

Chile's Austerity Plan Hurts

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SANTIAGO — For eight months, the military junta governing Chile has concentrated on purging leftists and getting the economy back to work. The military's grand design for a new Chile, mentioned often in speeches, has yet to be laid out in detail.

Among the apparent majority of Chileans who approved the coup against President Salvador Allende's socialist government last September, more and more appear to wonder where their country is being led.

"I think this is Chile's last chance," said a miners' union leader, using a phrase that comes up often in conversation. The union man had been a party stalwart in the opposition to Allende, had led strikes and marches and had welcomed the military coup. Now he criticizes the junta's economic policy, wonders why secret arrests and military house searches must continue, and says he feels a chance for a new start slipping away.

"If we can't make the country work this time, the politicians will come back and we'll really be in the stew," he said. "But I don't see anything new happening."

There is nothing very innovative in the military junta's economic policy, the one aspect of government that is open to cautious public comment. The civilians charged last year with running the economy were given a mandate to stop runaway inflation and rebuild an economy torn apart by political conflict and governmental mismanagement.

For civilians this meant severe sacrifices, with prices rising sharply and wages under control. According to labor leaders, economists, Roman Catholic bishops and housewives, the heaviest sacrifice fell on salaried wage earners, the lower and lower-middle classes that make up the bulk of Chile's 10 million population.

"Economic policy is favoring the big guys, not the little people," said Rafael Cumsille during an interview. He is president of the 140,000-member Confederation of Retailers and Small Businessmen, one of the three lower-middle class professional associations whose national strikes in 1972 and 1973 brought the Allende government to its knees.

"Large economic groups are profiting from the policy and trying to move in to influence the government," he added.

"Now, we don't have a political position, we just represent our members."

And it appears that the confederation members, the same small shopkeepers who rose up against Allende when his policies threatened their economic survival, are beginning to feel the same way about the military junta.

"If this economic situation goes on much past the end of the year, we'll have to start fighting again," declared Eduardo Garin, another officer of the shopkeepers' organization. Did that mean they would strike again?

"Yes," Garin said. The assertion is hard to evaluate because strikes are now illegal. The military's monopoly of power is absolute and the junta has warned that it will not tolerate pressures on the government. It has also said that economic sacrifices may be needed until 1978.

The discontent is spreading as the cold, wet southern hemisphere winter closes in. The families that live jumbled together in the two-room wooden shanties of the slums are cutting cheese, eggs, powdered milk and, often, meat out of their diets. They eat bread and beans and drink tea with no sugar. They say they have no money to buy clothes or shoes.

There is a grassroots summation of Chile's recent economic history in one phrase going around the shantytowns, heard often during trips to the northern deserts and southern farmlands and in visits to the industrial suburbs of Santiago:

"Under the old government, there was plenty of money but nothing to buy. Now the stores are full, but there's no money."

Even the government's statistics show a rise in the cost of living of 60 per cent in the first three months of the year. A 56 per cent salary increase was authorized this month, and, says the government Office of Development and Planning, this will entail printing money that will fuel inflation further.

The planning office's first quarter report says that copper production, the foundation of Chile's economy, is

up by 36 per cent over last year, when Allende was in his third year in power. Industrial output is up by 5 per cent, the report says but so is unemployment.

Prodded in part by political persecution but also by the squeeze but on the economy, certain workers and technicians are leaving the country.

Semi-official statistics published recently by a government-supporting newspaper indicate that about 15,000 Chileans have left by air, alone, since he coup.

At the Chuquicamata copper mine, which has the largest single industrial payroll, 250 employees were fired for political reasons last year and about 150 resigned. But in the first three months of this year, 350 qualified workers, technicians and office workers resigned, many of them to try their economic luck abroad. Nine out of nine draftsmen employed at the mining camp left for Brazil.

At the same time, Chilean engineers who left the mine after the Allende government came to power have begun to return. The kinds of people who are leaving, and the kinds who are coming back, indicate that—although the junta has not yet established any clear social policy—its economic policy has a clear social effect.

Chilean society is built on three social and economic castes: the well-educated who fill the liberal professions, manager's offices and the officer corps; middle managers, technicians and non-coms, and the workers and soldiers, who are likely to have high Indian cheekbones although they also have Spanish ancestors.

These classes are formally recognized in factories and offices, where often there are three payrolls and three unions: one for the blue-collar workers, one for the white-collar employees and one for the managers and executives.

Allende favored the workers' class, economically. The junta's economic policy so far favors the executive class.

"There is no doubt about it," asserted an economist who is in that class. "When prices are free and wages are controlled, the rich get richer and the poor get poorer."

Nonetheless, union officials who survived purges by the junta said they did not grasp this effect of the belt-tightening policy until about two months ago.

Poor

Until then, unions and salaried employees had graphically supported the junta. From October to the end of March, the treasury says it collected the equivalent of \$23 million in voluntary contributions to the Fund for National Reconstruction, most of it from payroll deductions.

The mood is shifting now. Petty acts of resistance turn up. Someone smashed the windows of Gen. Sergio Arellano's car, where it was parked on a street in Santiago. As the commander of the military garrison under the ongoing state of siege, Gen. Arellano is the most powerful man in the capital. Pro-junta newspapers, the only kind there are, said the vandalism was the work of "extremists."

In Antofagasta, men in a truck smashed the windows of a new school this month. Brig. Gen. Rolando Garay, who commands the armored division in the city in the morning and is the provincial governor in the afternoon, was furious.

"These people want to cause trouble, to bring on a showdown at all costs," the general said in an interview. "Now what happens if the police arrest them? You foreign press people say we shot them, and when we say we detained them for breaking school windows you say it's just an official coverup and don't print it."

High up on the red sandstone hillside above Gen. Garay's office, an electrician's wife who lives in a shantytown near the vandalized school wondered out loud:

"I don't know where it all leads. Suppose half the country supported Allende. You can't kill them all, and you can't change what's in a man's heart any other way. We have tranquillity now, but not real peace. A lot of horrible things have happened in Chile that had never happened before. That's stopped now, but things don't seem to fix themselves in a way you can live with."

She sighed and shifted her one-year-old son, the youngest of six children, on her hip.

"My husband is talking about leaving, trying Brazil or Argentina," she said. "It's not for politics, thank God. He never got himself mixed up in any kind of politics. Life's getting hard here, but it would be very, very hard to leave Chile."