

Copper Democracy

An International Labor History of The Anaconda Company: 1945-1960

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Introduction

In April 1949, a group of men assaulted Maurice Travis at a radio station in Bessemer, Alabama. The men first struck him over the head with a chair and then kicked him repeatedly while he lay on the floor. Travis was left blind in his right eye as a result of the beating and he was forced to wear a black eyepatch for the rest of his life.

Travis had traveled to Alabama to advocate on behalf of the International Union of Mine, Mill, and Smelter Workers (Mine-Mill) in its union election against the United Steelworkers of America (USWA) and he was at the radio station to give an address to the 5,000 steel workers in town.¹ At the time, Travis was a member of the Communist Party, and although he had stepped down as President of Mine-Mill in 1947 to work as treasury secretary, he was still considered the “real boss of the union.”² Mine-Mill was one of several unions within the Congress of Industrial Organizations (CIO) with strong Communist ties at the time. Mine-Mill had developed a reputation as an especially militant union with democratic rank-and-file control.³

Travis’s assailants worked for Mine-Mill’s challenger in Bessemer, USWA, a more conservative union within the CIO. The CIO had encouraged raids on Mine-Mill’s locals from more conservative unions because of Mine-Mill’s refusal to comply with the Taft-Hartley Act’s requirement that union officials sign non-Communist affidavits. The contest to maintain jurisdiction of the local in Bessemer, its stronghold in the South with 5,000 steelworkers was especially important because 50 locals with 30,000 members had already left Mine-Mill during the Cold War because of its Communist ties.

¹ Victor Riesel, “Battle in Radio Studio starts CIO Civil War,” *Oakland Tribune*, May 1, 1949.

² Ellen Schrecker, *Many Are the Crimes: McCarthyism in America* (Little, Brown and Company, 1st edition, May 1, 1998), 344.

³ Laurie Mercier, “‘Instead of Fighting the Common Enemy’: Mine Mill versus the Steelworkers in Montana, 1950–1967,” *Labor History* Volume 40, Issue 4 (1999): 467.

Mine-Mill had grown its ranks in the segregated South during the New Deal era by fighting for black miners who other unions ignored. In Bessemer, Mine-Mill won important victories for its majority black membership, such as the reinstatement in 1938 of 160 workers fired for organizing, as well as \$100,000 in back-pay. Mine-Mill's victory attracted white workers to join the union and it stood out as an integrated union in the segregated South, with leadership positions divided equally among black and white workers.

USWA ran an aggressively anti-Communist and racist campaign against Mine-Mill in the 1949 union election in Bessemer. The Ku Klux Klan, which had been re-formed earlier in the 20th century out of a group of vigilantes organized by the local steel company to break efforts to integrate its workers, descended upon the Mine-Mill office on horseback, carrying torches the night before the election. Mine-Mill won the support of nearly all the black workers, but narrowly lost the election, losing an important stronghold in the South.⁴

After several years of disagreement, the CIO expelled Mine-Mill on February 15, 1950; the union looked to be reeling.⁵ But despite further furious challenges from USWA, Mine-Mill managed to maintain control in one important state: Montana. Butte, the largest city in Montana, had ideal material conditions for labor organizing and its labor history had earned the city the label, the “Gibraltar of unionism.”⁶ Mine-Mill’s militant organizing had historically empowered Butte workers and workers across the state against the Anaconda Copper Mining Company (Anaconda) and the workers stayed loyal to the union despite years of anti-Communist attacks.

In Mine-Mill’s four Montana towns, it defeated USWA in every challenge for jurisdiction of more than 8,000 workers for the Anaconda Copper Mining Company, before finally losing a

⁴ Horace Huntley, "Iron Ore Miners and Mine Mill in Alabama, 1933-1952," Ph.D. dissertation, University of Pittsburgh, 1977.

⁵ Joseph Loftus, "C.I.O. Expels Three More Unions For Following Communist Policy: THREE MORE UNIONS EXPELLED," *New York Times*, February 15, 1950.

⁶ Jerry Calvert, *The Gibraltar: Socialism and Labor in Butte, Montana, 1895- 1920* (Helena: Montana Historical Society Press, 1988).

close election in the town of Anaconda in 1962. Although USWA's persistent use of Red-baiting certainly helped erode the loyalty of some workers, Mine-Mill's eventual loss of dominance in Montana did not result entirely from workers' rejection of its Communist ties; rather, Mine-Mill lost leverage in Montana because of job loss to automation and Anaconda's increased investment in Chile, which allowed it to withstand strikes from its copper miners in Butte, Montana, members of Mine-Mill Local No. 1.

In 1948, one year after the American Government passed the landmark anti-union legislation, the Taft-Hartley Act, the Chilean Government passed the Law for the Permanent Defense of Democracy, which cracked down on organized labor and outlawed the Communist Party, expelling its membership from public office, higher education, and union positions.⁷ Chilean President Gabriel González Videla was elected in 1946 as part of the Popular Front with Communist support, but he had shifted right under pressure from the American Government and American and Chilean businesses. Anaconda and Kennecott, the two American copper companies which owned the three largest mines containing Chile's primary export, exerted pressure on Videla to pass the Law for the Permanent Defense of Democracy after a period of labor unrest following World War II. Videla used the Cold War setting to defend this repression of Communists and organized labor.⁸

The Law for the Permanent Defense of Democracy lay the groundwork for legislation that further improved business conditions for foreign multinational companies like Anaconda, such as the Nuevo Trato, passed in 1955 despite attempts at pushback from Chilean copper

⁷ Janet Finn, *Tracing the Veins: Of Copper, Culture, and Community from Butte to Chuquicamata* (University of California Press, First edition, August 3, 1998), 344.

⁸ Theodore Moran, *Multinational corporations and the politics of dependence: copper in Chile* (Princeton University Press, 1975), 175-176.

workers. As with The Law for the Permanent Defense of Democracy, the Nuevo Trato was passed in direct response to pressure from the American Government and the two American copper companies. Histories of neoliberalism in Chile such as *The Shock Doctrine* by Naomi Klein⁹ and *A Brief History of Neoliberalism* by David Harvey¹⁰ trace the roots of neoliberalism in Chile to the exchange program between Chilean economics students and the University of Chicago known as the Chicago Boys which started in 1956. But the free-market ideology professed by Chilean politicians did not spur change in Chile during the 1950s; rather, these free-market arguments were used to defend policies dictated by the American Government and American companies like Anaconda.

Anaconda responded to the new Chilean legislation by increasing investment and opening a new mine. In 1959, when Montanan copper workers took part in the longest strike in the industry's history, Anaconda offset this lost output with a record year of production in Chile.

The Cold War broke militant unions with Communist ties like Mine-Mill. Taft-Hartley weakened American organized labor and targeted Communists within labor unions. American foreign policy during the Cold War also weakened domestic organized labor. American interference in Chilean affairs, justified by Cold War anti-Communism, created conditions which allowed Anaconda to transfer capital abroad and undermine Mine-Mill in Montana.

In *The City That Ate Itself: Butte, Montana and Its Expanding Berkeley Pit*, Brian Leech makes a valuable contribution to the material history of the decline of organized labor in Butte, and fellow historian Laurie Mericer describes organized labor's decline in the town of Anaconda

⁹ Naomi Klein, *The Shock Doctrine* (Random House of Canada, 2007), Chapter 3.

¹⁰ David Harvey, *A Brief History of Neoliberalism* (Oxford University Press, January 18, 2007), 7-9.

in *Anaconda: Labor, Community, and Culture in Montana's Smelter City*, but neither analysis is complete without a contextualization of Anaconda's Cold War activities in Chile.

I will use two main texts to make this contextualization: *Copper Workers, International Business, and Domestic Politics in Cold War Chile* by Angela Vergara for a political history of labor in Chile and *Multinational Corporations and the Politics of Dependence: Copper in Chile* by Theodore H. Moran for a detailed study of the history of Chilean copper nationalization.

Tracing the Veins: Of Copper, Culture, and Community from Butte to Chuquicamata by Janet L. Finn is the only book to provide a side-by-side study of Anaconda in Montana and Chile, but her history only takes up the first chapter of a book that is primarily an anthropological study and the history misses several important points.

First, by attributing the repression of Mine-Mill leaders to the “hysteria of the McCarthy era” and “Red-baiting,”¹¹ Finn misses the remarkable fact that Mine-Mill’s leaders actually were Communists and that Montana workers still remained loyal to the union. I will use primary documents from the Montana Historical Society to analyze the decade-long struggle between Mine-Mill and the more conservative USWA in this thesis.

Finn and the other authors focused on Chile, Vergara and Moran, also do not recognize the extent to which Anaconda and the American Government dictated Chilean policy in this early Cold War period. I will use primary documents from the Foreign Relations of the United States to demonstrate how Anaconda drove American foreign policy in Chile during this period.

Butte’s particular material conditions, such as the camaraderie built by underground mining and its tight knit immigrant neighborhoods helped create a tradition of radical labor organizing in the city, that extended throughout the state. The Taft-Hartley Act and rampant

¹¹ Finn, *Tracing the Veins*, 49

anti-Communism during the Cold War certainly weakened this tradition, but the Communist-led Mine-Mill union was still able to persist in Montana much longer than it did elsewhere.

Another factor to organized labor's advantage in Butte was that unlike other workplaces such as factories, mines cannot be moved to a different location if labor becomes too costly or unreliable. Thus, as labor costs rose in Butte's underground mine, Anaconda and the American government had to rely on other means to obtain copper.

While Anaconda could not physically move the mine from Butte to a different location, the company could transfer capital to its Chilean mines. With assistance from the American Government, Anaconda successfully pressured the Chilean Government in the 1940s and 1950s to weaken organized labor in Chile and decrease taxes on foreign corporations in order to guarantee a more reliable supply of copper. The American Government's pressure on the Chilean Government to adopt free-market reforms thus predates the Chicago Boys and the 1973 imposition of General Pinochet's military dictatorship. This pressure was driven more by the need for cheap copper than by ideological reform.

Anaconda also transitioned from underground to open-pit mining in Montana in the 1950's. This transition led to a loss of jobs in addition to a destruction of the underground and neighborhood geography which had created fertile conditions for organized labor in Butte. Mine-Mill attempted to resist these changes in a 1959 strike, but Anaconda was able to withstand the longest strike in its history because of a record year of production from its new investments in Chile. The dismantling of the material conditions which had given rise to radical organized labor in Butte led to the decline of such labor radicalism.

Chapter 1

Red Metal, Red Miners

“When I started organizing the CIO I was called a Communist anyhow, and one thing I noticed was that the Communists were the most dedicated union supporters. In 1939 I wasn’t a Communist, just a militant young guy caught up in the class struggle. . . . But I became acquainted with the Communists and I found myself defending them because they were the best organizers.”¹²

--W. E. Davis, former riverboat worker, 1993

I

“All of Them Need Copper,” wrote the *Copper Commando* in 1942. “Destroyers need copper;” “Convoys need copper;” “Bombers need copper;” “Tanks need copper;” “Jeeps need copper. And so do machine guns and rifles and practically all materials of modern war.”¹³ These messages took up an entire page of the newspaper alongside photos proudly displaying the corresponding machines of war. The Kitty Hawk required 1,001 pounds of copper; the Consolidated B-24 took 3,025 pounds and the Boeing B-17E took 2,968 pounds.¹⁴ The Army Medical Department also used at least 375,000 pounds of copper each month for x-ray field units, lamps, and water distillery stations.¹⁵

The *Copper Commando* was the official newspaper of the Anaconda Copper Mining Company in Montana during World War II. Anaconda was crucial to the American supply of copper; in 1943, Anaconda produced ½ of the metal used in the country’s war effort.¹⁶ Anaconda created the newspaper, consisting of patriotic stories and celebrations of copper miners, at the

¹² Micah Uetrich and Barry Eidlin, “U.S. Union Revitalization and the Missing ‘Militant Minority,’” *Labor Studies Journal*, Vol. 44: 1 (2019), 46.

¹³ “All of Them Need Copper,” *Copper Commando*, August 22, 1942.

¹⁴ “Copper in Aircraft,” *Copper Commando*, June 4, 1943.

¹⁵ “Copper is Medicine,” *Copper Commando*, February 12, 1943.

¹⁶ “It’s still Anaconda Aluminum,” *Hungry Horse News*, January 20, 1977.

recommendation of the War Department. Anaconda mailed the newspaper every two weeks to the home of every one of its employees in Butte, Anaconda, and Great Falls, Montana during the war.¹⁷ *Copper Commando* repeatedly reminded workers of the importance of their labor during the war. In each issue, a different military figure emparted encouraging words to the copper workers. An army without copper “would not last a day in battle,” wrote Robert Patterson, United States Secretary of War.¹⁸ “Unless you produce copper, none of our fighting men can use it, no matter how much there may be in the mines. Will you send enough copper to produce enough weapons to enable the Marines to retake Wake?” asked General Robert Denig.¹⁹

The *Copper Commando* was produced by Anaconda’s “Labor and Management Committee.”²⁰ Companies created these committees at the encouragement of the War Department Board during World War II as a place for management and workers to “sit down together to discuss ways of increasing wartime production.”²¹ The *Copper Commando* printed cartoons of the labor-management committee, depicting lunchpail-toting workers and suit-wearing bosses putting aside their differences and shaking hands (Figure 1).²² Nearly 5,000 American workers and the management units representing 2,200 mines, shipyards, and docks signed up for labor-management committees during the war.²³

¹⁷ *Copper Commando*, June 4, 1943.

¹⁸ “A Message from Robert P. Patterson, Under Secretary of War,” *Copper Commando*, November 6, 1942.

¹⁹ “Don’t tell it to the Marines . . . LET THE MARINES TELL US,” *Copper Commando*, October 7, 1942.

²⁰ *Copper Commando*, June 4, 1943.

²¹ “How to establish and operate a labor-management production committee,” June 3, 1944, Anaconda Copper Mining Company records, 1876-1974, Box 72-1, Montana Historical Society Research Center, Archives, Helena, Montana.

²² “Labor-Management Issue,” *Copper Commando*, August 1943.

²³ “Greetings from headquarters,” *Copper Commando*, August 1943.



Figure 1: “Butte Labor-Management Issue”²⁴

The first principle of labor-management committees was: “The ideas are for Uncle Sam.”²⁵ The Copper Commando appealed to the patriotism of workers by depicting them as soldiers on the home front. An article titled “Men in Uniform,” showed pictures of the components of the “uniform” for a miner.²⁶ The final issue on September 14, 1945, following the conclusion of the war, was dedicated to “soldiers on the home front.” The front cover (Figure 2) showed pictures of miners operating hydraulic water cannons alongside soldiers operating a mounted gun.²⁷ Karl Marx wrote in the *Communist Manifesto*, “The working men have no country.”²⁸ The Copper Commando told working men something different: You do have a country and continuing to work for it is your patriotic duty.

