

# Foreign Economic Assistance and Respect for Civil and Political Rights: Chile—A Case Study\*

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## I. INTRODUCTION

The question of whether foreign economic assistance to states grossly disregarding human rights has an impact on the enjoyment of civil and political rights in those states is undoubtedly very complex. The nexus between economic assistance and human rights is often indirect and subtle. In addition, there arises the thorny question of evidence: upon what elements can one show the multifaceted yet elusive nexus between foreign economic aid and various forms of human rights that on the surface appear to have few economic implications?

Without attempting to address all problems that fall within the purview of the subject-matter, I have limited the discussion to five questions that appear crucial:

- 1) Have human rights violations within a state discouraged governments, international agencies, or private institutions from sending economic assistance to that state?
- 2) Might a state's human rights violations actually attract foreign economic assistance in some situations?
- 3) Have restrictions on civil and political rights caused inefficiencies in or had an adverse consequence on the utilization of foreign economic aid?
- 4) Do the benefits of foreign economic assistance reach those persons who have been victims of human rights violations, particularly the families of persons arbitrarily detained or imprisoned?
- 5) To what extent has foreign economic assistance supported the recipient state's social and economic policies which have an adverse impact on the enjoyment of civil and political rights?

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\* This paper is based on a revised version of a section of a report prepared by the author for the United Nations. Notes 2, 4 *infra*.

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## II. A CASE STUDY: CHILE

This article will briefly address these five questions specifically in regards to Chile. The reasons for this choice stem from the fact that there is sufficient documentation available, both from the Chilean authorities and from the United Nations, to analyze the relationship between foreign economic assistance and civil and political rights in that nation.

This analysis assumes that the various pronouncements of the U.N. General Assembly regarding Chile's poor human rights record are indeed correct.

### *A. Violations of Civil and Political Rights in Chile and the Withholding of Foreign Economic Assistance*

The first of the five questions referred to above can be broached on the basis of replies of various governments to information requests sent in 1977 by the Secretary-General of the United Nations<sup>1</sup> and by the Rapporteur on Chile of the Sub-Commission on Prevention of Discrimination and Protection of Minorities.<sup>2</sup> Reference is made here only to the official comments of a few Western governments concerning their economic relations with Chile since the military *golpe de estado* of September 11, 1973.

In its reply to the Secretary-General's information request, the Federal Republic of Germany stated that as a consequence of the disregard for human rights in Chile, "[T]he Federal Government has not provided Chile with any more development aid. It has discontinued supplies of weapons and military equipment. In negotiations for the rescheduling of debts, harder terms have been imposed. University partnerships have not been continued."<sup>3</sup>

The government of Italy, in response to the request for information of the Rapporteur on Chile, stated:

Economic, financial, cultural and technical cooperation between Italy and Chile have been strongly influenced since September 1973 up to the present—both at the multilateral and the bilateral level—by the attitude adopted by our country towards the military Government [*sic*] headed by General Pinochet. In keeping with the unequivocal positions it has taken at the political level, Italy has gradually broken off all forms of collaboration, so that it can now be said that official aid by Italy to the Chilean Government is virtually non-existent.

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1. G.A. Res. 31/124, 31 U.N. GAOR, Supp. (No. 39) 104-05, U.N. Doc. A/31/39 (1976).

2. The Sub-Commission on Prevention of Discrimination and Protection of Minorities directed the Rapporteur to undertake a study on the "Impact of Foreign Economic Aid and Assistance on Respect for Human Rights in Chile."

3. Report of the Economic and Social Council: Protection of Human Rights in Chile, Report of the Secretary General, 32 U.N. GAOR (Agenda Item 12) 9, U.N. Doc. A/32/234 (1977) [hereinafter cited as Report of the Secretary General].

As to economic and financial co-operation within the competent multilateral organizations in regard to loans granted to Chile . . . Italy's position has always been negative; in particular, [in the World Bank] Italy voted against the grant of a loan to Chile in January 1974 and in May 1975 (\$20 million for an agricultural reorganization programme), and it abstained from voting on the decision concerning three other loans to Chile in February (\$33 million) and December 1976 (\$25 million and \$35 million).

In the Inter-American Development Bank . . . , the position adopted with regard to the grant of two loans to Chile . . . was as follows: abstention on an integrated technical assistance programme which also includes Bolivia and Peru, and a vote against the grant of a loan of \$20 million exclusively to Chile.

