

'Blockade' Of Chile Diminishing

By Terri Shaw

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Less than one year ago, Chile's President Salvador Allende went to the United Nations to charge that his country had been brought to the brink of civil war by an "economic blockade" that deprived his government of the commercial credits and financial assistance needed to keep its economy going.

Now, with Allende dead and his socialist-led government replaced by a right-wing military junta, the "economic blockade" shows signs of being lifted.

By Dec. 4, the first anniversary of Allende's speech, representatives of several international financial institutions will have visited Chile to determine whether the country is eligible for new development loans, and goods purchased with once-scarce com-

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mercial credits will be flowing into the country again.

Near the end of this year, the Inter-American Committee for the Alliance for Progress is to make a special full review of the faltering Chilean economy and to draft recommendations on what type of aid will be needed to revive it. The committee makes periodic studies of Latin American countries to assess their aid needs.

Shortly after the review, Chile's major creditors will meet in Paris to discuss rescheduling the country's huge foreign debt, a problem that must be settled before full-scale assistance can be resumed.

The military junta that deposed Allende Sept. 11 has said that one of its top priorities will be economic "reconstruction" of the country. It has indicated that it will switch from a centrally planned economy moving toward socialism to encouragement of private enterprise and foreign investment, although it intends to retain some of the properties nationalized by Allende.

These promises have encouraged, although not completely convinced, U.S. businessmen and government officials, most of whom say it was Allende's policies, not an "economic blockade," that bankrupted Chile.

To reassure U.S. and international bankers, a high-level Chilean delegation visited Washington and New York early this month and met with representatives of major U.S. banks, the copper companies whose mines were nationalized by Allende, officials of the State and Treasury Departments and representatives

of the World Bank and other international financial institutions here.

The delegation emphasized the new government's intention to pay off all of Chile's debts and strengthen the economy.

This campaign has already begun to bear fruit.

Three weeks after the coup, the U.S. Department of Agriculture granted Chile a \$24 million credit, on commercial terms, to buy 120,000 tons of wheat.

Sen. Edward M. Kennedy (D-Mass.), who has criticized the Chilean junta for violations of human rights, said the wheat credit was "eight times the total commodity credit offered to Chile in the past three years, when a democratically elected government was in power."

As the wheat deal was being announced, New York bankers were meeting with representatives of the new Chilean government who asked for a reopening of lines of credit which, during the Allende government, had dwindled to one-tenth their previous level.

According to one knowledgeable source, Chile had lines of credit worth between \$250 and \$300 million at the end of 1970, when Allende took office. One year later, it had about \$25 million.

A Chilean source said that the American banks had indicated that these lines of credit could be reopened and eventually climb to the levels they had reached before Allende took office.

The Export-Import Bank, a government agency which seeks to promote imports of U.S. products by foreign countries, is vital to Chile's effort to rebuild its economy along traditional lines. A source at the bank said the Chileans

promised to send a delegation to discuss repayments of Chile's debt with the institution some time next month.

The bank granted few loans to the Allende government, and in 1971 Chile announced that it would stop making payments on its debts with the bank.

In deciding whether the new government is a good risk, the Export-Import Bank will examine the reports of the many study missions now preparing to go to Santiago.

Early next month the International Monetary Fund and the inter-American aid committee plan to send missions to Chile.

The IMF is expected to give

the junta technical assistance in preparing a new budget and a standby loan providing the foreign exchange needed to buy food and spare parts to get factories and farms functioning efficiently. A representative of the World Bank will accompany the IMF group.

The inter-American aid committee will do a broad survey of the Chilean economy's prospects for recovery and the new government's economic policies.

Following these two missions, a group from the Inter-American Development Bank is expected to visit Chile. The bank, one of the few institutions in the United States

which continued to make a few loans to Chile during the Allende government, is considering two important new loans, one for \$69 million for construction of a hydroelectric plant and one for \$60 million to the state petroleum company.

Early next year, the World Bank, which granted no loans to the Allende government, will send a "general mission" to Santiago to study whether or not to revise its decision in 1971 to rate Chile as "not credit-worthy."

The key figure in Chile's campaign for aid and credit is Orlando Saenz, an adviser to the junta who handled all the economic discussions of the

delegation that visited the United States earlier this month.

As leader of the Chilean manufacturers association, Saenz was active in the campaign of strikes and protests which contributed to the downfall of Allende's government.

The flurry of activity surrounding Chile's requests for aid and credit is no guarantee that funds will begin flowing to Santiago immediately. A major obstacle to credits from both private and international banks was the Allende government's refusal to pay two major U.S. copper companies for the mines it nationalized in 1970.

As a result of this action, the United States was unwilling to reach an agreement with Chile about renegotiation of its debts to U.S. agencies or to support loans for Chile in the international banks.

So far, the U.S. government has made no public commitment on these issues, although the Chilean junta has promised to study the possibility of payment to Anaconda and Kennecott for their nationalized copper mines.

One factor in the U.S. government's silence may be the angry reaction on Capitol Hill to the junta's repression of Chile's democratic institutions and reports of killings and mistreatment of Allende's sup-

porters during and after the coup.

The Senate has passed an amendment to the foreign aid bill urging the administration to withhold any aid to Chile until it has received assurances that human rights are being protected there.

Giscard Visits Poland

Agence France-Presse

WARSAW, Oct. 27 (UPI)—

The French economics and finance minister, Valery Giscard d'Estaing arrived yesterday to attend the first session of the joint Polish-French trade commission set up last year, a French embassy spokesman said.