²⁴ “Labor-Management Issue,” *Copper Commando*, August 1943.

²⁵ “How to establish and operate a labor-management production committee,” June 3, 1944, Anaconda Copper Mining Company records, Box 72-1.

²⁶ “Men in Uniform,” *Copper Commando*, December 4, 1942.

²⁷ *Copper Commando*, September 14, 1945.

²⁸ Karl Marx, *The Communist Manifesto*, (Chicago, Pluto Press, [1848] 1996).

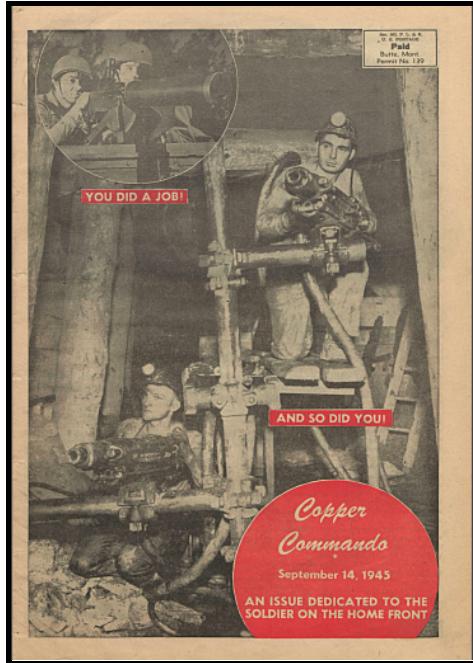


Figure 2: “An Issue Dedicated to the Soldier on the Home Front”²⁹

The committees were assembled for the express purpose of maintaining the size of the workforce during the war as many workers headed overseas to fight.³⁰ They were very successful in this goal. At Anaconda, there was hardly a single labor disruption during the war.

World War I had been different in Montana. On June 5, 1917, police had to put down a riot of Butte workers protesting the imposition of a draft. The protest was organized by Irish and Finnish immigrants alongside members of the Industrial Workers of the World (IWW). Patriotism did not have as strong of a hold yet in Butte and most men felt more loyalty toward their class or home country than they did the United States. This was especially true of the Irish,

²⁹ *Copper Commando*, September 14, 1945.

³⁰ “How to establish and operate a labor-management production committee,” June 3, 1944, Anaconda Copper Mining Company records, Box 72-1.

the largest immigrant group in Butte. Many Irish immigrants sided with Germany rather than England, which they regarded as Ireland's oppressor.³¹

Generations of immigrants from countries like Finland and Ireland created tight knit communities in the neighborhoods of Butte. The camaraderie developed in the underground mines had helped create a tight knit community above ground in Butte. Many of Montana's other mining boom towns from the 1860s like Virginia City or Bannack initially drew in thousands of people but then collapsed within a decade after the disappearance of gold or silver. Butte was different. The discovery of copper in Butte after its initial silver rush, gave the town longevity. As a result, Butte was home to several generations of miners, who often stayed in their local neighborhoods with their neighbors for decades, creating strong local bonds.³²

The connections of miners and their families in Butte were strengthened by the camaraderie developed working together underground. The 3,000 miles of mine tunnels beneath Butte created the ideal conditions for labor organization. Workers built trust in one another while working in pairs in dangerous conditions. Miners also had little supervision deep in the mines as their bosses only checked on their progress twice each day.³³ The underground miners often worked with the same partner every day for years of work. According to one Anaconda miner, this partnership and the nature of the work developed a "definite brotherhood . . . because your life is in so much danger and you have to be able to count on those guys that are around you."³⁴ The conditions below ground and the communities on the surface provided the material conditions that resulted in Butte being labeled as the "Gibraltar of unionism."³⁵

³¹ David Emmons, *The Butte Irish Class and Ethnicity in an American Mining Town, 1875-1925* (University of Illinois Press, 1990), 364.

³² Brian Leech, *The City That Ate Itself: Butte, Montana and Its Expanding Berkeley Pit* (University of Nevada Press, February 28, 2018), 63.

³³ Leech, *The City That Ate Itself*, 29.

³⁴ Leech, *The City That Ate Itself*, 159-160.

³⁵ Jerry Calvert, *The Gibraltar: Socialism and Labor in Butte, Montana, 1895- 1920* (Helena: Montana Historical Society Press, 1988).

Three days after the anti-draft riot, a fire in a Butte copper mine killed 165 miners. The disaster sparked a massive wave of labor unrest in Butte, as workers demanded increases in pay and safe working conditions. The copper miners went on strike for weeks, cutting off the supply of the essential material during the start of the war.³⁶

Frank Little arrived in Butte in July 1917 to organize the striking miners into the IWW. Little, one of the IWW's lead organizers, had just left Bisbee, Arizona, where copper miners had also organized a large strike. Little spoke to rallies of thousands of striking miners in Butte, denouncing the Anaconda Company and America's involvement in the war.³⁷ "I don't give a damn what your country is fighting for; I am fighting for the solidarity of labor."

On August 1, six masked men carried Little from his hotel and dragged his body behind a Black Cadillac through town. The men hung Little from a bridge in town with a note pinned to his body: "Others take notice. First and last warning." The final line of the note had the numbers "3-7-77," the code used by Montana's original 19th century vigilantes to mark their work defending Montana's early capitalists from theft. The numbers represent the dimensions of a grave: 3 feet wide, 7 feet deep, and 77 inches long. In the headline for the story describing his murder, The New York Times recalled that at one of the rallies, Little had "Called Our Troops "Scabs In Uniform."³⁸

II

Patriotic loyalty during World War II gave way to labor agitation after the war, as a wave of strikes swept across the United States. From 1945 to 1947, strikes took place at manufacturing

³⁶ Emmons, *The Butte Irish Class*, 365.

³⁷ Michael Cohen, "The Ku Klux Government": Vigilantism, Lynching, and the Repression of the IWW," *Journal for the Study of Radicalism*, Vol. 1, No. 1 (Spring 2007), 41

³⁸ "I.W.W. STRIKE CHIEF LYNCHED AT BUTTE," *New York Times*, August 20, 1917.

plants, mines, railroads, and power plants. In the postwar period, this resurgence of organized labor was not repressed as violently and directly as it was during Frank Little's time. Rather, workers were assimilated into American capitalism and organized labor was weakened by legislation such as the Taft-Hartley Act.

Copper workers were a part of the strike wave in the United States after the war. The American Government had implemented a price ceiling on copper during the war effort and did not lift the ceiling until 1946. The copper workers, who had worked loyally during the war, expected some reward for their effort once the war had ended; they went on strike when their wages remained frozen while inflation increased. The nation-wide strike substantially reduced production and much of the demand for copper in 1946 had to be met using scrap metal and government stockpiles.³⁹

The copper strike in Butte, Montana was particularly intense. Striking workers targeted the homes of workers who broke the picket line; a riot at one of the homes resulted in a baby grand piano being thrown out of a window, collapsing on the ground below.⁴⁰ Butte's newspaper, the Montana Standard, one of the many Anaconda Company-owned newspapers in the state, tried to turn the town against the workers by claiming that Communists led the riots.⁴¹ Many Montanans at the time, with patriotism still strong from World War II, supported the American Government against its new rival, the USSR. In 1946, Montana elected its first Republican Senator in 40 years, Zales Ecton, who ran on a strong anti-Communism campaign.⁴²

America's need for Anaconda's copper did not disappear after the war. Copper was needed in the construction of railways, ships, automobiles and buildings. Copper was needed in

³⁹ Thomas Navin, *Copper Mining and Management* (University of Arizona Press, 1978), 141-142.

⁴⁰ Finn, *Tracing the Veins*, 45-46.

⁴¹ "Committee Says Communists Inspired Riots," *Montana Standard*, April 24, 1946, 1.

⁴² Laurie Mercier, *Anaconda: Labor, Community, and Culture in Montana's Smelter City* (University of Illinois Press, 2001), 106.

more than just manufacturing. The *Copper Commando* explained that copper's two most important characteristics were its unique ability to conduct electricity and its resistance to erosion.⁴³ The principal uses of copper following the war involved electricity, such as telephones, telegraphs, lights, and power lines.⁴⁴ The proliferation of radio and television after the war also depended on copper.⁴⁵ Anaconda and its copper were essential to industrial growth so the threat of organized labor in copper mines was important to confront.

J. Edgar Hoover, the first director of the FBI, was one of the many American officials who wrote words of encouragement to the Anaconda workers in the *Copper Commando*. He thanked the miners for their vigilance in protecting against "foreign-directed sabotage," a testament to their "patriotic devotion to the cause of freedom." Hoover's letter in the newspaper was attached to a message from the FBI, celebrating the success of its extensive campaign to protect against espionage and sabotage during the war.⁴⁶

The fight against enemy interference did not end with the end of the war, though. The House Un-American Activities Committee (HUAC), set up in 1938, became a permanent standing body in 1945. The HUAC focused much of its attention after the war on Communists, investigating people in positions of power suspected to be Communist. This example of Red Scare persecution from this period is known as McCarthyism, after the fear-mongering Wisconsin Senator, Joseph McCarthy. McCarthyism, though, was a larger phenomenon, often

⁴³ "Copper in Signal Corps Equipment," *Copper Commando*, June 4, 1943.

⁴⁴ Charles Hyde, *Copper for America: The United States Copper Industry from Colonial Times* (Tucson: University of Arizona Press, 1998), 177.

⁴⁵ Kent Curtis, *Gambling on Ore : The Nature of Metal Mining in the United States, 1860–1910* (University Press of Colorado, 2013), 130-141. In fact, historian Kent Curtis has argued that Anaconda's production of copper at the new mines in Butte in the 1880s altered the course of electricity in the United States. Traditional histories explain the increased copper production in Montana as a response to increased demand due to Thomas Edison's commercialization of the electricity grid in 1884. Curtis shows, however, that copper output doubled from the late 1870s to 1882, two years before the construction of Pearl Street Station, Edison's distribution business, was completed in late 1884. Edison closely tracked the prices of conductive materials and the dramatic fall in the price of copper from 1880-1884, due to increased production and Anaconda's construction of the country's most prolific copper smelters in 1884, helped convince Edison that the commercialization of the grid was economically viable.

⁴⁶ "A Word from Mr. Hoover," *Copper Commando*, February 16, 1945.

driven by the American Presidency and the FBI. J. Edgar Hoover was one of its loudest voices and in 1947, he testified in front of the HUAC and warned against an imminent Communist military revolt in the United States.⁴⁷

One of the results of the fear of Communism driven by McCarthyism was the passage of the Taft-Hartley Act in 1947, a law that dramatically rolled back the advancements that labor had won during the New Deal era. From 1933 to 1945, union membership in the United States had increased fivefold to the point where 30 percent of American workers were organized.⁴⁸ The growth resulted both from legislation which protected the right to organize such as the Wagner Act of 1935 and the dedicated organizing of a “militant minority” of radical Communist organizers within existing unions.⁴⁹ Taft-Hartley attempted to reverse these changes.

Taft-Hartley was passed in 1947 by a Republican Congress. Republican congressmen overrode a veto from President Truman in order to pass the law. The congressmen used the Cold War context to advocate for the law, but many important components of the law had been advocated for by conservative groups such as the National Association of Manufacturers since 1938, years before the Cold War began.

Taft-Hartley allowed states to pass right-to-work laws and prohibited wildcat strikes and strikes for political demands. In *Carbon Democracy*, Timothy Mitchell writes that true democracies were a result of “developing the means to withhold consent -- in particular through the threat of the general strike.”⁵⁰ Taft-Hartley took away the ability of workers to pressure the

⁴⁷ Vincent Bevins, *The Jakarta Method: Washington's Anticommunist Crusade and the Mass Murder Program that Shaped Our World* (PublicAffairs, 2020), 19-20.

⁴⁸ Nelson Lichtenstein, “Rise and Fall of the New Deal Order,” in *The Rise and Fall of the New Deal Order, 1930-1980*, ed. Steve Fraser and Gary Gerstle (Princeton University Press, 1989), Chapter 5.

⁴⁹ Ellen Schrecker, *Many Are the Crimes: McCarthyism in America* (Little, Brown and Company, 1998), 27-28.

⁵⁰ Timothy Mitchell, *Carbon Democracy: Political Power in the Age of Oil* (Verso, 2013), 79.

American Government by withholding labor while still allowing corporations to pressure the American Government by withholding or moving capital.

Another component of Taft-Hartley was a requirement that union members must swear to be “Non-Communist” in order for a union to receive protections from the American Government.⁵¹ This repression was important because in the 1930s and 1940s, Communists consistently were the most dedicated and militant union organizers. Although never forming a majority of workers, this militant minority of Communists earned the respect of other workers. One riverboat worker recalled, “I wasn’t a Communist, just a militant young guy caught up in the class struggle. . . . But I became acquainted with the Communists and I found myself defending them because they were the best organizers.”⁵²

Mine-Mill, the union that represented Anaconda workers in Montana, was an especially militant union with strong Communist ties. Mine-Mill refused to comply with Taft-Hartley; Mine-Mill leaders refused to sign the “Non-Communist” affidavits. As a result, Mine-Mill was not able to file complaints or be recognized by NLRB.⁵³

In 1946, Reid Robinson, the President of Mine-Mill and a native of Butte, Montana, appointed Maurice Travis, a member of the Communist Party, to Vice President. Travis’s appointment led to pushback from the CIO, the federation of unions that Mine-Mill was part of. At CIO’s 1946 convention, a resolution to bar Communists from leadership positions in CIO unions was only narrowly defeated.⁵⁴ In April 1947, Mine-Mill announced its refusal to comply with Taft-Hartley and its members refused to sign the non-Communist oaths. 50 locals seceded

⁵¹ Mercier, “Instead of Fighting the Common Enemy,” 461.

⁵² Utrecht and Eidlin, “U.S. Union Revitalization and the Missing “Militant Minority,”” 46.

⁵³ Louis Starks “COMMUNISTS TAKE OATH TO BY-PASS LABOR LAW: Tactic Adopted by Some Union Chiefs Poses Baffling Legal Problems,” *New York Times*, August 21, 1949.

⁵⁴ Mercier, *Anaconda*, 146.

from Mine-Mill in April due to its Communist ties. President Reid Robinson resigned as a result of the secessions, but this only exacerbated Mine-Mill's tense relationship with the CIO because Maurice Travis was promoted to president.⁵⁵ Travis eventually resigned as president after further pressure, but he still held a leadership position within the union as treasury secretary.⁵⁶ In October, the CIO publicly criticized Mine-Mill for its Communist leadership.⁵⁷

At its 1948 convention in Portland, the CIO informed Mine-Mill and its other left-wing unions that they must comply with CIO anti-Communist policy or leave the organization. When the unions refused, the CIO began to support more conservative unions in challenges for jurisdiction of the left-wing unions.⁵⁸ The United Steelworkers of America (USWA), a more conservative union, successfully raided some of Mine-Mill's locals, winning elections in important strongholds like Bessemer in 1949, the town where Travis was beaten by USWA thugs.