With regard to multilateral technical co-operation . . . Italy has not failed to express reservations concerning programmes for Chile, in view of the non-observance by the Chilean Government of the resolutions adopted by various United Nations bodies which call for respect for human rights and the restoration of fundamental freedoms in that country.

As regards the consideration of economic and financial relations on a bilateral basis, it must be pointed out that, during the period in question, Italy suspended the privileges enjoyed by Chile under the Insurance and Export Credit Law and that, consequently, no request concerning that country has been considered by the competent organizations.

A similar attitude has been adopted in regard to bilateral technical co-operation. In September 1973, various programmes were being executed in fields such as occupational training, university education and building, together with volunteer programmes, chiefly in education. Today, there is only one volunteer programme (nine persons), for occupational retraining of personnel of the Curanilahue coal mines, which has not been discontinued because of its distinctly social character. . . .

This consistent over-all attitude . . . is also reflected in the refusal by our authorities to take part in multilateral talks held within the Club of Paris with a view to restructuring Chile's external debt.<sup>4</sup>

The government of the Netherlands responded to the information requests by declaring that it had taken "a number of concrete steps which it hopes will contribute to the restoration and safeguarding of human rights and fundamental freedoms in Chile. Financial assistance in the framework of development co-operation has been suspended. Aid is provided only in respect of certain small welfare projects, directly benefiting the

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4. Study of the Impact of Foreign Economic Aid and Assistance on Respect for Human Rights in Chile, 31 Sub-Comm'n on Prevention of Discrimination and Protection of Minorities (provisional Agenda Item 13) para. 407, U.N. Doc. E/CN.4/Sub.2/412 (1978) [hereinafter cited as Foreign Economic Aid Study].

poorest section of the population. This aid is channelled through non-governmental organizations. . . . In the field of trade, credit guarantees by governmental bodies for export transactions by Dutch companies have been discontinued as from 1973."<sup>5</sup> In a note to the United Nations on December 21, 1977, the Government of the Netherlands informed that body that it had not provided any bilateral aid to the Chilean Government since the *golpe de estado* of 1973, but that "[t]hrough some non-governmental organizations funds are supplied for activities which are directly benefiting the most distressed groups of the Chilean population."<sup>6</sup>

Norway, in a note to the United Nations dated November 25, 1977, stated that as a result of the suppression of democratic institutions in Chile,

Bilateral aid given to Chile from Norway has been suspended. Together with the Governments of the other Nordic countries the Norwegian Government has voted against loans to Chile from the World Bank. At the twenty-third session of the Governing Council of UNDP, held in January 1977, the Norwegian representative and those of the other Nordic Governments in a joint statement made clear that the land programme of Chile did not enjoy their support because of the failure of Chilean authorities to concur with past United Nations resolutions to improve the human rights condition in Chile.<sup>7</sup>

The degradation of human rights in Chile since the 1973 military *golpe de estado* has also severely strained relations between Chile and the United States. A recent study submitted to the United Nations Ad Hoc Working Group on the situation of human rights in Chile stated:

Since 1974, Congressional critics of United States Chilean policy have legislated limitations on military and economic aid to Chile on the grounds of its human rights violations. . . . Thus far, when all military aid and most forms of bilateral economic aid have been denied to Chile by the United States Congress and it has become increasingly evident that very little aid would be available, the Chilean Government has responded by renouncing any United States bilateral assistance. The complete rejection of

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5. Report of the Secretary General, *supra* note 3, at 12-13.

6. Foreign Economic Aid Study, *supra* note 4, at para. 409.

7. *Id.* para. 410. In its reply of 5 December 1977 to a request for information sent by the Rapporteur on Chile, the Government of Sweden stated the following:

The Swedish Government extends no aid to the present Chilean authorities. The Swedish policy in this regard is illustrated by the following facts: On 31 August 1973, an Agreement, called the Development Co-operation Agreement of 1973, was signed in Santiago de Chile between the Government of Sweden and the Government of the Republic of Chile. The preamble of this Agreement states that the objective of the Agreement is to enable the respective Governments to continue 'their co-operation for the purpose of economic development and social and economic justice in Chile as envisaged in the Development Plan of Chile for 1971-76.' The resources made available by Sweden according to the Agreement were intended to contribute to the achievement of these goals as stated in the Plan.

