

Chilean Loan Questions

By Mary McGrory
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Washington

The night before the World Bank sanctioned a \$33 million loan to the brutal government of Chile, bank president Robert S. McNamara received a visit from eight American citizens who tried to talk him out of it.

They were Representative Tom Harkin (Dem-Iowa), the Rev. Thomas Devlin, a Holy Cross priest who spent 16 years in Chile; Esteban Torres of the UAW, Tom Quigley of the U.S. Catholic Conference, the Rev. Joseph Eldridge, a Methodist minister and former missionary in Chile; Tom Jones of Amnesty International; Jack Connay of the American Federation of State, County and Municipal Employees, and Professor Richard Falk of Princeton.

The meeting was arranged by Conway, who knew McNamara from another life. Conway often negotiated labor contracts with the then secretary of defense.

It was the kind of group that McNamara wishes to think well of him, and he was cordial, although not to be quoted.

He explained that his son, over his objections had gone to work in Chile during the brief rule of Marxist Salvador Allende. He expressed his own antipathy to the repressive junta now in charge.

But, he said, the loan was a drop in the bucket of the \$1.2 billion in financial assistance that Chile is receiving from other sources such as the United States and the United Nations. The money would free \$100 million in foreign exchange, enabling the generals to provide food for its poor — members of that 40 per cent of the world's population who are deprived and to whom McNamara has pledged allegiance.

His visitors told him that the loan would help stabilize the regime, exactly as withholding of loans had helped to "destablize" the Allende government.

The \$33 million would be another step toward legitimacy and respectability for a government

28 Wounded In Bow and Arrow Battle

Port Moresby

Twenty-eight warriors were treated for arrow wounds yesterday after 800 men fought a major tribal battle in Papua New Guinea's highlands, police reported.

The fight broke out Sunday near Kundiana, in the rugged Chimbu Province of the highlands, between rival factions of the Karimari people.

Reuters

which tortures its own people as a matter of policy, is committed to "uprooting" all dissidents, outlaws and opposition political parties and forbids union meetings.

McNamara told them that the determination had been made on "purely economic grounds." The World Bank, by its charter, is forbidden to be "political."

He stopped the paramount question: Why yes to the generals after so many noes to Allende?

McNamara related that upon Allende's accession, he had sent a message assuring the newly elected president that he would find no ideological hostility at the bank. In 1973, he met Allende and conferred with him about a loan request that was pending.

"It was a disarming performance," Falk related, "rather like what he did on Vietnam. He said one set of things privately to assuage his conscience while doing another set of things in an institutional role to carry out the logic of his career."

Allende's applications, somehow got stalled among the technocrats of the World Bank. They were never quite right — perhaps because he refused to discuss the indemnification of the U.S.-owned copper mines, which the loan will help to rehabilitate.

The junta application, which was postponed twice because of a

certain squeamishness inside the bank, fared better. It may have been, in a sense, "made in the U.S.A."

The Senate Select Committee report tells how CIA collaborators, after the fall, helped the generals to prepare their economic plans.

Bank apologists protested that it is unfair to say that the loan was an extension of U.S. policy toward Chile. No U.S. official has ever criticized the excesses of the junta, which the British foreign secretary recently called "uncivilized," and every effort has been made to ease its path with loans and grants.

"It was simply regarded as a good investment," says the defender.

Allende was turned down because his economy was in a downward spiral — a spiral, the defender failed to add, that was vigorously assisted by the CIA, which spent \$11 million to strangle the economic life of the first elected Communist government in the Western Hemisphere.

Actually, the junta fared worse, and might have been turned down, on the merits, in the absence of U.S. pressure.

The inflation rate is double the worst of the Allende years. Unemployment is somewhere between 18 and 24 per cent.

The board of directors last week voted for the \$33 million, amid a record number of abstentions from our West European allies: England, France, Holland, Belgium, Italy, Portugal and Spain.

The United States has the largest voting bloc, and carried the day with the help of Japan, Canada, Latin America, Africa and India.

The World Bank has decreed that Chile is just another little Latin American country trying to get along. That's what Allende tried to tell them, but he was a threat to the "balance of power" that is the moral base for U.S. foreign policy.