In August 1949, Travis and the rest of Mine-Mill's leadership submitted non-Communist oaths so that Mine-Mill could again be recognized by the National Labor Relations Board (NLRB). The CIO doubted the authenticity of Travis's oath and the NLRB sent his oath to the Department of Justice to challenge its authenticity.⁵⁹ In February 1950, the CIO finally expelled Mine-Mill and several other left-wing unions because of their Communist ties.⁶⁰

⁵⁵ "SECEDING UNIONS LINK ANEW WITH CIO," *New York Times*, August 27, 1947.

⁵⁶ Louis Starks "TOP CIO BOARD HITS 'RED' UNION CHIEFS: But Dissent by Present Leader of Accused Smelters Makes Further Action Unlikely," *New York Times*, October 11, 1947.

⁵⁷ Starks, "TOP CIO BOARD HITS 'RED' UNION CHIEFS."

⁵⁸ "Left unions like Mine-Mill told to comply with CIO policy or get out at Portland convention. LEFT-WING FACTION WILL NOT QUIT CIO: Meeting on 'Democracy and Autonomy' Ends Rumors of Plan to Form New Unit," *New York Times*, August 31 1949.

⁵⁹ Louis Starks "COMMUNISTS TAKE OATH TO BY-PASS LABOR LAW: Tactic Adopted by Some Union Chiefs Poses Baffling Legal Problems," *New York Times*, August 21, 1949.

⁶⁰ Joseph Loftus, "C.I.O. Expels Three More Unions For Following Communist Policy: THREE MORE UNIONS EXPELLED BY C.I.O. Red Apparatus Charged," *New York Times*, February 15, 1950.

But Mine-Mill continued to operate independently of the CIO and managed to keep a strong hold in the copper mines in the American West. Mine-Mill Local No. 1 in Butte and the other Montana locals in Anaconda, East Helena, and Great Falls stayed loyal to Mine-Mill during this period, despite its Communist ties. Mine-Mill handily defeated each challenge by the USWA in every challenge in Montana in 1951, with USWA failing to win even 30% of the votes in any of the elections.

In August 1951, a Mine-Mill strike shut down 95% of American copper production.⁶¹ The strike occurred during the Korean War, at a time when the need for copper was especially high. According to wage policy passed during World War II, a union was not allowed to begin negotiations for a contract while a strike took place, but Mine-Mill refused to call off the strike. Mine-Mill also refused to allow the wage stabilization board, composed of CIO and AFL officials negotiate on its behalf, especially because, in the words of Mine-Mill's president, "our sworn enemies are a part of it." According to the *New York Times*, Mine-Mill's rivalry with the CIO "explains largely" its determination "to come out of [the] dispute with a settlement that [would] affirm its dominance in the copper industry."⁶² Mine-Mill needed a strong showing to fend off the challenges by USWA. Mine-Mill's holdout was broken in August 1951, however, when President Truman invoked the National Emergency section of Taft-Hartley to order the copper workers back to work.⁶³

The Board of Inquiry for Taft-Hartley tasked with investigating the strike, ruled that the invocation of Taft-Hartley was legitimate because the strike constituted a threat to "National

⁶¹ Joseph Loftus, "AN INFORMAL GET-TOGETHER AT WHITE HOUSE: COPPER UNION BARS WAGE BOARD ACTION Refuses to Call Off Walkout Without Court or U.S. Order," *New York Times*, August 30, 1951.

⁶² Joseph Loftus, "AN INFORMAL GET-TOGETHER AT WHITE HOUSE: COPPER UNION BARS WAGE BOARD ACTION Refuses to Call Off Walkout Without Court or U.S. Order," *New York Times*, August 30, 1951.

⁶³ "Truman Invokes Taft-Hartley Act in Copper Strike," Daily Boston Globe, August 31, 1951.

health or safety" due to the need for copper during war; the board's report opened with the following statement: "Every day that this strike is prolonged constitutes a threat not only to the welfare of our domestic economy, but also to our national defense." But this invocation of Taft-Hartley was actually the first to occur during wartime. Other strikes were broken from 1948-1950 in industries such as coal, maritime, and atomic energy.⁶⁴ Workers had demonstrated power and shaped policy by striking in critical industries; Taft-Hartley took this power away from workers by prohibiting the strikes that had the most leverage, those that threatened "National health or safety."

In addition to repression from the American Government, moderate, anti-Communist unions like USWA also weakened radical unions like Mine-Mill through raids and anti-Communist propaganda. USWA supporters in Butte and Anaconda attempted to stage a coup against Mine-Mill leadership during Christmas week of 1953. The supporters called a special meeting with fewer than 10% of union members present and held a vote to secede from Mine-Mill and join USWA with a new local, 6002. The USWA local 6002 took over Mine-Mill's union hall and informed Anaconda that the union dues should be forwarded to USWA local 6002 instead of Mine-Mill. The leaders announced on the local radio that the unions would get "back in step with the American labor movement" and leave the "Communist wreckage of the Travis-Machine-controlled Denver Mine-Mill." The following week, CIO president Walter Reuther celebrated Montana's rejection of Mine-Mill. Anaconda took advantage of the splintered laborers and announced that it would recognize neither union, unless there was a formal NLRB

⁶⁴ Richard Levin, "National Emergency Disputes Under Taft-Hartley: A Legal Definition," *Labor Law Journal*, Chicago Volume 22, Issue. 1, (Jan 1, 1971), 29.

election. Mine-Mill packed the union hall full of workers later in January and passed a vote to hold an official NLRB election on March 22.⁶⁵

Propaganda messages from USWA and Mine-Mill flooded Montana's airwaves and mailboxes in the months leading up to the election. USWA ran a familiar anti-Communist, Red Scare campaign-- "COMMUNIST PARTY MIGRATES TO BUTTE." It focused on Maurice Travis's Communist ties, asked why Mine-Mill's newspaper never questioned Russian foreign policy, and attacked *Salt of the Earth*, a movie produced by Mine-Mill about a zinc strike in New Mexico as a "COMMUNIST FILM." Mine-Mill countered these accusations by deflecting the Red Scare tactics: "Communism is the big gimmick of the day to keep your eyes turned away so the thief can get his hands in your pocket. Everybody who fights for the people is called a Communist." Mine-Mill focused on its history in Montana and its record of success: "MINE-MILL LEADS ALL UNIONS IN WAGE GAINS."⁶⁶

USWA also tried to convince workers that the importance of Mine-Mill in Montana to the national labor movement could give them power to defeat American Communism with their vote: "The Butte Miners' Union is the oldest and largest union in this vital industry. When the Butte Miners announced they were leaving the politically corrupt Mine-Mill International, it threw panic into the ranks of the party faithful who know, 'As Butte Goes, So Go Workers in all Other Sections of the Industry.'" It continued, "If the Communist Party loses Mine-Mill -- its most important trade union foothold in America -- it will spell the end of the Communist apparatus in the labor movement, once and for all."⁶⁷

⁶⁵ Mercier, *Anaconda*, 152.

⁶⁶ 1954 Union Election Flyer, Anaconda Copper Mining Company records, 1876-1974, Box 73-1, Montana Historical Society Research Center, Archives, Helena, Montana.

⁶⁷ 1954 Union Election Flyer, Anaconda Copper Mining Company records, 1876-1974, Box 73-1, Montana Historical Society Research Center, Archives, Helena, Montana.

USWA also warned against Communist influence in a strategic industry. “Why did the red emissaries from Denver come here? The metal mining and smelter industry is strategic to the defense of our nation and Butte is the heart of it. Copper is almost always in short supply. In wartime the need for this metal is critical. A union under control of an enemy nation could, in time of war, cripple our supply of this vital mineral.”⁶⁸

The language used in the USWA flyer is remarkably similar to the language of the *Copper Commando* and the Taft-Hartley Korean War report. Anaconda and the American Government used the language of patriotism to dissuade labor action during war. During the Cold War, Montana workers who supported USWA used the same argument to encourage their co-workers to turn against Mine-Mill. The majority of the support for USWA in Montana came from younger workers who had either fought in World War II or Korea, or knew others who did.⁶⁹ This younger generation felt more loyalty to their country than they did their older fellow workers and less loyalty towards the militant union that had won victories for Montana workers in the past.

The “short supply” of copper and the fact that it was a “critical” material are the reasons that copper workers initially had held power with their strikes, but the USWA election material argued that these factors gave workers too *much* power. The USWA stated: “The communists are anti-American and that should be enough for any workingman. What is good for America is good for you.”⁷⁰ The election took place at a time when the United States was not actively engaged in a war, so this language of patriotism should not have had as much pull, but the Cold War tension created a state of exception such that any action that stopped the supply of raw

⁶⁸ 1954 Union Election Flyer, Anaconda Copper Mining Company records, 1876-1974, Box 73-1, Montana Historical Society Research Center, Archives, Helena, Montana.

⁶⁹ Mercier, “Instead of Fighting the Common Enemy,” 470.

⁷⁰ Mercier, *Anaconda*, 154.

materials, undermined the American Government in its rivalry against the USSR. The photographs from the *Copper Commando* had turned into reality, as the workers of Butte became the soldiers of America, in the war of production against the USSR.

Mine-Mill countered USWA's anti-Communism by claiming to stand for "REAL AMERICANISM." The real Americanism it celebrated focused on "F. D. R." and "The New Deal, Social Security, and the Wagner Act." Tying itself to the American Government made sense given Mine Mill's history; the union was revitalized under Roosevelt's new labor policy, striking for the first time in a decade in 1934.⁷¹ Mine-Mill owed its revitalization to protections given by the American Government, but the Red Scare revealed the limitations of this patriotism. Workplace democracy --the power of labor strikes -- was necessary in order to hold electoral democracy accountable, but if labor depended on legislation to defend itself, then the American Government could just as easily roll back this legislation to disempower labor, as occurred with Taft-Hartley.

To the surprise of the rest of the country, each Montana local remained loyal to Mine-Mill in the 1954 elections. USWA organizers remarked that they were "dealing with a different kind of unionism" in Montana.⁷² Mine-Mill's ability to hold on in Montana was in part due to its history of consistently fighting for Montana workers. Mine Mill's victory does not signify that a majority of Montana workers during this period were Communists, but the anti-Communist focus of nearly all off USWA's propaganda demonstrates that Montanans could not have been unaware of Mine Mill's Communist ties. Thus, the Montana workers were either comfortable with the Communist ties, or able to look beyond any political disagreement because of the history of victories which the Communist union had won for its Montana workers.

⁷¹ Mercier, "Instead of Fighting the Common Enemy," 461.

⁷² Mercier, "Instead of Fighting the Common Enemy," 473.

Mine Mill's militant representation also generated loyalty across the state; even other AFL and CIO unions in Montana supported Mine-Mill and voiced opposition to the raids from USWA. The president of Montana AFL ignored national commands, and encouraged Montanans to support Mine-Mill. But after 1954, the USWA campaigns continued to gradually wear down support for Mine-Mill in Montana. The 1955 merger of AFL and CIO further weakened Mine-Mill because the AFL-CIO required state councils to include anti-Communist rhetoric in the announcements of the merger agreement and required state councils to distance themselves from unions with Communist ties like Mine-Mill.

The campaign by USWA was especially successful in the town of Anaconda, home to the copper smelters, and built by the company 25 miles from the mines in Butte. After the 1954 election, the local 6002 continued to operate as a dual union in the town of Anaconda, hosting regular meetings with its own elected officials and forming its own print publication.⁷³ In 1955, the town of Anaconda was the only place in Montana to vote against the Mine-Mill strike, as a result of a local campaign against the strike by USWA.⁷⁴ USWA would continue to weaken the grip of Mine-Mill in Montana in the lead up to the longest strike in the history of Anaconda Company in 1959.

But in order to understand more completely Mine-Mill's decline in Montana, we must also follow Anaconda's activity in Chile during this period. Montana workers stayed loyal to Mine-Mill because the militant union was able to consistently win victories through strikes against Anaconda. Anaconda's increased investment in its Chilean mines made the copper mine in Montana less essential to its vertically-integrated network, and thus decreased the bargaining power of Mine-Mill in Montana.

⁷³ Mercier, "Instead of Fighting the Common Enemy," 468.

⁷⁴ Mercier, *Anaconda*, 158.

Chapter 2

For the Permanent Defense of Democracy

“I believe that limiting the powers of democracy in these new parts of the world is the only chance of preserving democracy in those parts of the world. If democracies do not limit their own powers, they will be destroyed.”⁷⁵

--Friedrich Hayek, 1960

I

Anaconda and other American corporations undermined Chilean democracy in order to push through favorable legislation. Anaconda had mastered the dominance of democracy during its early days in Montana. Anaconda controlled judges and politicians, built a town in its name, and rigged elections with ridiculous amounts of campaign spending. In an 1894 election, two copper owners spent more than \$1.5 million (more than \$25 per voter) to influence the outcome. Anaconda even controlled every major newspaper in the state until 1959.⁷⁶

In 1903, Anaconda demonstrated its total dominance of the state in response to the Montana Legislature refusing to pass legislation favorable to the company. The company wanted the Montana Legislature to pass the “Fair Trials Bill,” which would allow either party to request a new judge if it deemed the judge to be prejudiced; the effect of the law would be to allow Anaconda to avoid judges that were less favorable to the company. On October 22, Anaconda announced its complete shutdown of all its operations, excluding its newspapers, until the bill was passed. After one week, a staggering 80 percent of the workers who worked for a wage in

⁷⁵ Friedrich Hayek, “New Nations and the Problem of Power,” *The Listener* (November 10, 1960), 819.

⁷⁶ K. Ross Toole, *Montana: An Uncommon Land* (University of Oklahoma Press, 1959), 182.

Montana were unemployed. After several weeks, the legislation was passed and Montana returned to work.⁷⁷

Anaconda's influence in Chile was not quite as suffocating, but Anaconda and other American companies took advantage of the Chilean Government's dependence on American capital, either from corporations or international lending agencies, to substantially alter Chilean policy to benefit American companies.

The Anaconda Company expanded into Chile in the 1920s, acquiring two massive copper mines in the Atacama Desert in the North of the country.⁷⁸ Anaconda purchased the Chuquicamata mine in 1923; by 1930, Anaconda had turned Chuquicamata into the largest open-pit mine in the world.⁷⁹⁸⁰ Anaconda purchased the Potrerillos mine, a few hundred miles South of Chuquicamata in 1926.⁸¹ Kennecott, the American copper company in Chile, purchased the El Teniente mine in 1916.⁸²

This expansion into South America was part of Anaconda's planned horizontal and vertical integration during this period. Anaconda began to smelt its own copper in 1914 and in 1922, it purchased the largest brass manufacturer in the United States, American Brass. Anaconda also expanded its capacity in copper wire production as the demand for electricity doubled during the 1920s.⁸³ Anaconda merged its own wire manufacturing capacity with several

⁷⁷ Toole, *Montana*, 206-209.