*Id.* para. 412.

this aid came in response to the State Department's decision to delay for 30 to 60 days \$9.3 million of the \$27.5 million economic assistance package for 1977 to express disapproval of human rights violations by the Chilean Government of President Augusto Pinochet. . . . The Chilean junta issued a note which formally spurned the proposed \$27.5 million economic aid package [and] angrily react[ed] against the Carter Administration's attempt to use human rights as a factor in considering foreign aid distribution.<sup>8</sup>

However, economic relations between Chile and the United States improved somewhat in 1978. According to press reports, on April 24, 1978, the Commodity Credit Corporation, a private corporation under the auspices of the Department of Agriculture, approved thirty-eight million dollars in commercial export credits to farmers and ranchers in Chile. The *Washington Star* reported:

State Department officials confirmed . . . that approval of the credits was delayed for some time, but they denied that the credits reflect a departure from the administration's emphasis on human rights.

Officials emphasized that the credits were for private parties rather than the Chilean Government, and were intended primarily to aid American farmers. They also stated that the credits reflected approval of what was described as 'encouraging political developments' within Chile's military Government [*sic*].

One State Department official cited the recent amnesty for many political prisoners in Chile and the government's decision to turn over to United States authorities Michael Vernon Townley, the 35-year-old American who has been charged with conspiracy in the murder of former Chilean Ambassador Orlando Letelier in 1976.<sup>9</sup>

Senator Edward Kennedy, however, felt that the credit would have been more appropriately used if allocated specifically to the improvement of human rights in Chile.<sup>10</sup>

From the above, it is clear that most of the states that have commented

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8. CENTER FOR INTERNATIONAL POLICY, CHILE: AN ANALYSIS OF HUMAN RIGHTS VIOLATIONS AND UNITED STATES SECURITY ASSISTANCE AND ECONOMIC PROGRAMMES 1-2 (July 1978).

9. *Washington Star*, May 5, 1978, at A-5.

10. In a speech from the Senate floor, Senator Kennedy said:

I am disturbed by the Administration's recent approval of \$38 million in Commodity Credit Corporation credits for Chile. [I]t would have been much wiser for the United States to loan this much money on the basis of substantial human rights movement in Chile.

I am now consulting with the Administration to ensure that this action will not be misunderstood, or repeated in the absence of further progress. Let us not lose this opportunity to make a critical difference in the lives of the Chilean people—and to demonstrate that the United States can be an effective force for human rights in Latin America.

124 CONG. REC. S6,983 (daily ed. May 4, 1978) (remarks of Sen. Kennedy).

on their economic relations with Chile after the *golpe* have either discontinued or substantially decreased their economic assistance to Chile as a direct consequence of its suppression of civil and political rights. Thus the introduction of a repressive system has resulted in much of the international community denying economic aid to Chile in the hopes of using such pressure to force the present Chilean authorities to restore human rights.

Although the aforementioned change recently occurred in United States policy, this change has been justified primarily by emphasizing that the Chilean authorities are in the process of improving the human rights situation in that country. While I do not pass judgment on the United States assessment of the Chilean situation, one must recognize that even this new stand reveals that a close link exists between foreign economic assistance and respect for human rights in Chile.

*B. Repression of Human Rights as a Means of Attracting Foreign Economic Assistance*

The relationship between foreign economic assistance and the economic policy of the present Chilean Government on the one hand, and Chile's current repression of civil and political rights on the other, is quite visible. Gross violations of human rights, particularly of trade union rights, have become an important factor in attracting foreign economic investment to Chile.

Chilean authorities regard attracting foreign investment as a "central economic principle."<sup>11</sup> Among the most important aspects of this effort to attract foreign capital are the offer of cheap labor and the strict enforcement of industrial discipline. Immediately after the military takeover, editors of the highly influential *El Mercurio* began to advocate "the perfecting of the labour market," suggesting, among other things, that "the cost of hiring labor should be reduced substantially in relation to that of capital."<sup>12</sup> The elimination of virtually all trade union rights, including the rights to elect trade union representatives freely, to bargain collectively, and to strike, have put Chilean workers in a position of impotence with few means of asserting their rights to decent living and working conditions. This distressing situation has been amply documented in reports by the International Labor Organization (ILO) and the United Nations Commission on Human Rights, which have urged the Chilean Government to "promulgate new trade union legislation as soon as possible and to repeal Legislative Decree No. 198 in order to ensure the normal functioning of trade union activities."<sup>13</sup> Minister of Economy Sergio de Castro explained

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11. *El Mercurio* (Santiago), *Informe Económico*, Aug., 1976, at 16, col. \_\_\_.

