

October 16, 1974.  
Caro School

## Allende and the Constitution.

1. The Chilean way. - Role of Constitutional amendments. -  
(Allende 1<sup>st</sup> Message to Congress. p. 138. - <sup>implies</sup> Allende.)

2. Two particular aspects:

- Const Am. on Nationalization of Copper.
- Const Am. by the P.D.C.
- Why these 2 Const. Am.  $\left\{ \begin{array}{l} \text{Copper - US relations} \\ \text{P.D.C. - Internal problems.} \end{array} \right.$

3. Nationalization:

- Importance of copper.
- Why a constitutional amendment  $\left\{ \begin{array}{l} \text{importance} \\ \text{Legal problems (Fries)} \end{array} \right.$
- What it was.

One permanent article. Pag 192 ff. Marten

Two transitory articles. - Procedure:

- 90 days Comptroller will establish the book value rights over the mines itself belong to the state.
- The President had the faculty to order a deduction (before the book value) of the excessive profits.
- The President had 30 days to use this faculty.
- <sup>with</sup> 15 days after the resolution of the Comptroller is published in the Diario Oficial, the owners of the companies may appeal to an special Tribunal.

4. Criteria for the excess profit:

- 1) 14% limit established in the Carta Fundamental
- 2) Certain precedents in the Chilean legislation such as the Telephone Agreement in which a maximum profit rate was agreed

3) Most important: For example since Kennedy & Arambur

are multilateral corporations; a comparison was made  
on the rate of profit of the Chilean firm vis-a-vis the  
total corporation:

40-50% profits . . .

or with 18% of Anaconda total investment being made in Chile  
they got 80% of its total profits in Chile.

4) To study investments in the mining sector throughout  
the world. Here it was noted that the rate of  
profit on foreign investment ~~was~~ in Europe or Canada  
was around 10-12%, according to U.N. statistics.  
However in less developed countries the rates were  
much higher.

5 - The legal issue: Allende's doctrine on  
excess profits.

- Canal reform in Japan under the Acheson.
- Retroadre.

- Resolutions of U.Nation 1803: due compensation  
p. 190 Allende Martner.

- Venezuela law.

6 - The conflict: Worktown: Paris Club.

~~3 meetings~~ - December 1972 first meeting.

Postponed January.

March 22, 1973

Treaty of 1914. - Si no hay solución: comisión de 3 personas +

2 representantes por lado. Dialogue among

U.S. - Pague 1 dolar, pero pague. - deaf people.

Full  
Effective and  
Prompt  
compensation.

- Si el cobre era sano, tambien lo era el area social. - pag 38 - Allende's plan.
  - Concentration of industrial + ec. power.
  - Banking.

Memoria: <sup>Antagonismo</sup>

6. - Allende used the legal faculties that all his antecessors had; - In some cases, not many they used this legal tools; in most cases they don't & sent the legislation was there.

7. - To avoid this bypassing of the congress - a constitutional amendment was made by the P.D.C.

- Oct 14, 1971 the project was presented.
- February 1972 approved by the congress:

Provisions:

- 3 areas of the economy -
- Transfer of a firm has to be made by law only.
- Curtail the presidential power.
- The President veto the amendment.
- Project return to congress... & was blocked by the P.D.C.

8. - Attempts of reconciliation -

9. - March elections -

10. - Government on April 10 issue a decree intervening 43 firms  
P.D.C. answer with the Constitutional Reform.

April 25 Congress rejected the veto.

May 11 Allende goes to the Constitutional Tribunal

May 30 Court Tribunal incompetent.

11. - Last attempt of maneuvering.

Sept. 10 Allende decides to give up and promulgate the reform; with the <sup>P.D.C.</sup> compromise of a new amendment of the Constitution.

Syll. - Takeover <sup>Conj.</sup>