

A Loan For Chile?

By Anthony Lewis

WASHINGTON—The World Bank has before it a proposal to lend \$33 million to the Chilean Government for investment in copper-mining facilities. The bank's president, Robert S. McNamara, has recommended the loan. It is scheduled to go before the board of directors for final approval next Tuesday.

Some will find it surprising that a respected international institution should want to assist a regime just described by the British Foreign Secretary as "uncivilized" and "brutal." The military junta that governs Chile has made murder and torture its policy. Despite promises to ease its cruelty, it continues to practice torture and holds thousands of political prisoners who have not been charged with any crime.

Inside the World Bank, the proposed loan to Chile is a sensitive subject. Embarrassment is evident in some quarters. But there is also an understandable hesitation about having the bank apply political standards to its loans.

"That is dangerous territory," one ranking figure at the bank said— "making loans depend on a regime's political character. On that basis Tanzania might not get any loans now, because the United States does not like its Government's attitude."

The bank has followed the practice of talking in strictly economic terms. Its reports are "sanitized," in the words of the staff, to keep out politics. But of course the line between economics and politics is not always so clear. If those guiding the bank are strongly antagonistic to a particular government, it may be denied credit on the ground that it is inefficient or a bad risk.

ABROAD AT HOME

World Bank lending to Chile stopped abruptly when Salvador Allende's left-wing Government took office in 1970. The stated reason was Mr. Allende's failure to negotiate with the former owners of nationalized property, in violation of a bank requirement. But it is also true that the United States put on heavy pressure to delay any loans to Chile. One is said to have been under consideration when Mr. Allende was killed in 1973.

At some point a government plainly could be brutal enough to affect the bank's attitude toward it, whatever

the explanation. The bank would not lend to a Hitler, efficient though he might be. It has not in fact made any loans to Uganda since Idi Amin took over and his mass murders became known. Some would regard the behavior of the Chilean junta as of similar character.

But the proposed loan to Chile also raises important questions in terms of the bank's own lending policy. Mr. McNamara defined that in a speech in Santiago in 1972, setting out two major aims. He said the bank must encourage both economic growth and "more equitable income distribution" in developing countries, to improve the lot of the poorest 40 percent. What counts in the end, he said, is "improvement of the individual lives of the great masses of people."

The World Bank staff report on the Chile loan, approved by Mr. McNamara, does not dwell on how it may benefit lower-income people. The report recites economic developments since the 1973 coup, with no reference to the accompanying human realities. It is all so dry that one expects to find a note about the trains running on time.

The report and a supporting memorandum do make reference to economic privation in Chile today. Industrial production is down 22 to 25 percent from a year ago, and unemployment in the Santiago area is at 16.6 percent. But the report argues that there is no better alternative economic policy.

"Heavy sacrifices are being required of the Chilean people," the report says. But its cold recital omits a fundamental truth: Privations of the kind being suffered by Chileans today can only be imposed by repression of a severe kind.

In any event, it would be hard to argue that such a loan to Chile under present circumstances would be likely to reduce income disparities or help the poorest 40 percent. That most conservative British weekly, *The Economist*, wrote recently that the junta's "heavy-handed" economic policy had "brought many thousands to the brink of starvation."

It is said of judges that they must not be blind to what all others can see, and the same rule might apply to the World Bank. A loan now, awarding a badge of respectability to the Pinochet Government, would come at a moment when there is some pressure for change. Members of the junta itself are reportedly trying to force General Pinochet out and moderate policy. Eduardo Frei, the Christian Democratic leader, has just opened an attack on the regime, and particularly on its economic policy.

In the World Bank, as elsewhere, bureaucratic momentum has its effect. Chile's Finance Minister, Jorge Cauas, formerly headed the bank's Development Research Center and has given strong support to this loan. The board of directors rarely withholds approval when a loan proposal has come so far. But economic considerations along with others urge that, this time, the bank think again.