12. *El Mercurio* (Santiago), \_\_\_, 1973, at \_\_\_, col. \_\_\_.

13. Report of the Ad Hoc Working Group to Inquire into the Situation of Human

in a seminar on the Chilean policy on foreign investment: "We think that foreign investors take their capital from one place to the other, looking for the highest profitability. This is why they have to periodically evaluate the most important variables for their companies' profits, such as wage-levels, taxes and customs tariffs."<sup>14</sup> Thus Chilean authorities offer foreign investors the economic benefits derived from violating the rights of Chilean workers—rights that have been universally agreed upon at the United Nations. Foreign investors are openly invited to translate the transgression of these human rights into increased profitability.

*C. Impact of the Restrictions on Civil and Political Rights on the Utilization of Foreign Economic Assistance*

The serious violations of human rights that are still occurring in Chile have adverse consequences on the actual use of the foreign economic aid flowing into Chile. Grave restrictions on freedom of expression, freedom of association and trade union rights prevent most Chilean people from taking part in the decision-making process. The government can request and use foreign economic assistance without close scrutiny by the Chilean population. This lack of freedom of expression and the existence of a ruling group which makes all the basic decisions affecting the lives of the people permits neither a free exchange of ideas nor the introduction of improvements or corrections in the execution of economic policies, including the utilization of foreign economic assistance.

The Permanent Committee of the Episcopal Conference of Chile, in a statement issued on March 25, 1977, has forcefully analyzed this situation. After stressing that "for many families, especially those who are unemployed or earning a minimum wage, the extremely precarious and difficult conditions in which they are living are becoming almost intolerable" and that "the peasants, workers and settlers appear to be bearing an excessive and disproportionate burden," the Permanent Committee said:

Economic development depends on decisions taken at the national level, and the right of participation defended by the Catholic social doctrine is also applicable to the economy. In the economic sphere it is easy to create a technocratic élite which aspires to make all the decisions itself. . . . To maintain that economic problems have only one solution, without any alternative, is to establish the rule of science and the scientific élite over

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Rights in Chile, 34 U.N. ESCOR Annex (provisional Agenda Item 5) 66, U.N. Doc. E/CN.4/1266 (1978) [hereinafter cited as Human Rights Study].

14. El Mercurio (Santiago), Sept. 22, 1975, at 6, col. \_\_ (int'l ed.). This is a recurrent theme in the Chilean Government's attempts to attract foreign investment. An advertisement in the Wall Street Journal entitled "Chile: safety zone for foreign investors," pointed out "Tranquility and stability in all sectors of the labor force, plus a high standard of technical and professional skills [are] readily available," and assured readers that, "It is safe to invest in Chile." Wall Street Journal, June 8, 1977, at 16, cols. 1-6 (eastern ed.).

human responsibilities. It is also to assume that the decisions made are based only on scientific reasons and that no part is played in them by reasons of dogma or group interest. But this is not the case: doctrinal positions and group interests often play a part in making decisions, though somewhat unconsciously.

In the name of human rights and of the right of participation, the Church asks that *the various economic options should be the subject of open discussion, and that access to decisions and the possibility of exerting influence should not be reserved to a single scientific school or to a few more privileged economic groups.* Without a great national debate, the reasons given by the specialists lack full credibility. There is usually more wisdom in the discussion of differing opinions than in a single opinion which is affirmed dogmatically and without contradiction (emphasis added).<sup>15</sup>

Workers feel this same need to participate in the economic decision-making process. In a letter dated April 29, 1977, to the President of the Republic of Chile, a group of trade union leaders cited the "historical failure of private enterprise," and called for worker participation in the development of a new national "investment plan."<sup>16</sup>

The views expressed in general terms by the Permanent Committee of the Episcopal Conference and by trade union leaders also apply to the subject of this article. Since the junta allows no political parties or political groups in Chile, and strictly controls trade unions, only members of the ruling group participate in the decisions concerning the type of economic assistance to be requested abroad; the choice of the states, international institutions or private groups which may furnish economic assistance; the conditions under which such assistance can be accepted; and the social or economic areas targeted for foreign assistance. Fresh ideas and perspectives from excluded groups could correct the major defects in foreign assistance schemes which at present greatly limit the beneficial influence foreign economic assistance could have.