⁷⁸ Angela Vergara, *Copper Workers, International Business, and Domestic Politics in Cold War Chile* (Penn State University Press, 2008), 18. Anaconda operated the mines using two subsidiary companies. Chile Exploration Company (Chilex) operated the Chuquicamata mine and Andes Copper operated the Potrerillos mine and later the El Salvador mine. Anaconda closely supervised its subsidiaries and maintained ownership of between 96 and 99 percent of their stocks. For this thesis, "Anaconda" will be used to refer to these two subsidiaries.

⁷⁹ Moran, *Multinational corporations and the politics of dependence*, 22.

⁸⁰ Vergara, *Copper Workers*, 17.

⁸¹ Moran, *Multinational corporations and the politics of dependence*, 22.

⁸² "CHILE ACQUIRES 51% OF EL TENIENTE MINE". *The New York Times*. April 14, 1967, 59.

⁸³ Isaac Frederick Marcosson, *Anaconda* (Book Club, 1957), 183. Marcosson was hired by Anaconda to write this history.

independent manufacturers, creating the Anaconda Wire & Cable Company in 1930. The company became the second largest producer of wire products in the US.⁸⁴ Anaconda needed more copper to send to its refineries and Chile provided this supply. Anaconda shipped the copper mined in Chile to American refineries until 1965.⁸⁵

Anaconda was drawn to Chile by the allure of cheap labor and low tax rates. In 1916, Anaconda noted the “abundant labor” in Chile as a factor contributing to its decision to invest. In 1924, the year after Anaconda purchased Chuquicamata, a copper miner in Chile earned less than one third as much as a Montana miner.⁸⁶

Chile also had a proven history of repressing labor unrest, a factor that must have attracted Anaconda after the violent labor disruptions in Butte the decade before. In 1907, the Chilean military massacred thousands of striking nitrate miners, crushing the budding labor movement in the country. In 1920, Chile detained 600 striking copper miners and imprisoned the sixteen leaders of the strike. Cracking down on labor unrest served the interest of both multinational companies and the country, because increased sales brought profit to the companies and tax revenue to the government. Because Chile could respond more aggressively to labor unrest than the US, Chilean copper miners were usually more passive than their counterparts in America. Anaconda’s Chilean copper mines did not recognize a union until 1930, and when they did, the union was under company control.⁸⁷

Anaconda also was able to control the copper workers living in its remote company towns high up in the Andes Mountains. In the town of Chuquicamata, the site of an open pit mine that would eventually grow to the largest in the world, Anaconda segregated the workers

⁸⁴ Hyde, *Copper for America*, 162.

⁸⁵ Vergara, *Copper Workers*, 24.

⁸⁶ Vergara, *Copper Workers*, 15,

⁸⁷ Finn, *Tracing the Veins*, 34-36.

into the “New Camp” and the “American Camp.” Anaconda provided housing for its Chilean workers in the New Camp, but this housing was vastly inferior to that of the Americans. Anaconda’s control of housing also meant that if a worker quit or was fired, he lost his home in addition to his job, creating more incentive to stick around.⁸⁸ According to Ricardo Latcham, a Chilean social critic living in Chuquicamata, Anaconda also “enjoyed virtual control of the municipal government” of Calama, the town closest to the Chuquicamata mine.⁸⁹

Anaconda and Kennecott, the other American cooperation with copper holdings in the country, also held a significant amount of power over the Chilean Government. Copper was Chile’s most important resource, making up more than half of the country’s exports, and the two American companies controlled more than 80 percent of the copper in the country.⁹⁰⁹¹ Anaconda also owned the railroads running from its mines to the port towns and they owned the power lines running from the powerplants to its mines.⁹² Anaconda used this leverage to its advantage. Using the techniques it had perfected during its domination of Montana, Anaconda exerted influence through the local Chilean press and made payments to national politicians in return for political favors. Because the Chilean Government was so dependent on copper exports, Anaconda and Kennecott could also manipulate national Chilean policy by threatening to withhold investment.

II

Gabriel González Videla was elected President of Chile in September 1946. Videla ran a left-leaning campaign and was backed by the Communist Party. Videla depended on the support

⁸⁸ Finn, *Tracing the Veins*, 92.

⁸⁹ Finn, *Tracing the Veins*, 36.

⁹⁰ Jon V. Kofas, “Stabilization and Class Conflict: The State Department, the IMF, and the IBRD in Chile, 1952–1958,” *The International History Review*, Volume 21, 1999 - Issue 2, 358.

⁹¹ Vergara, *Copper Workers*, 17.

⁹² Finn, *Tracing the Veins*.

of the Popular Front in Chile and his cabinet reflected the broad range of his base. Videla's first cabinet had six Radicals, three Liberals, and three Communists. The three Communists were the first in South America to occupy cabinet positions.⁹³

Videla depended on high levels of support from two influential working class bases in Chile: coal miners and copper workers.⁹⁴ These workers not only constituted an important voting block, but they also had the ability to make the Chilean Government more responsive to the needs of the working class through their ability to go on strike. Timothy Mitchell has argued that strikes gave coal workers a particularly strong lever of power, because the work stoppage of relatively few workers could paralyze entire regions by cutting off the supply of electricity and production at industrial factories. As a result, coal-producing regions have historically been more democratic, because workers can more easily pressure unresponsive governments through direct action.⁹⁵ Videla had earned the trust of the coal miners and the Communist Party in Chile and the Communist Party pledged not to lead any strikes at the coal mines during Videla's presidency as long as he continued to support the left.⁹⁶

Chilean copper workers also held significant power, not through the ability to halt the production of energy, but for the ability to halt the production of Chile's most important export. In the years following World War II, copper sales provided Chile between 26% and 44% of its exports and between 39% and 66% of its government revenue, so even a short break in production due to a strike could have a dramatic effect on the country.⁹⁷

But if the importance of copper gave more power to the workers in the copper mines, it also gave more power to the two corporations that owned the mines: Anaconda and Kennecott.

⁹³ Jody Pavilack, *Mining for the Nation: The Politics of Chile's Coal Communities from the Popular Front to the Cold War* (Penn State University Press, 2011), 250.

⁹⁴ Vergara, *Copper Workers*, 70.

⁹⁵ Timothy Mitchell, *Carbon Democracy*, Chapter 1.

⁹⁶ Pavilack, *Mining for the Nation*, 252.

⁹⁷ Moran, *Multinational corporations and the politics of dependence*, 58.

These two American corporations proved to be even more powerful than the Chilean miners and they successfully subverted the will of the Chilean voters by manipulating Chilean policy.

Videla was elected at a time of great labor unrest in the Chilean copper mines. Like their American counterparts, Chilean copper workers remained loyal to the war effort, taking a pay freeze and agreeing not to strike, as the American Government put a price ceiling on copper. Workers at Anaconda's two Chilean mines, Potrerillos and Chuquicamata went on strike in October 1945, after the war, when Anaconda reduced production in Chile and laid off many workers.⁹⁸ Copper workers at Chuquicamata struck again from May to June 1946 and the strike ended when wartime controls on copper prices were finally lifted.⁹⁹ Copper miners at Chile's other large mine, El Teniente, owned by Kennecott, also went on strike in 1946.

American corporations like Anaconda, as well as the American Government, were troubled by this labor unrest and Videla's alliance with Communists. In October 1946, in response to the strike at El Teniente, Assistant Secretary of State Spruille Braden warned President Videla that strikes in the copper mines would discourage capital investment in Chile.¹⁰⁰ Spruille Braden was not impartial to this copper dispute; in 1909 Spruille's father, William Braden, had founded the Braden Copper Company which owned El Teniente. Kennecott later acquired ownership of Braden Copper in 1915.¹⁰¹

On April 4, 1947, Enrique López-Herrarte of the World Bank met with the American Government to discuss the refusal of Chile's request for a \$40 million loan. Robert Woodward, the Deputy Director of the Office of American Republic Affairs, suggested López-Herrarte

⁹⁸ Vergara, *Copper Workers*, 68.

⁹⁹ Finn, *Tracing the Veins*, 46.

¹⁰⁰ Thomas Klubock, *Contested Communities: Class, Gender, and Politics in Chile's El Teniente Copper Mines, 1904-1951* (Duke University Press, 1998), 261-262.

¹⁰¹ Pavilack, *Mining for the Nation*, 251.

“might express its concern to the Chileans about the political factors that reduce confidence in the Chilean economy.”¹⁰²

Two days after the meeting, on April 6, local elections in Chile only exacerbated these tensions. Communists gained seats across Chile and won 63 percent of the vote in copper mining towns and 71 percent of the vote in coal mining towns.¹⁰³

In May 1947, Guillermo del Pedregal led a Chilean economic mission to America and met with the American copper companies, Anaconda and Kennecott to work out a deal for capital investment and met with World Bank officials to again request the \$40 million loan.¹⁰⁴ The efforts to obtain the loan from the World Bank were mediated by Earl Stannard, president of Kennecott, the copper company which owned Braden Copper. Stannard informed President Videla that the requests from the World Bank could not be met until his administration had sufficiently proved its anti-Communism.¹⁰⁵

Pedregal tried explaining to Spruille Braden, the Assistant Secretary of State, that President Videla had absolutely no affinity to Communism, but that Videla had to handle the political situation with caution “since the Communists had such great influence among the masses in Chile.” Braden responded by expressing to Pedregal his desire for Chile to prosper, but he argued that it could only do so “by getting private capital.” Braden explained that “this could only be accomplished if the copper companies' situation, with the exorbitant and discriminatory taxes and exchange regulations, were satisfactorily adjusted.”¹⁰⁶

¹⁰² “Memorandum of Conversation, by the Deputy Director of the Office of American Republic Affairs,” *Foreign Relations of the United States*, 1947, The American Republics, Volume VIII, Document 488.

¹⁰³ Pavilack, *Mining for the Nation*, 256.

¹⁰⁴ “Memorandum of Conversation, by Messrs. Edgar L. McGinnis and Burr C. Brundage of the Division of North and West Coast Affairs Confidential,” *Foreign Relations of the United States*, 1947, The American Republics, Volume VIII, Document 490.

¹⁰⁵ Pavilack, *Mining for the Nation*, 258.

¹⁰⁶ “Memorandum of Conversation, by the Assistant Secretary of State for American Republic Affairs,” *Foreign Relations of the United States*, 1947, The American Republics, Volume VIII, Document 489.

Pedregal returned to Chile without accomplishing any of the goals of the economic mission. Later that summer, American capitalists, including the presidents of the Chase National Bank, Kennecott Copper, the World Chamber of Commerce, and Coca-Cola visited Chile to discuss capital investment. Theodore Moran describes that, after meeting with these American capitalists, a spokesperson for the Liberal and Conservative Parties in Chile announced, “with glee, that the elimination of the Communist Party from power was the condition for opening the flow of foreign capital into Chile.”¹⁰⁷

President Videla slowly began to cave to this American pressure, but he understood that by betraying the Communists, he would provoke a response from the coal miners. In April 1947, Videla removed the three Communists from his cabinet. The expulsion did not provoke an immediate response, but Videla was still “anticipating a showdown,” and he began to prepare for “Communist shutdowns of the coal mines.” In May and June, Videla made several requests for shipments of coal from the United States to weaken the leverage of a potential strike. According to a State Department memorandum, Videla was anticipating a general strike in September. In August, in anticipation of the action, Videla appointed two top military officers to his cabinet, one of whom had overseen a detention zone for striking coal miners in 1946.¹⁰⁸

In October 1947, 18,000 Chilean coal miners went on strike and paralyzed the country. The Chilean Government responded to the strike with force, but the miners did not give in. First, the Chilean Congress declared the coal mines “emergency areas,” meaning that anyone who encouraged the miners to continue striking would be arrested. A former Communist Mayor of one of the coal towns was the first to be arrested. Chile then rationed its use of gas and electricity and spaced out its train schedules to save energy. Power plants shut off in Santiago and

¹⁰⁷ Moran, *Multinational corporations and the politics of dependence*, 175-176.

¹⁰⁸ Pavilack, *Mining for the Nation*, 257-259.

Valparaiso. President Gabriel González Videla then threatened to conscript 16,000 striking miners into the military if they did not return to work. On October 8, the Chilean Government frantically requested 100,000 tons of coal from American Government.¹⁰⁹

On October 13, Claude Bowers, the American ambassador to Chile, wrote to the American Secretary of State and recommended the emergency supply of coal to Chile: “The issue is clear as crystal—Communism or democracy.”¹¹⁰

Three days later, the coal miners ended their resistance. The Chilean Defense Minister, General Barrios, wrote that the agreement to secure coal from the United States was the primary factor in breaking the coal miners’ strike. He listed the importation of replacement workers, the threat of conscription for the miners, and the repression by the Chilean military in the coal zones as the other factors.¹¹¹

The situation could have been even worse for the Chilean Government. Earlier in October, the Chilean Government had arrested 30 men attempting to spread the general strike to the copper mines. The men were held in detention on Chilean war ships, but the threat did not dissipate.¹¹² On October 13, three days before the coal strike was put down, the Chilean Government informed the American Government that it worried the strike would soon spread to the copper mines.¹¹³ But, the suppression of the coal strike took place before the strike could spread.

¹⁰⁹ “Memorandum by the Deputy Director of the Office of American Republic Affairs (Woodward) to the Assistant Secretary of State for Political Affairs,” *Foreign Relations of the United States*, 1947, The American Republics, Volume VIII, Document 451.

¹¹⁰ “The Ambassador in Chile (Bowers) to the Secretary of State Confidential Santiago,” *Foreign Relations of the United States*, 1947, The American Republics, Volume VIII, Document 454.

¹¹¹ “The Ambassador in Chile (Bowers) to the Secretary of State Confidential,” *Foreign Relations of the United States*, 1947, The American Republics, Volume VIII, Document 459.

¹¹² “Memorandum by the Deputy Director of the Office of American Republic Affairs,” *Foreign Relations of the United States*, 1947, The American Republics, Volume VIII, Document 451.

¹¹³ “The Ambassador in Chile (Bowers) to the Secretary of State Confidential Santiago,” *Foreign Relations of the United States*, 1947, The American Republics, Volume VIII, Document 454.

