pact but strictly ephemeral.

Because the CIA is sinking deeper as its criminal tactics come to light.

Because terrorism is the epitaph of the Cuban counterrevolution.

Because the Chilean people will crush fascism.

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