#### *D. Foreign Economic Assistance and the Condition of Those Suffering from the Present Disregard of Civil and Political Rights in Chile*

In its February 1, 1978 report, the United Nations Ad Hoc Working Group on the Situation of Human Rights in Chile, established by the Commission on Human Rights, pointed out that Chilean authorities "continue to refuse to respect the liberty and security of persons believed to be opposed to the present régime. The system of intimidation through arrests, detention, torture or ill-treatment and harassment continues to be used to

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15. El Mercurio (Santiago), March 26, 1977, at \_\_\_, col. \_\_\_\_.

16. Report of the Economic and Social Council: Protection of Human Rights in Chile, Note by the Secretary General, 32 U.N. GAOR, LII Annexes (Agenda Item 12) 286, U.N. Doc. A/32/227 (1977) [hereinafter cited as Human Rights Report].



repress those sectors of the Chilean population.”<sup>17</sup> According to the Ad Hoc Working Group, “Persons detained by the security agencies continue to disappear, though at a rate significantly less than in the past.”<sup>18</sup>

The fate of political detainees and of relatives of missing persons or political detainees raises particularly serious problems. Their lot has been aptly described by the representative of Amnesty International. In a statement before the Commission on Human Rights on February 24, 1978, he pointed out:

Often, the victims of arbitrary arrest and imprisonment were from the poorer sectors of society. They could be divided into four different groups. The first consisted of prisoners charged with political offenses, the greatest number of whom were in the three major prisons of Santiago, and their families. Where the prisoner has been the chief breadwinner, the family lived in the utmost need and poverty. The second category comprised political prisoners charged with and tried for a common law offense. That was a phenomenon particularly noticed in recent months and which Amnesty International had only recently begun to investigate, and it had not always been possible to ascertain beyond all reasonable doubt that there were political reasons behind the arrest. The third category was composed of former political prisoners and former detainees who had been held without trial under the provisions of the state of seige. On release they faced common problems and underwent extreme hardship. Finally, there were the families of missing persons, possibly the most tragic group, who suffered severe psychological disruption and often serious financial stress. It was estimated that over 10,000 persons had been affected.<sup>19</sup>

In 1978 the Ad Hoc Working Group received the report of a mission that visited Chile in 1977 under the auspices of the World Council of Churches. According to the Ad Hoc Working Group, this report stated that “the mental and physical health of the families, especially the children, of persons who have disappeared has been severely affected. The information provided to the Group in this report concerning 145 specific cases of children revealed somatic disorders, psychological problems, and retardation of development. . . .”<sup>20</sup>

It appears that medical doctors detained for political reasons often lose their right to work when released.<sup>21</sup> In addition, the families of the “disappeared” frequently undergo hardship even in the field of education.<sup>22</sup> No

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17. Human Rights Study, *supra* note 13, at 73.

18. *Id.*

19. 34 Comm’n on Human Rights (1456th mtg.)4-5, U.N. Doc. E/CN.4/SR.1456 (1978) (remarks of Mr. Rodley).

20. Human Rights Report, *supra* note 16, at 111.

21. Foreign Economic Aid Study, *supra* note 4, at para. 172.

22. *Id.* at para. 238.

less serious is the fate of persons who oppose the government's social policy or who are regarded by the authorities as potential opponents. Thus trade union leaders and members often lose their jobs or encounter great difficulty in obtaining employment.<sup>23</sup>

Up to now relief agencies have aided relatives of missing persons, or political detainees and opponents.<sup>24</sup> These groups have also received financial and other forms of support from some governments and private institutions. It seems, however, that the financial means available to these people are not sufficient. Sources of foreign economic assistance do not design their programs to help the victims of political detention, and the Chilean government does not direct aid to this group.<sup>25</sup> The conclusion therefore seems warranted that at present foreign economic assistance provided to the Chilean authorities does not benefit those people who suffer directly or indirectly from deprivation of liberty for political reasons (*i.e.*, detention, disappearance). These persons receive assistance from relief agencies operating in Chile through *direct funding* from foreign governments or private organizations.