President Videla used the October 1947 coal strike as a pretext to further crack down on Communism. In 1948, Videla passed the "Law for the Permanent Defense of Democracy." The law defended democracy by outlawing the Communist Party and expelling its thousands of members from higher education and public office. The law led to the mass detention of Communists at a camp in Chile's Atacama Desert.¹¹⁴ *El Siglo*, a Communist newspaper supportive of labor and critical of American corporations was also banned. And perhaps most importantly for corporations like Anaconda, Communists were expelled from the organized labor movement and actions that prevented the production of essential materials were prohibited.

In 1949, the Law for the Permanent Defense of Democracy was used to break a legal strike at Anaconda's mine, Potrerillos. The Chilean Government proclaimed the resumption of production and appointed a military colonel to take charge of the mine. Again, in 1951, the military returned to break a strike at Potrerillos and told workers that the Law for the Permanent Defense of Democracy would take effect if production did not resume.¹¹⁵

After Videla passed the Law for the Permanent Defense of Democracy, the US Department of Commerce reported that the business climate in Chile "greatly improved in 1948 and is getting better every day." In the two years after 1948, foreign loans to the Chilean Government increased by four times. Anaconda responded to the new law with the largest investment in Chilean history: a \$130 million expansion project at Chuquicamata.¹¹⁶

¹¹⁴ Finn, *Tracing the Veins*, 47.

¹¹⁵ Vergara, *Copper Workers*, 72-74.

¹¹⁶ Moran, *Multinational corporations and the politics of dependence*, 178.

Chapter 3

Insulation of the Market

"We declare that there is an inevitable and irresistible conflict between the wage-system of labor and the republican system of government--the wage-laborer attempting to save the government, and the capitalist class ignorantly attempting to subvert it."¹¹⁷

--George E. McNeill, *The Labor Movement, or, the Problem of To-day*, 1892.

I

At the beginning of Anaconda's entrance into the country in the 1920s, the Chilean Government did not dare to challenge the company because it needed Anaconda's capital and expertise to develop its natural resources. After Anaconda's first year operating at Chuquicamata, the company paid taxes on less than 1% of its profits.¹¹⁸ But over time, this power imbalance between the company and the country began to gradually level out. Anaconda had already sunk large amounts of capital into the mines so it could not afford to pull out of Chile. Perhaps more importantly, Chileans began to acquire the skills necessary to operate the mines with less foreign expertise. In 1925, Anaconda had more than 300 Americans working to operate the Chuquicamata mine; by 1971, the American workforce had decreased to fewer than 20 workers.¹¹⁹

Unlike labor crackdowns, which benefited both Anaconda and the Chilean Government, the low tax rates which helped attract Anaconda to the country, did not serve the interest of the Chilean Government. So as the leverage Anaconda held over the Chilean Government began to

¹¹⁷ George Edwin McNeill, *The Labor Movement: The Problem of To-day. Comprising a History of Capital and Labor, and Its Present Status* (The University of California, 1888).

¹¹⁸ Al Gedicks, "The Nationalization of Copper in Chile: Antecedents and Consequences," *Review of Radical Political Economics*, 1973, vol. 5, issue 3.

¹¹⁹ Vergara, *Copper Workers*, 26.

decrease, the tax rates began to increase to 6%, then 12%, and then 18%. By 1952, Chile had increased the total tax burden on American copper companies to more than 70%.¹²⁰

Copper is a volatile commodity. If demand for copper suddenly increases, copper companies cannot quickly ramp up production, because constructing a new copper mine takes three or four years. Likewise, if demand for copper decreases, companies cannot easily slow production unless they lay off workers.¹²¹ As a result, copper suppliers and producers have historically agreed upon longer contracts to alleviate risk for both parties. Between 1945 and 1960, very little copper was sold on open markets like the London Metals Exchange. Rather, companies like Anaconda sold copper at the United States producers' price.¹²² This agreement grew to frustrate the Chilean Government, because it could not sell its copper to the highest bidder, but depended on Anaconda to determine pricing. The tensions between Anaconda and Chile over tax rates and copper sales came to a head during the Korean War.

In early 1951, at the height of the Korean War, the American Government established a price ceiling on copper at 24.5¢/lb.¹²³ This was the last straw for the frustrated Chilean Government.

The Chilean Government had already accepted a cap on the price of its copper during World War II. The United States imposed a cap on the price of copper 12¢/lb., far below market price-- after the war, the cap was removed and the price immediately rose to 21¢/lb.¹²⁴ It is estimated that Chile lost between \$100-500 million from this price ceiling during the war.¹²⁵

¹²⁰ Moran, *Multinational corporations and the politics of dependence*, 24.

¹²¹ Richard D. Donchian, "Commodities: High Finance in Copper," *Financial Analysts Journal* Vol. 16, No. 6 (Nov. - Dec., 1960), 135.

¹²² Moran, *Multinational corporations and the politics of dependence*, 52-53.

¹²³ Phillip Crowson, "The copper industry 1945–1975," *Resources Policy*, 32(1-2):1-18, (2007), 9.

¹²⁴ Al Gedicks, "The Nationalization of Copper in Chile."

¹²⁵ Moran, *Multinational corporations and the politics of dependence*, 61.

After the war, the price of copper increased at a slower rate than the price of imported goods, forcing Chile into budgetary issues. Chile was uniquely dependent on copper so even small fluctuations in the price of copper had large impacts on government revenue. For every penny that the price of copper decreased, Chile would lose more than \$10 million in exports and \$5 million in government revenue. In 1949, there was a small recession that reduced copper prices; American companies exacerbated this problem for the Chilean by cutting copper production in Chile by more than in the US.¹²⁶

In 1950, the beginning of the Korean War gave a boost to copper demand and prices again increased. The subsequent imposition of the 1951 price ceiling was therefore especially frustrating for the Chilean Government, because the country had felt the full consequences of declines in the price of copper, but none of the benefits that should have come with an increase in demand. The American Government did not even notify the Chilean Government before setting the price ceiling, a fact that only exacerbated the tension resulting from the change.¹²⁷

In 1951, Chile took the first step towards wresting back control of its copper. In May, the Chilean Government signed the Treaty of Washington with the American Government, which granted concessions regarding copper sales. The American Government granted the Chilean Government an increase of 3c/lb. on the price ceiling and granted the ability to sell 20% of its copper on the free market, rather than be confined to the producers' price of the American corporations, which they had previously agreed to with their existing customers.¹²⁸¹²⁹ Chile sold this 20% of its copper at 54c/lb compared to 24c/lb at American producers' prices, giving a noticeable increase in Chile's revenue for 1951.¹³⁰

¹²⁶ Moran, *Multinational corporations and the politics of dependence*, 58-62.

¹²⁷ Moran, *Multinational corporations and the politics of dependence*, 66.

¹²⁸ Finn, *Tracing the Veins*, 52.

¹²⁹ Al Gedicks, "The Nationalization of Copper in Chile."

¹³⁰ Moran, *Multinational corporations and the politics of dependence*, 90.

The Chilean Government was not satisfied with these concessions. In fact, its success selling copper on the open market confirmed to many Chileans their suspicion that they were being exploited by the American copper corporations.

In March 1951, copper workers from the three large mines in Chile -- Chuquicamata, Potrerillos, and El Teniente (owned by Kennecott)-- joined together to create a historic, industry-wide union: the Copper Workers Confederation (CTC). In addition to its demands for increased economic benefits, the CTC called for Chile to take the Treaty of Washington a step further, and nationalize the copper mines. It criticized the Treaty of Washington for not including provisions for copper workers. It explained that the treaty produced massive benefits for the companies able to sell copper at a higher price, so it would have been “fair to incorporate into the agreement benefits for the workers that produce those benefits.” The CTC tied worker exploitation at the hands of Anaconda to Anaconda’s exploitation of the country. It argued that nationalization would bring economic benefits to the country of Chile as a whole and allow the copper workers to be fairly compensated for their labor. Additionally, the CTC argued that labor rights and other national laws were not enforced as strictly on foreign-owned property.¹³¹

In June 1952, the CTC called an industry-wide strike to win its demands. In justifying the strike, the workers compared their salary to American miners making twice their pay for the same work. The strike lasted for two weeks and led to negotiations that provided wage increases for the miners. In July, two Socialist senators presented before the National Congress the first proposal to nationalize Chile’s copper mines.¹³² The next May, President Videla announced the nullification of the Washington agreement. Chile established a sales monopoly over its copper and would sell the remaining 80% of its copper on the open market.¹³³ The pressure exerted by

¹³¹ Vergara, *Copper Workers*, 78-80.

¹³² Vergara, *Copper Workers*, 81-82.

¹³³ Moran, *Multinational corporations and the politics of dependence*, 88.

the CTC influenced Chile's decision to break the agreement and take control of copper sales. In a confidential call to Washington explaining his decision, President Videla explained that in addition to the economic factors behind the decision, the strikes at the Anaconda mines and rising anti-American sentiment had forced his hand. He also explained that if he did not make this concession to workers, he feared a similar fate to the Bolivian Government that had been overthrown by miners and peasants in April.¹³⁴ One of the first acts taken by the Bolivian Workers Central after the coup was to demand the nationalization of the Bolivian mines without compensation.¹³⁵

Chile's move to take control of its copper took place at a time when other developing countries were demanding control over their natural resources. In December 1952, the United Nations General Assembly passed a resolution declaring "the rights of people freely to use and exploit their natural wealth and resources is inherent in their sovereignty."¹³⁶ Following the conclusion of World War II, many countries in the global South moved to take control of their natural resources in attempts to win economic independence in addition to nominal independence. In fact, when Chile finally nationalized its copper resources in 1971, Socialist President Salvador Allende declared the nationalization to be Chile's "second independence."¹³⁷

In March 1951, four months before the first bill was introduced to nationalize Chilean copper, Prime Minister Mohammed Mossadegh nationalized Iran's oil supply.¹³⁸ Hernan Videla Lira, the president of the Chilean Senate Mining Commission, compared Chile's attempt to

¹³⁴ "Memorandum of Conversation, by Milton Barall of the Office of South American Affairs," *Foreign Relations of the United States*, 1952–1954, The American Republics, Volume IV, Document 226.

¹³⁵ Herbert Klein, *A concise history of Bolivia* (Cambridge University Press, 2011), 213.

¹³⁶ Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Harvard University Press, 2018), 138.

¹³⁷ Al Gedicks, "The Nationalization of Copper in Chile: Antecedents and Consequences," *Review of Radical Political Economics*, 1973, vol. 5, issue 3.

¹³⁸ William Keylor, *A World of Nations: the International Order since 1945* (Oxford University Press, 2009), 367-371.

control its copper supply to Iran's nationalization. He criticized the nationalization movements, joking that he had heard that oil producers in Texas wanted to build a statue of Mossadegh for hampering Iran's oil supply. He joked that Peru and African copper producers might want to build a similar statue for the Chilean senate.¹³⁹

In June 1952, the month after President Gonzalez Videla nullified the Washington Treaty, Guatemalan President Jacobo Árbenz passed a land reform act nationalizing the unused land of the United Fruit Company.¹⁴⁰

These nationalizations threatened the profits of Western corporations and the resource supply of Western nations. Great Britain and the US violently intervened to protect private property in both Iran and Guatemala. After Great Britain failed to remove Mossadegh and take back control of Iranian oil using an economic blockade, British and American intelligence agencies collaborated with Mossadegh's domestic rivals to carry out a complex coup to overthrow him in 1953.¹⁴¹ In Guatemala, American-trained pilots bombed the Guatemalan capital in 1954 as part of a coup to remove President Árbenz and restore the United Fruit Company's property. The American Government justified the coup as an anti-Communist intervention.¹⁴² The Chilean legislature passed a measure in support of Árbenz after the coup.¹⁴³

The effort to subvert Chile's attempt to maintain more control over its copper was more subtle but just as effective. In May 1952, after President Gonzalez Videla informed Edward Miller Jr., President Truman's Assistant Secretary of State, of the decision to break the Washington Treaty, Miller responded sharply. He threatened President Gonzalez Videla that the

¹³⁹ Moran, *Multinational corporations and the politics of dependence*, 93.

¹⁴⁰ Alejandra Batas, "The Experience of the Guatemalan United Fruit Company Workers, 1944-1954: Why Did They Fail?" (ILAS Distinguished Paper Award University of Texas at Austin 1995).

¹⁴¹ Keylor, *A World of Nations*, 367-371.

¹⁴² Batas, "The Experience of the Guatemalan United Fruit Company Workers."

¹⁴³ Stephen Rabe, *Eisenhower and Latin America: The Foreign Policy of Anticommunism* (University of North Carolina Press, 1988), 61.

decision would “make it almost impossible to secure further investment of American private capital in Chile; it would strongly affect Chile’s credit position in the United States, which might not be able to grant any additional loans.”¹⁴⁴

But Anaconda was not content with stopping at the return of control of copper sales; Anaconda wanted to use the pressure to force Chile to lower taxes on foreign corporations.

Carlos Ibáñez del Campo was elected President of Chile in 1952. A former officer in the Chilean Army, Ibáñez ran as a populist candidate from the center-right Agrarian Labor Party, promising to end government corruption. With Chile’s economy humming from the high copper demand and the sales of 20% of their copper on the open market instead of at the producers’ prices, Ibáñez made generous campaign promises. He won support from the right by promising to increase military spending and he won support from the left by making promises to labor and to invest in social programs.¹⁴⁵

Ibáñez’s timing could not have been much worse when he took office in November 1952. The month before he took office, the United States had followed through with its threat and suspended all financial aid to Chile. To make matters worse, the Korean War began to wind down in 1953, and with it, so did the demand for copper. Because copper composed 50% of its exports, Chile’s 8.3% reduction in copper production driven by low demand in 1953 led to the country losing 30% of its import capability.¹⁴⁶

Upon taking office, Ibáñez was faced with the dilemma of cutting government spending, which would break his campaign promises, or to continue to spend and risk high rates of

¹⁴⁴ “Memorandum of Conversation, by Milton Barall of the Office of South American Affairs,” *Foreign Relations of the United States*, 1952–1954, The American Republics, Volume IV, Document 226.

¹⁴⁵ Jon Kofas, “Stabilization and Class Conflict: The State Department, the IMF, and the IBRD in Chile, 1952–1958,” *The International History Review*, Vol. 21, No. 2 (Jun., 1999), 354.

