

Action needed now

clear to Pinochet's economic allies — who have to date enjoyed the full privileges of Western capital and markets — that no solution will be acceptable to democratic trading partners except a removal of the dictator.

The key instrument at the West's disposal are Chilean loan applications to institutions such as the International Monetary Fund (IMF), the World Bank or the Inter-American Development Bank. To date the IMF has agreed to reschedule interest payments in return for Pinochet's putting an austerity program into place — a requirement the IMF imposes on most heavily-indebted nations that want new loans. If the IMF refused to continue this policy the Pinochet government would be in serious trouble. The junta's economic forecasts are based on the assumption that foreign loans will continue. If they do not Chile may default on interest payments. That would lead to a crisis in foreign banking confidence, the flow of capital to Chile would diminish and Pinochet's remaining business allies would likely desert him.

US gets firmer

The United States seemed to recognize the power of its lending veto in October 1986, when Chile was hoping to gain approval for a \$250 million loan to be used as a balance

of payments support. The US State Department, provoked by the recent wave of repression in Chile, is reported to have demanded that the loan approval be tied to human rights improvements. (The United States holds 20 percent of total IMF votes, while Canada has 3.5 percent.) As a result Chile asked for a postponement for the loan approval to November of this year.

One hopes that Canada will join the United States in rejecting loan applications unless serious moves to dismantle the dictatorship are seen. The key goal of these efforts must be to force Pinochet's few remaining supporters into the ranks of the opposition, giving it the strength required for a final push to dislodge the dictator, perhaps replacing Pinochet with an interim government until elections can be held. If, however, Canada and other nations remain passive in the year ahead, Pinochet will continue hoping he can carry on until 1997, a development that could lead to civil war. The Chilean people, who have suffered earthquakes, a difficult climate and isolation to build a rich and individualistic culture, deserve better. While only they can reinstall stable democracy in the post-Pinochet period, a helping hand is needed now to ensure they can get started. □



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