*E. Socio-Economic Policies Adopted in Chile: Repression of Civil and Political Rights and Foreign Economic Assistance*

Chilean authorities seek the following social and economic goals: (a) enhancement of the role of private enterprise in the national economy; (b) opening of the Chilean market to imported products and reducing customs tariffs and duties; (c) removal of present price controls; and (d) drastic reduction of state expenditure, including the reduction of staff wages and salaries.<sup>26</sup> These socio-economic policies have had certain consequences for the Chilean people, including: (a) increase in unemployment; (b) reduced income of wage earners; (c) decreased purchasing power of wage earners; (d) bankruptcies of small and medium-sized national enterprises; (e) serious deterioration of public services such as the health services; (f) food shortages for the poor; and (g) reduction of categories of persons economically eligible for admission to university education.<sup>27</sup>

Discontent and a profound sense of dissatisfaction are byproducts of these policies. Actually, some groups in Chile have voiced strong protests. Recall the important statement issued on March 25, 1977, by the Perma-

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23. *Id.* at para. 171.

24. Relief has been provided by the Vicaría de la Solidaridad, the Fundación de Ayuda Social de la Iglesia Cristiana (FASIC), and the Ayuda Cristiana Evangélica (ACE), as well as by the Intergovernmental Committee for European Migration, the Office of the United Nations High Commissioner for Refugees and the International Committee of the Red Cross.

25. *See* Foreign Economic Aid Study, *supra* note 4, chs. III and IV.

26. *Id.* at paras. 88-112.

27. *Id.* at paras. 113-248.

ment Committee of the Episcopal Conference of Chile,<sup>28</sup> and the letter sent to the President of the Republic of Chile by Chilean trade union leaders.<sup>29</sup>

Significantly, the Government has not prevented public expression of dissent or criticisms by prominent groups. In more democratic societies, however, when governmental authorities draw up and implement economic and social measures that disadvantage the interests and needs of the less privileged strata, usually trade unions oppose those measures through strikes, walk-outs, public protests, and so forth. Lack of freedom of assembly, association, and, in particular, trade union rights, prevent this reaction in Chile. A close link apparently exists between the kind of policies carried out by the present authorities in the socio-economic field, and repression in the field of civil and political rights. In short, without suppression of or serious restrictions on civil and political rights, the military government could not impose and enforce its economic and social policies.<sup>30</sup>

Foreign economic assistance to a great extent serves to prop up the present governmental authorities in Chile.<sup>31</sup> The assistance, through design or implementation, supports the policy that the authorities choose and carry out in the field of socio-economic relations. The economic policy fosters repression of basic human rights because implementation is only possible without dissent.

It follows from the above considerations that foreign economic assistance, to the extent that it reinforces the present government in Chile and its socio-economic strategy, contributes to consolidating and perpetuating the repressive system which to a great extent is a counterpart of the socio-economic policies of the Chilean authorities.<sup>32</sup>

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28. See text at pp. 257-58 *supra*.

29. See text at p. 258 *supra*.

30. It is necessary to point out that this view does not constitute a novelty. Actually, as early as 1970, Jorge Cauas, one of the main economic policy-makers in Chile, who was Minister of Finance to the military government and is now Ambassador to the United States, showed himself to be aware that only political repression can allow a free market system to survive in such a society as that of Chile. In 1970 he described the political measures that should accompany the implementation of his economic theories and of the monetary policy he advocated (control of the money supply through restriction of domestic credit, a single exchange rate and a balanced budget, etc.), warning that serious problems were to be faced in applying that policy, most of them deriving from the need for discipline to ensure that the measures would be respected. "The main pressure factors to be taken into account are the actions of organized groups of workers in connection with wage policy and the ambitious governmental programmes which must be financed by non-inflationary means." He concluded that "in a democratic system . . . , there are obviously both conceptual and practical difficulties" in applying the proposed scheme, but these disappear as soon as it is agreed to use "other measures, *in the form of the establishment of a centralized system, with the consequent loss of freedom.*" Cauas Lama, *Política Económica de Corto Plazo*, in 2 BANCO CENTRAL DE CHILE: ESTUDIOS MONETARIOS 25, 41-42, 44-45 (1970) (emphasis added).