¹⁴⁶ Kofas, “Stabilization and Class Conflict,” 355–358

inflation. Ibáñez chose to continue to spend. But with substantially lower revenue from copper, his government was forced to turn to lending institutions to cover the budget deficit of 11.8 billion pesos. In June 1953, the IMF refused to grant loans to Chile. The IMF acknowledged that the drop in copper prices affected Chile's balance, but stated that Chile could not acquire loans unless the country took austerity measures to address inflation. In the meantime, however, the IMF did advise the United States to purchase Chile's copper stockpile left over from the end of the war to prevent a crisis in Chile.¹⁴⁷

The United States was willing to purchase this 100,000 ton copper stockpile from Chile, but only if Chile made significant changes to its copper policy. The United States used its leverage driven by Chile's vulnerability to demand not just a return of control of copper sales, but also lower taxes on American copper companies.¹⁴⁸

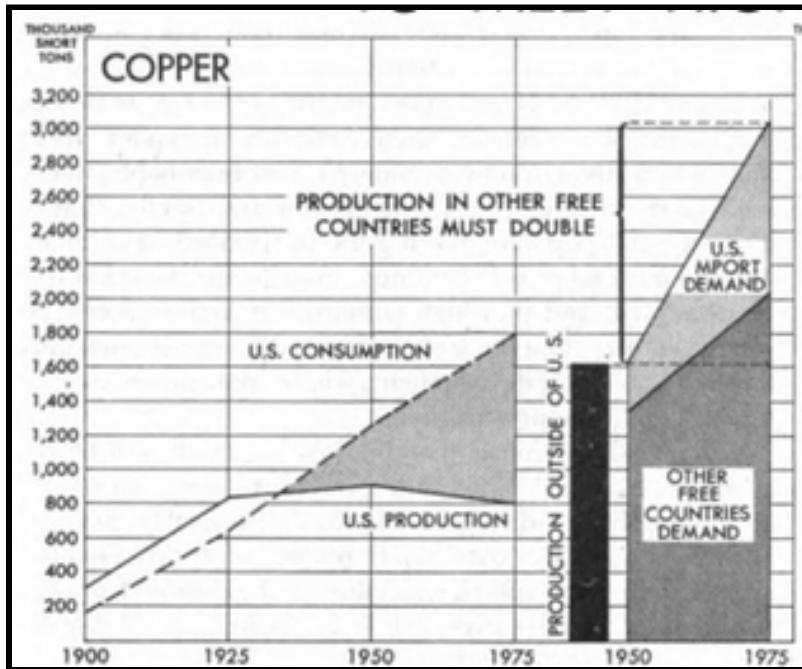


Figure 1: "1951 Resources for Freedom Report: Copper Outlook."¹⁴⁹

¹⁴⁷ Kofas, "Stabilization and Class Conflict," 355-358.

¹⁴⁸ "The Acting Secretary of State to the Director of the Office of Defense Mobilization," *Foreign Relations of the United States*, 1952–1954, The American Republics, Volume IV, Document 250.

¹⁴⁹ "Resources for freedom; a report to the President by the President's Material Policy Commission, 1952: Volume 2, The Outlook for Key Commodities," (Washington, D. C.: U. S. Government Printing Office, 1952), 6

The 1951 “Resources for Freedom” report provides insight into the American Government’s motivation driving this tactic. President Truman commissioned the report during the Korean War to examine the outlook for American strategic materials such as copper. The report emphasized the need for foreign copper production because of the depletion of domestic reserves, stating “production in other free countries must double” by 1975.¹⁵⁰ Although the report was commissioned during wartime, the need for increased copper production existed beyond war, as domestic consumption continued to increase. The report emphasized Chile’s importance for the American copper supply but noted two “man-made” obstacles: labor and taxation.¹⁵¹ Videla’s 1948 “Law of Permanent Defense of Democracy,” passed under American pressure, had begun to address the problem of organized labor in the country; America’s refusal to purchase the copper stockpiles was an attempt to address the problem of high taxation.

A tentative agreement to purchase the copper stockpiles in return for these policy changes was finally agreed upon in August 1953.¹⁵² Mohammad Mosaddegh was removed from power in Iran that same month. *The Economist* celebrated these two successful defenses of private property, writing that the Chilean Senate has come to the realization that the United States can do without Chilean copper, “just as the cars did not stop all over Britain when Dr Mossadegh switched off the oil.”¹⁵³

Anaconda played a role in pushing this demand for Chilean tax reform. In October 1953, workers at Chuquicamata went on strike after Anaconda refused to negotiate. Anaconda used this stoppage in production as a bargaining chip in its standoff with the Chilean government.¹⁵⁴ With

¹⁵⁰ “Resources for freedom,” 6.

¹⁵¹ “Resources for freedom,” 37.

¹⁵² Kofas, “Stabilization and Class Conflict,” 359.

¹⁵³ “Blueprint for Better Neighbours,” *The Economist*, December 5, 1953

¹⁵⁴ Finn, *Tracing the Veins*, 54.

copper prices down after the end of the war, Anaconda's marginal benefit gained by continuing to produce copper was minimal, but the Chilean Government could hardly afford more losses in copper sales. The strike cut copper output by two-thirds at Chuquicamata, Anaconda's largest mine in Chile.¹⁵⁵ Anaconda tried to make the end of strike contingent on the passage of the tax reform legislation, arguing that it could afford to pay its workers more if it was taxed less.¹⁵⁶ Anaconda did not hold the same dominance in Chile as it did in 1903 Montana, when its capital strike shut down 80% of the state's workforce, but it used the same strategy of refusing to continue to operate unless favorable legislation was passed.

Anaconda also worked directly with the American Government on the tactic of extorting Chile to obtain tax cuts for American companies. According to a March 1954 Foreign Relations of the United States document classified as secret, "the Chairman of the Board and the President of the Anaconda Copper Mining Company—whose production in Chile is by far the largest—traveled to Washington on February 23 for the express purpose of urging the Department of State negotiators to make the purchase at once in order to facilitate passage of the bill."¹⁵⁷

In March 1954, the Chilean Government tried to force the American Government's hand by threatening to sell the copper stockpile to the USSR.¹⁵⁸ This threat further angered the United States, but ultimately led to an agreement between the US and Chile on a final sale of the copper stockpile. That same month, the Chilean legislature introduced Ley 11.828, a proposal to return control of sales and decrease taxation for foreign corporations.¹⁵⁹

¹⁵⁵ "Chill from Chile," *The Economist*, December 12, 1953.

¹⁵⁶ Vergara, *Copper Workers*, 89.

¹⁵⁷ "The Acting Secretary of State to the Director of the Office of Defense Mobilization," *Foreign Relations of the United States*, 1952–1954, The American Republics, Volume IV, Document 250.

¹⁵⁸ Al Gedicks, "The Nationalization of Copper in Chile: Antecedents and Consequences," *Review of Radical Political Economics*, 1973, vol. 5, issue 3.

¹⁵⁹ Kofas, "Stabilization and Class Conflict," 360.

The Cold War played some part in America's insistence on the introduction of new legislation. Returning control of sales to Anaconda would help ensure the supply of copper to America and "greatly improve the possibility of preventing sales to the Soviet bloc in the future."¹⁶⁰ But prior to this standoff, Chile had given no indication that it would work with the USSR. President Ibáñez was a staunch anti-communist and Chile had long been an American ally. This standoff is therefore better understood as the American Government interfering in foreign affairs in order to protect the interest of American corporations, as it would do in the Guatemalan coup three months later. In fact, by destabilizing Chile's economy by refusing to purchase the stockpile for eight months, America was risking an economic crisis that could actually yield a new Communist leader. In communication from Walter B. Smith, the acting Secretary of State in March 1954, in which Smith finally encouraged the purchase of the stockpile, he directly recognized this risk: "If the Government should be overthrown in the ensuing economic crisis, many Chileans would blame the United States. There would be much anti-US sympathy for Chile in Latin America and the Communists would be provided with a powerful propaganda weapon."¹⁶¹ America was willing to risk a possible Communist takeover in Chile by pushing through the legislation.

Chile did not pass this legislation until May 1955.¹⁶² The new law, called the Nuevo Trato (New Deal) for copper companies, cut taxes on foreign corporations, eliminated a discriminatory exchange rate, and returned control of copper sales to the American companies. American newspapers celebrated the deal. "CURBS ON COPPER RELAXED BY CHILE," wrote the *New*

¹⁶⁰ "The Acting Secretary of State to the Director of the Office of Defense Mobilization," *Foreign Relations of the United States, 1952–1954, The American Republics, Volume IV, Document 250*.

¹⁶¹ "The Acting Secretary of State to the Director of the Office of Defense Mobilization," *Foreign Relations of the United States, 1952–1954, The American Republics, Volume IV, Document 250*.

¹⁶² Moran, *Multinational corporations and the politics of dependence*, 97.

York Times,¹⁶³ “Chile Revises Laws to Boost Copper Output, Give U. S. Firms Better Deal,” wrote the *Wall Street Journal*;¹⁶⁴ and “New Law Puts Glow on Copper,” wrote *Business Week*.¹⁶⁵ *El Mercurio*, the Chilean business-friendly newspaper also celebrated the deal and commended Roy Glover, the chairman of the Board of Directors of Anaconda for “personally directing the difficult and delicate tasks of working out the Nuevo Trato with our government.”¹⁶⁶ President Ibáñez actually awarded Roy Glover an Order of Merit in 1955 for his role in the negotiations.¹⁶⁷ Copper workers were less supportive of the new legislation.

In December 1955, the CTC went on strike to win wage increases and changes to the Nuevo Trato. The workers declared that they were not just striking for their own interests, but for the interests of the “entire country.” The strike lasted for three weeks and involved workers from the three large American-owned mines, Chuquicamata, Potrerillos, and El Teniente.

President Ibáñez cracked down sharply on the strike. On December 15, he declared the resumption of production at the mines, placed the mining districts under marshall law, and threatened to enscript the striking miners into the military. The Chilean Government then arrested dozens of union leaders from the CTC and local unions, using the “Law of Permanent Defense of Democracy,” to defend their arrests. As in the United States, this fear of Communism during the Cold War was used to crack down on organized labor in order to protect corporations.

Like its American counterpart, the Chilean labor movement felt the limitations of tying its movement to the state. The striking Chilean miners saw their strike as a patriotic act to return the control of copper to their country. The Chilean state felt otherwise. The Chilean press

¹⁶³ “CURBS ON COPPER RELAXED BY CHILE: Mining Companies Obtain Tax Cut, Better Exchange Rate, Control of Sales,” *New York Times*, May 4, 1955.

¹⁶⁴ “Chile Revises Laws to Boost Copper Output, Give U. S. Firms Better Deal,” *Wall Street Journal*, May 4, 1955.

¹⁶⁵ “New Law Puts Glow on Copper,” *Business Week*, May 21, 1955.

¹⁶⁶ Moran, *Multinational corporations and the politics of dependence*, 194.

¹⁶⁷ Vergara, *Copper Workers*, 93.

smeared the striking miners as communist agents acting against the interests of their country. The Chilean police arrested the union leaders and rounded them up into railcars for deportation. Ironically, as the traincares departed from Potrerillos, locals gathered and sang the Chilean national anthem in support of the miners.¹⁶⁸

II

The Economist misunderstood the passage of the Nuevo Trato as primarily the result of new economic ideas rather than extortion. In December 1953, the magazine explained that the “pressing need for foreign investment, combined with lectures on economics delivered by the International Bank, the Export-Import Bank, and visitors like Dr Eisenhower are gradually having their effect in legislation that offers reasonable prospects to the investor.”¹⁶⁹

Neither do any of the three authors that wrote extended works about American copper companies in Chile recognize the direct role of Anaconda and the American Government in the passage of the Nuevo Trato. Vergara acknowledges “US pressure to redefine the terms of investment” and Finn recognizes Anaconda’s attempt to force Chile’s hand with the October 1953 strike, but both authors ultimately describe the policy as mainly an attempt to win greater foreign investment.¹⁷⁰ Moran actually wonders “why Chile gave away so much and asked so little in return.” He explains that to find the answer, “one must again look at the domestic interests of particular groups involved in influencing Chilean public policy.”¹⁷¹

These misunderstandings reveal the success of the American Government in concealing its role in the legislation. In a memo prepared for President Eisenhower, the Office of Defense

¹⁶⁸ Vergara, *Copper Workers*, 103-106

¹⁶⁹ “Blueprint for Better Neighbours,” *The Economist*, December 5, 1953

¹⁷⁰ Vergara, *Copper Workers*, 94 and Finn, *Tracing the Veins*, 54.

¹⁷¹ Moran, *Multinational corporations and the politics of dependence*, 192.

Mobilization explained that “[i]t is held that any suggestion that the U.S. is using its economic power to dictate Chilean legislation may cause the failure of the Bill to pass, and that the only way to demonstrate convincingly that the Chilean Congress is free to make its own decision is to sign a purchase agreement at once, in advance of the passage of the legislation.”¹⁷² America could not wait until the Nuevo Trato was passed to purchase the copper stockpiles or their extortion would be obvious. Rather, America purchased the stockpile in return for the introduction of the legislation and the understanding that President Ibáñez would see the legislation through. Ibáñez and the Chilean right were left to make the case for the bill to the Chilean public.

Some advocates made an economic argument for the Nuevo Trato. They argued that American companies would increase investment in Chile by an amount that offset the tax cuts, leading to an overall increase in revenue for the country. Senator Aldunate of the Liberal Party made this argument. He stated that when American companies “are given adequate incentives, safeguards, and legitimate guarantees, they are going to feel compelled to work and to earn money . . . They come to fulfil their destiny, to realize what is inherent in their nature, to exploit to the maximum their capacity of production.”¹⁷³

Others recognized the change in tax rates for foreign companies as a chance to advocate domestic tax reforms. The presidents of the Chilean Chamber of Commerce, the National Society of Manufacturers, and the Institute of Mining Engineers all supported the legislation for this reason.¹⁷⁴ El Diario Ilustrado, an influential newspaper read by members of the Liberal and Conservative Parties celebrated the Nuevo Trato in the lead editorial after it was made law. The

¹⁷² “Summary Memorandum Prepared in the Office of Defense Mobilization,” *Foreign Relations of the United States*, 1952–1954, The American Republics, Volume IV, Document 251.

¹⁷³ Moran, *Multinational corporations and the politics of dependence*, 95.

¹⁷⁴ Moran, *Multinational corporations and the politics of dependence*, 195.

paper concluded that the most important part about the law would be its effect on public opinion. It argued that the emphasis placed on freedom for foreign corporations could set an example for a different approach to resolving Chile's domestic economic problems.¹⁷⁵

These conversations took place as part of a concerted effort to shift Chile's economic policy to a free-market approach. The United States worried about the influence of "socialist or frankly Marxist economic theories have been in the ascendency and have left their mark in increasing government controls over the economy."¹⁷⁶ But these conversations were more in response to a Keynesian capitalist economic framework, like that advocated by Raul Prebisch and the influential United Nations Economic Commission for Latin America located in Santiago from 1950-1966, that had more of an effect on Chilean policy.¹⁷⁷

Jorge Alessandri served as President of Chile from 1958-1964. His government consistently argued on behalf of the American copper companies against the Chilean Copper Department because of Alessandri's belief that the government should not interfere in private economic affairs.¹⁷⁸ Before he became Chilean President, he was the president of the Confederation of Production and Commerce, Chile's largest business organization, and he was one of the most important advocates for the Nuevo Trato. In May 1955, Alessandri penned several editorials in favor of the Nuevo Trato. He argued that the Nuevo Trato was important because it emphasized the importance of free enterprise rather than government interference.¹⁷⁹

¹⁷⁵ Moran, *Multinational corporations and the politics of dependence*, 193.

¹⁷⁶ "Memorandum by the Director of the Office of South American Affairs (Atwood) to the Assistant Secretary of State for Inter-American Affairs (Holland)," *Foreign Relations of the United States*, 1952–1954, The American Republics, Volume IV, Document 255.

¹⁷⁷ Klein, *The Shock Doctrine*, 66

¹⁷⁸ Moran, *Multinational corporations and the politics of dependence*, 124.

¹⁷⁹ Moran, *Multinational corporations and the politics of dependence*, 193.

Three months earlier, in February 1955, Jorge Alessandri had attended a different meeting with prominent Chilean business leaders including former ministers of finance, recent graduates from elite Chilean finance and economics programs, and leaders from business associations like the Confederaciôn del Comercio y de la Producciôn, the Banking Association, and the Sociedad Nacional de Agriculture. Albion Patterson, an American, explained his proposal to the group, offering a “tremendous opportunity to introduce a free market group” in Chile. Patterson needed the backing of these Chilean business leaders for an ambitious exchange program that would send American economics professors from the University of Chicago to teach at the Universidad Católica in Chile and Chilean economics students from the Universidad Católica to study at graduate programs at the University of Chicago. Patterson explained to these business leaders that their public support was necessary for the success of the program. “You have to back it to the end,” he told them and was met with enthusiastic applause.¹⁸⁰

Two months after the meeting, the Chilean ministry of Foreign Affairs officially requested approval and funding from the Institute of Inter-American Affairs for the program. On April 26, 1955, the week before the passage of the Nuevo Trato, the American embassy approved the petition.¹⁸¹ This ideological mission was reflective of a realization that violent suppression of opponents alone would not provide a sustainable solution to handling opposition. Kermit Roosevelt played a leading role in the 1953 coup in Iran, but when the CIA asked him to oversee the coup in Guatemala, Roosevelt refused. He argued that future coups would not work unless the people in the country “want what we want.”¹⁸²

¹⁸⁰ Juan Gabriel Valdes, “Pinochet’s Economists. The Chicago School of Economics in Chile. A Study in the transfer of ideas,” Princeton University Dissertation (1996), 158.

¹⁸¹ Valdes, “Pinochet’s Economists,” 162.

¹⁸² Bevins, *The Jakarta Method*, 43.

From 1957-1970, the program brought hundreds of Chilean students, funded by the American public, to earn graduate degrees from the University of Chicago. During this period, Latin American students made up one-third of the economics department at Chicago. The Chicago economics department was dedicated to a free-market, neoliberal ideology advocated for by its influential scholars such as Milton Friedman and Friedrich Hayek. By 1963, twelve of the thirteen full-time faculty members at the economics department at the Universidad Católica were recent graduates of the Chicago program. One Chilean academic remarked that the returning students were "even more Friedmanite than Friedman himself."¹⁸³

The Chilean students returning from the University of Chicago, known in Chile as the "Chicago boys," got their chance to put their education into practice in 1973. On September 11, the Chilean military, backed by the CIA and the US Secretary of State, overthrew President Salvador Allende in a military coup, replacing the democratically-elected Socialist government with a neoliberal regime.¹⁸⁴ According to Orlando Letelier, a Chilean economist who worked in Allende's administration, the Chicago boys "convinced the generals that they were prepared to supplement the brutality, which the military possessed, with the intellectual assets it lacked." Eight of the ten principal authors of "The Brick," a detailed economic policy guide for the Pinochet government, were graduates from the Chicago program.¹⁸⁵

Because of the stark contrast between the democratic rule of Socialist Salvador Allende and the violent coup staged by Augusto Pinochet, the Pinochet regime and the Chicago boys' economic policy are held up by scholars of neoliberalism like David Harvey and Naomi Klein as a clear example of the undemocratic nature of the rise of neoliberalism in the global South.¹⁸⁶ But

¹⁸³ Klein, *The Shock Doctrine* 59-62.

¹⁸⁴ Harvey, *A Brief History of Neoliberalism*, 7-8.

¹⁸⁵ Klein, *Shock Doctrine*, 71.

¹⁸⁶ Harvey, *A Brief History of Neoliberalism* 7-9; and Klein, *Shock Doctrine*, Chapter 2.

by pointing to the Chicago Boys program as a driver of neoliberalism in Chile, these histories miss the fact that neoliberal ideology was not a driver of change, but rather a response to material circumstances. Ideology did not guide powerful forces like the Chilean business elite who advocated for the Nuevo Trato; rather, ideology was used as a tool to provide justification for change dictated by powerful corporations and foreign governments. It is worth examining the motivations behind the creation of the program at the University of Chicago and the effects of these ideas in Chile in the 1950's, decades before the coup.

Albion Patterson first traveled to South America in 1953, for a job with the The Institute of Inter-American Affairs in Paraguay. Patterson was working on an agricultural project to increase food production in the country, but when he found no agricultural data for the country, he hired a group of economists to conduct research.¹⁸⁷

After completing the project in Paraguay, Patterson traveled to Chile for similar work. In Paraguay, Patterson had to start from square one with his research; he spent most of his time putting together research projects to acquire basic economic data. But the situation was different in Chile. The University of Chile had the strongest economics program in Latin America at the time and the United Nations Economic Commission for Latin America (ECLA) had created the economics program at the University of Santiago.¹⁸⁸ Patterson recognized this difference and understood that he had a different task: "Chile is a sophisticated country; we do not need to show these basic things. What we need to do is to change the formation of the men, to influence the education, which is very bad."¹⁸⁹ The "very bad" education was Keynesian. The ECLA and many

¹⁸⁷ Valdes, "Pinochet's Economists," 138-139.

¹⁸⁸ Josephine Reinhardt, "Los "Chicago Boys": A Powerful Exchange of People and Ideas between Chile and Chicago," Senior Thesis at Bates University (2012), 40.

¹⁸⁹ Valdes, "Pinochet's Economists," 142.

Chilean economists advocated a structuralist approach to economics that contradicted Patterson's free-market ideology.

Patterson worked with Theodore W. Schultz, the Dean of the Department of Economics of Chicago, on a project to counter the influence of Keynesian economics in Chile. The ideological nature of the project is made clear from the project's initial failure. Patterson initially proposed the US government-funded exchange program with the Universidad de Chile in Santiago. The Universidad de Chile in Santiago refused the offer, however, because Patterson insisted that the exchange only take place with the University of Chicago, known for their free-market neoliberal ideology, and not other schools with ideologically diverse departments of economics. The program was not a transfer of expertise, but rather a transfer of ideology.

The program was approved at the Universidad Católica in 1955. Patterson celebrated the decision as a "a great thing for the country, the introduction of economics at the graduate level to strike a balance in the economic thought in the country."¹⁹⁰

The reports submitted to Congress by the Mutual Security Program for Latin America from 1955-1961 discuss the implementation of the exchange program between Chicago and Chile. The 1957 report laid out the objectives of the Mutual Security Program in Chile:

1. Assist Chile in maintaining the economic, social, and political stability necessary for sound economic and social development.
2. To encourage and assist Chile in resisting Marxist influences in economic and political institutions and countering communist subversion and propaganda.
3. To encourage and assist Chile in making her maximum contribution to inter-American security and solidarity.
4. To assure continued production and availability of copper and other strategic materials.

¹⁹⁰ Valdes, "Pinochet's Economists," 145-146.

5. To promote an appreciation among Chileans of the real benefits and advantages of achieving economic progress through methods of economic and political freedom rather than through totalitarian techniques.
6. To encourage Chileans to promote an atmosphere favorable to foreign investment.¹⁹¹

These objectives elucidate the concurrent motivations of American foreign policy in Chile discussed in this chapter. Objectives 1 and 3 to secure stability in Chile demonstrate the worry of communists taking advantage of weak states during the Cold War. Objectives 2 and 5 explain the intention behind the ideological efforts like the Chicago program. Objectives 4 and 6 clarify the relationship between the American state and Anaconda: objective 4 illustrates that Anaconda and its control of copper sales was primarily important to the US to guarantee a steady supply of copper, an important strategic material; objective 6 demonstrates a commitment to private property, an essential component protecting the interests of American corporations like Anaconda.

The Nuevo Trato demonstrates a lesson on the relationship between political change and ideology. The Nuevo Trato and Ibanez's inflation policies were passed as a result of pressure from the American Government and powerful foreign corporations, not as the triumph of neoliberal thinkers in a battle of ideas. The neoliberal thinkers were commissioned after the changes had been forced in order to provide legitimacy to the policies.

¹⁹¹ Valdes, "Pinochet's Economists," 110-111.

Chapter 4

“The Strike That Broke the Backs of the Unions”

“If you go back over a period of time . . . you'll find that the Congo, Zambia, Peru and Chile have a star performance in terms of reliability of production. They have achieved an average of about 93% to 95% performance against capacity in the last 10 years. The one that really gives the trouble in terms of uncertainty is the U.S. supply.

Why?

Because of our labor problem we've had recurring long serious stoppages.”¹⁹²

--*Ian MacGregor, Chairman of American Metal Climax, 1970*

I

Anaconda's manipulation of Chilean policy, aided by pressure from the American Government, paved the way for Anaconda to make a massive new investment in Chile. Immediately following the passage of the Nuevo Trato, on May 3, 1955, Anaconda announced plans for construction of a new mine in Chile. The mine was to be built at a location called “Indio Muerto” (Dead Indian) but Anaconda chose a name for the mine that was more fitting for how the company viewed its new project: “El Salvador” (The Savior).¹⁹³

The consequences of the Nuevo Trato were detrimental to the Chilean Government as government revenue from copper sales was cut in half.¹⁹⁴ Meanwhile, Anaconda thrived in the new business-friendly environment as its profit rate and total production increased each year from 1955-1960. Anaconda also dramatically increased its investments in Chile, investing more

¹⁹² Moran, *Multinational corporations and the politics of dependence*, 243.

¹⁹³ Vergara, *Copper Workers*, 110.

¹⁹⁴ Al Gedicks, “The Nationalization of Copper in Chile: Antecedents and Consequences,” *Review of Radical Political Economics*, 1973, vol. 5, issue 3.

money (\$155 million) in the five-year period from 1955-1959 than its total investment (\$137 million) in the ten-year period before.¹⁹⁵ Anaconda recognized the role of the Nuevo Trato in incentivizing its new investments, noting in 1960 that the new legislation had created “an investment climate conductive to make large risk investments possible.”¹⁹⁶ In 1956, American Secretary of State, John Foster Dulles implied that the Nuevo Trato was the driving force behind Anaconda’s new investments in a threatening letter to the Chilean Embassy in response to suggestions for new taxes on American companies: “Such discriminatory action by GOC would negate “new deal” copper law and mean GOC not keeping word which led Anaconda and Braden make recent new investments and Anaconda announce plan for further investments.”¹⁹⁷

Construction began on the new El Salvador mine just 20 miles North of Anaconda’s declining Potrerillos mine. The copper content of the ore from Potrerillos was declining while production costs were rising.¹⁹⁸ Potrerillos produced 84,000 tons of copper from 1940-1944. This amount declined to 64,000 tons from 1945-1949 and 43,000 tons from 1950-1954.¹⁹⁹

Year	Andes Copper (Potrerillos and El Salvador)	Chile Exploration (Chuquicamata)
1940-44	84	214
1945-49	64	210
1950-54	43	164
1955-59	41	236
1960-64	80	264
1965-69	316	279

Table 1: Average Annual Copper Production (in thousands of tons)²⁰⁰

¹⁹⁵ Moran, *Multinational corporations and the politics of dependence*, 101-106.

¹⁹⁶ Vergara, *Copper Workers*, 96.

¹⁹⁷ “Telegram From the Secretary of State to the Embassy in Chile,” *Foreign Relations of the United States*, 1955–1957, American Republics: Central and South America, Volume VII, Document 390.

¹⁹⁸ Vergara, *Copper Workers*, 75.

¹⁹⁹ Vergara, *Copper Workers*, 19.

²⁰⁰ Vergara, *Copper Workers*, 19.

Anaconda opened the new mine at El Salvador in 1959. El Salvador increased production in the area back up to 80,000 tons from 1960-1964 and then to 316,000 tons from 1965-1969.²⁰¹ The first copper sample was mined in May 1959 before the official opening ceremony on November 12. Newly elected Chilean President, Jorge Alessandri, the Nuevo Trato advocate from 1955, had to cancel his plans to attend the opening ceremony, but other prominent Chilean politicians joined top Anaconda businessmen in attendance at the event in celebration of the partnership between Anaconda and Chile. Charles Brinckerhoff, the president of Anaconda, emphasized the existence of a “single mutual and inseparable interest between the state and the producer.”²⁰²

Anaconda rushed the construction of El Salvador to be able to open in 1959. In a 1958 letter, the President of Anaconda’s board of directors, Clyde Weed, stated that Anaconda’s “construction program,” consisting of the El Salvador mine and an aluminum plant in Indiana, “must be completed at the earliest date possible.”²⁰³ In a letter from December 1959, Weed explained that the construction of El Salvador ran \$3 million over its estimated cost, “due particularly to our rapid expansion of mine development.”²⁰⁴

Anaconda knew that while the construction was taking place in Chile, the three-year labor contract for Montana copper workers signed in 1956 was approaching its expiration in 1959. In 1958, in correspondence between Anaconda’s legal team, the opening line states: “There appears to be little doubt that we will have particularly rough going at the expiration next year of the three-year contracts.”²⁰⁵

²⁰¹ Vergara, *Copper Workers*, 19.

²⁰² Vergara, *Copper Workers*, 117-118.

²⁰³ New York City Meeting Notes from the Anaconda Company (1957-1961) Anaconda Copper Mining Company records, 1876-1974, Box 35, Montana Historical Society Research Center, Archives, Helena, Montana.

²⁰⁴ New York City Meeting Notes from the Anaconda Company (1957-1961) Anaconda Copper Mining Company records, 1876-1974, Box 35, Montana Historical Society Research Center, Archives, Helena, Montana.

²⁰⁵ Anaconda Company legal correspondence, 1958, Anaconda Copper Mining Company records, 1876-1974, Box 182-2, Montana Historical Society Research Center, Archives, Helena, Montana.