31. See Foreign Economic Aid Study, *supra* note 4, chs. I and II.

32. It is necessary to underscore that this conclusion has already been reached by other persons who have dealt with the problems of Chile. In this connection, it is worth citing a

### III. CONCLUDING REMARKS

The present gross violations of human rights in Chile are related to economic assistance in two respects. First, and most apparently, the bulk of this assistance helps to strengthen and maintain power in a system which pursues a policy of large-scale violations of human rights. This applies to some forms of economic assistance concerned with development as well as to most forms of economic assistance that show no concern either with human rights or with development. The same holds true for many cases of assistance directly related to human rights (assistance given with the specific aim of improving the situation of the population in the fields of housing, sanitation, hospitals, health centers, and so forth).<sup>33</sup> Often the government uses this assistance to replace national resources, which are diverted to other ends, including that of financing the repressive system. In all these cases economic assistance often appears instrumental in perpetuating or at least maintaining the current situation of gross violations of human rights.

The second aspect is no less important. In order to obtain the assistance which it seeks abroad, the government has to ensure a favorable presentation of the indices by which an economy is normally held to be "healthy." It must appear to be "creditworthy" (*i.e.*, it must have, among other things,

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statement made April 29, 1976, before the Sub-Committee on International Organizations of the Committee on International Relations of the United States House of Representatives by Mr. Leonard C. Meeker, a prominent lawyer and former Legal Adviser to the United States Department of State. Although Mr. Meeker refers only to the economic assistance furnished to Chile by the United States, his conclusions can also apply to the assistance provided by other states. After surveying the various forms of economic assistance provided by the United States to Chile, he stressed that this assistance did not go to those who are most in need, and concluded, "Under present programs, U.S. Government assistance is simply shoring up and easing the problems of a brutally repressive régime." *Chile: the Status of Human Rights and its Relationship to U.S. Economic Assistance Programs: Hearings before the Subcomm. on Int'l Organizations of the House Comm. on Int'l Relations, 94th Cong., 2d Sess. 7* (1976) (statement of Leonard C. Meeker). Replying to a question by United States Representative A.T. Moffet, Mr. Meeker said:

The U.S. Government needs to make it clear in its own statements to the Government of Chile that it is deeply offended by the treatment that that government is meting out to human beings, that it is a kind of treatment that we simply cannot condone. We will not support that government in its policies, and we will not give it the practical sinews to continue its repression through grants of foreign aid that go to the government to be dispensed by the government at its discretion.

*Id.* at 12.

On May 4, 1978, Senator Edward M. Kennedy, speaking on "Challenges to Human Rights in Chile," stated before the United States Senate that:

The economic assistance tragically continues which, in so many instances, is being used to perpetuate in power those particular forces and those particular interests which we state are alien to our own traditions and our own basic and fundamental principles.

124 CONG. REC. S6,987 (daily ed. May 4, 1978) (remarks of Sen. Kennedy).

33. For details on this form of economic assistance, see Foreign Economic Aid Study, *supra* note 4, at paras. 472, 476.

a favorable balance of payments, controlled or diminishing inflation, a reduction of public expenditure). This domestic policy does not take into account the human factor and, in fact, creditworthiness can only be obtained by a redistribution of income which is unfavorable to the vast majority of the population. Furthermore, to the extent that it is not only foreign economic assistance in the form of loans (bilateral or multilateral), but investment that the government wants to attract, the state of poverty or backwardness of the working sector of the population does not appear as a negative factor. Instead, it appears as a positive element that may lead foreign enterprises, attracted by cheap labor and the low cost of production in the country, to make the decision to invest. In this respect, a deterioration in the benefits that workers and their families receive in other than monetary form also plays a major role in investment decisions. The absence of social unrest and restrictions on trade unions are important added advantages of a regressive system to foreign investors.

If the two aspects of the relationship between economic assistance and the violation of human rights are considered, one can see that in the second aspect the causal relationship is inverted: repression encourages investment. Thus, together, they make up a closed circle of "cause" and "effect": economic assistance to a very great extent permits the perpetuation of violations of human rights, and such violations, in turn, bring about the necessary conditions to obtain economic assistance.