The letter proved to be correct. On August 19, 1959, three months after the first copper sample was extracted from El Salvador, the Montana workers commenced the longest strike in Anaconda's history.²⁰⁶

II

30,000 copper workers in the United States went on strike in August 1959.²⁰⁷ The workers shut down 75% of the nation's copper production, resulting in the total loss of 320,000 tons of output.²⁰⁸ The national demands of the strikers centered around wage increases, but workers in Montana specified opposition to technological developments in Butte that had contributed to a large loss of jobs. Anaconda fought to guarantee that the contract would not be "construed as preventing the use of improved methods of mechanical equipment," but workers in Montana were determined to fight for this demand.²⁰⁹

In 1947, Anaconda began its transition from high-grade, underground copper mining to low-grade copper mining with the construction of the Greater Butte Project. Rather than selectively mining high grade concentrations of copper, the project used a block caving technique which targeted larger bodies of lower grade ore.²¹⁰ In 1955, the transition to low-grade ore mining in Butte took another step with the opening of the Berkeley Pit, a massive open pit mine in the middle of town.²¹¹ The switch from high-grade, underground mining to low-grade, open pit mining in Butte was representative of a nationwide shift during this time period, as high-grade ore bodies were depleted and low-grade mining became profitable. In 1900, the

²⁰⁶ Leech, *The City That Ate Itself*, 116.

²⁰⁷ Mercier, *Anaconda*, 174

²⁰⁸ "Towards a Surplus?" *The Economist*, February 20, 1960

²⁰⁹ Leech, *The City That Ate Itself*, 150.

²¹⁰ Leech, *The City That Ate Itself*, 46.

²¹¹ Leech, *The City That Ate Itself*, 50.

average grade of copper mined in America was around 4%; by 1920, it was down to 2% and the percentage continued to steadily decline throughout the 20th century.²¹²

Several technological advancements made this transition economically feasible in Butte. Before World War II, open pit mines relied on the railroad to transport the ore to processing plants; the investment in large vehicles during the war led to a fleet of large, transportation vehicles that were much more cost efficient.²¹³ Another factor was the switch from steam power to electricity to power the massive shovels that extracted the large amounts of ore from the open pit mines.²¹⁴ This switch, paired with the abundance of cheap energy after the war, made open pit mining much more cost effective.²¹⁵

The desire for a smaller, more productive, and deskilled workforce drove Anaconda's decision to switch to open pit mining. Vin Perry, Anaconda's chief geologist wrote in 1952, "Butte has been a high-grade, selective mining operation for 75 years, during which time mounting labor and supply costs . . . have encroached inexorably on the profit margin." Perry's solution to this problem was the Berkeley Pit.²¹⁶

Anaconda's internal communications from this decade from the "Reduction Works Operation" reveal an obsession with "cost reductions" through "labor savings."²¹⁷ A 1960 report described how the "[a]utomation of the long belts and feeders" allowed "one man per shift to do the work formerly done by five."²¹⁸ The use of cheaper electricity after the war made this

²¹² Marian Radetski, "Seven thousand years in the service of humanity—the history of copper, the red metal," *Resources Policy*, Volume 34, Issue 4, (December 2009), 182.

²¹³ Navin, *Copper Mining and Management*, 141.

²¹⁴ Leech, *The City That Ate Itself*, 48.

²¹⁵ Leech, *The City That Ate Itself*, 44.

²¹⁶ Leech, *The City That Ate Itself*, 49-50.

²¹⁷ "Notes from Managers' Meetings at Butte," 1959-1961, Anaconda Copper Mining Company records, 1876-1974, Box 34, Montana Historical Society Research Center, Archives, Helena, Montana.

²¹⁸ "Notes from Managers' Meetings at Butte,"

replacement possible. Even Anaconda's accounting department focused on the "labor saving" possibility of the installation of new IBM machines.²¹⁹

The switch to open pit mining proved effective at both increasing productivity and reducing the size of the workforce. The tons of copper per man increased from 69 in January-June 1956 to 149 in January-June 1959 while the cost per ton decreased from \$1.02 to \$0.71 in the same period.²²⁰ Despite repeated reassurances that open pit mining would supplement, not replace, the underground operation, the underground mines began to close in 1957.²²¹ As a result of the switch, 3,200 Mine-Mill workers in Montana lost their jobs between 1956 and 1959.²²²

The transition also weakened the bargaining power of workers by replacing underground mining jobs that required experience and training with more easily replaceable jobs above ground. The 1951 Resources for Freedom report which detailed the threat of a copper shortage noted the problem with underground work: "The shortage of trained labor for underground work is especially acute; serious strikes and labor difficulties at the large mines in recent years are related to this labor scarcity."²²³ For the mining of low-grade ore, engineers or managers could more easily supervise and train workers to complete simpler repetitive tasks, rather than rely on one miner to complete multiple tasks.²²⁴ As a result, the open-pit miners were easier to replace.

But the transition did not only weaken labor through the elimination of jobs or deskilling; the open pit mines destroyed the geography that fostered the social structure that originally had led to such camaraderie in Butte. In 1952, Anaconda constructed the Kelley Mine in the middle of Dublin Gulch, one of Butte's largest Irish neighborhoods. The company purchased the homes

²¹⁹ "Notes from Managers' Meetings at Butte,"

²²⁰ "Notes from Managers' Meetings at Butte,"

²²¹ Leech, *The City That Ate Itself*, 112-113.

²²² Mercier, *Anaconda*, 173

²²³ "Resources for freedom," 37.

²²⁴ Leech, *The City That Ate Itself*, 43-44.

of the displaced residents, allowing them to move elsewhere in the town, but the destruction of the houses also weakened the communal links of the long-time neighbors.²²⁵

In 1958, Anaconda started construction on an even larger project, Alice Pit, in Walkerville, a community on the outskirts of Butte. The construction literally split the community as residents angrily called the company to report massive cracks, reminiscent of the “aftermath of an earthquake” encroaching on their homes.²²⁶ Walkerville residents struggled to draw attention to the devastation because Anaconda controlled almost every newspaper in the state. Anaconda used its press dominance, not necessarily to push obvious propaganda, but to influence readers through the lack of coverage of important local issues. A study from July 1956, revealed that less than 3% of the editorials in Anaconda-owned papers covered issues relevant to Montana.²²⁷ Eventually, the national press filled the void in coverage. Due to his frustration stemming from the lack of government intervention to protect the town, Walkerville’s mayor, Jimmy Shea, asked the *People’s Voice*, “Do we have government of the Anaconda Company, by the Anaconda Company, for the Anaconda Company?”²²⁸

The Berkeley Pit also displaced residents from the communities of Meaderville, McQueen, and East Butte. Anaconda used its leverage to bargain individually with home-owners to convince them to sell, but some residents refused to budge from their long-time homes. The Montana Legislature resolved this issue for Anaconda in 1961, when it extended the right of eminent domain to the mining industry. Anaconda only had to exercise its eminent domain powers three times, but for many home-owners the threat of eminent domain pressured them to

²²⁵ Leech, *The City That Ate Itself*, 104.

²²⁶ Leech, *The City That Ate Itself*, 124.

²²⁷ John Thomas McNay, "Breaking the copper collar: The sale of the Anaconda newspapers and the professionalization of journalism in Montana," 1991, Graduate Student Theses, Dissertations, & Professional Papers, 8.

²²⁸ Leech, *The City That Ate Itself*, 124.

sell, even if the law was not exercised.²²⁹ The combined power of the company and the state proved too powerful in Butte.

The switch to open pit mining also destroyed the work-place geography that had provided the material conditions for worker camaraderie in Butte. The open pit mining was much different for workers than working underground. Rather than one union representing all the underground miners, the pit had different unions like local craft unions as well as the Teamsters and Operating Engineers responsible for different workers.²³⁰ The open nature of the pit allowed Anaconda management to keep a close on its workers at all times. The management ensured that the workers, whose different union membership was denoted by a different color hard hat, did not cross lines and complete each other's work.²³¹

5,600 Mine-Mill members took part in the 1959 strike in Montana, in Butte, Anaconda, Great Falls, and East Helena. The impacts of the Cold War, both domestically and internationally, combined to weaken the leverage of the Butte strike.

Anaconda took advantage of the decade-long rivalry between Mine-Mill and USWA and tried to undermine Mine-Mill. Before the strike began, Anaconda called on Mine-Mill to hold another secret ballot to determine if the union had the workers' democratic support for the strike. When Mine-Mill refused, Anaconda openly attacked the union leadership in the press the day before the strike began.²³²

In the town of Anaconda, USWA finally broke through after a decade of agitation against Mine-Mill. Smelter workers from Anaconda initially voted in favor of striking in August, but this

²²⁹ Leech, *The City That Ate Itself*, 228-234.

²³⁰ Leech, *The City That Ate Itself*, 161.

²³¹ Leech, *The City That Ate Itself*, 165.

²³² Finn, *Tracing the Veins*, 202-203

support gradually wainted. Supporters of USWA ran large advertisements in the local newspaper arguing against the strike, and the Mine-Mill committee who they claimed were “still pipe dreaming in utopia.” USWA supporters packed the negotiating committee for the smelter workers and forged a separate agreement for the town of Anaconda from the rest of the state. In December, two months before the rest of the state gave in, the workers from the town of Anaconda agreed to a contract with the company. The smelter workers won an increase of around 22.5 cents per hour. Anaconda’s separate deal broke the unity of Montana’s bargaining in Montana and Butte miners claimed that the Anaconda mutiny gave the company “a club to force a settlement down our throats” when the smelter re-opened.²³³

The other Mine-Mill locals in Montana held firm after Anaconda’s separate deal. In Butte, 900 miners gathered in the union hall the day before Christmas and unanimously assented to continuing the strike until Anaconda offered a “fair, equitable, and pattern-like proposition.”²³⁴ Anaconda held out in its negotiations for months longer than the other “Big 5” copper companies. One reason Anaconda was able to withstand the lost production in Montana was because the mines in Chile enjoyed a record year of production.

The newly opened mine at El Salvador produced 42,000 tons of copper in 1959.²³⁵ In its 1959 Company Report, Anaconda noted the “timely inauguration” of the mine, in reference to the lost production in Montana.²³⁶ Anaconda also got a record year of production from its mine, Chuquicamata. While the strike was ongoing in Montana, Charles Brinckerhoff the president of CHILEX (Anaconda’s subsidiary controlling Chuquicamata) lavished rewards on the miners in

²³³ Mercier, *Anaconda*, 174-175

²³⁴ “Miners’ Officers Claim Union to Stand Firm,” *Montana Standard*. December 25 1959.

²³⁵ “The Anaconda Company Annual Report,” 1959, 14.

²³⁶ “The Anaconda Company Annual Report,” 1959, 14.

Chile. In November 1959, the new union hall at Chuquicamata was completed and in December, Brinckerhoff announced plans for a new housing project for the Chilean miners.²³⁷

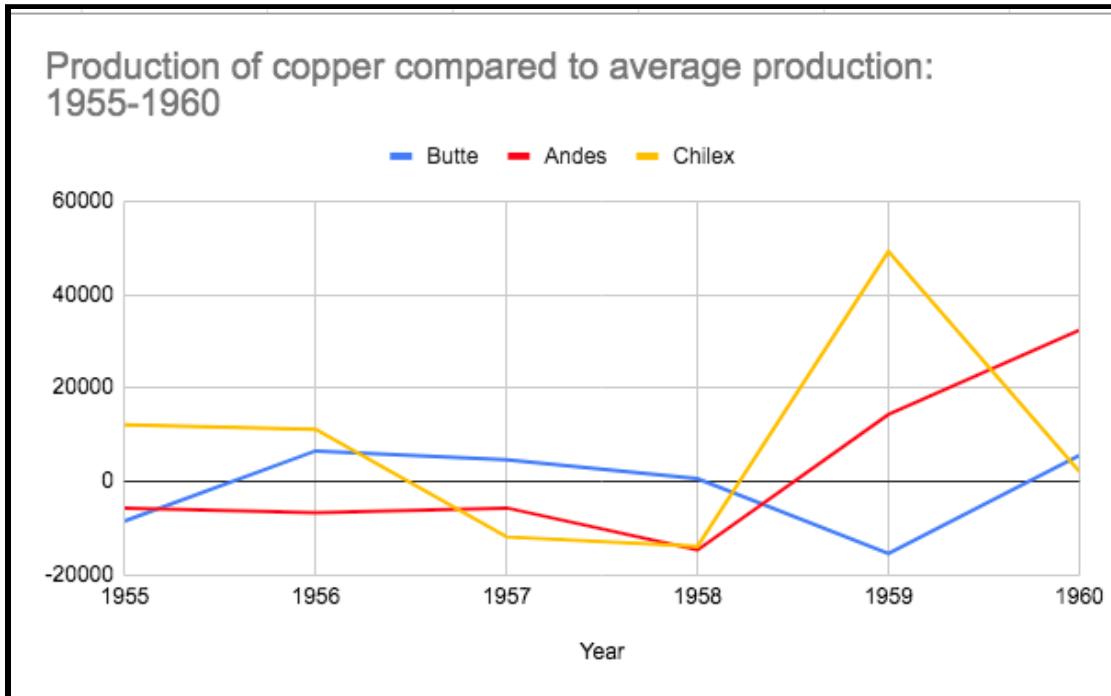


Figure 4: Copper Production compared to average from period (1955-1960)²³⁸

Montana workers resented the use of Chilean copper to weaken their bargaining power. Bernard Rask, a local union leader from Butte, recalled: “For many years they always held over our heads this Chilean production.”²³⁹ In 1971, after Salvador Allende finally nationalized Anaconda’s holdings in Chile, one local miner remarked, “Some of the biggest fans of Salvador Allende live right here in Butte.”²⁴⁰

The longest strike in Anaconda’s history was largely a disappointment for Mine-Mill. The striking workers won some minor concessions regarding hiring practices, but the result was

²³⁷ Finn, *Tracing the Veins*, 52.

²³⁸ Finn, *Tracing the Veins*, 247.

²³⁹ Leech, *The City That Ate Itself*, 260.

²⁴⁰ Finn, *Tracing the Veins*, 64.

largely a defeat. The proportion of Anaconda's budget spent on payrolls in Montana continued to decrease, from 51% in 1954 to only 29% in 1964. Anaconda hired back fewer workers after the strike; the number of workers in the Butte region fell from 6,493 in 1954 to 2,494 in 1960.²⁴¹ Anaconda also continued to decrease the size of the underground mining workforce. The 1959 strike was the last time unions would strongly fight against open pit mining and mechanization. One local referred to 1959 as the "strike that broke the backs of the unions."²⁴²

²⁴¹ Leech, *The City That Ate Itself*, 152.

²⁴² Finn, *Tracing the Veins*, 55.

Conclusion

In April, 1962 local 117 in Anaconda, Montana finally voted to leave Mine-Mill for USWA. Mine-Mill supporters had endured threatening phone calls to their wives and anti-Communist schoolyard taunts to their children for more than a decade, but USWA's persistence eventually paid off.²⁴³ Mine-Mill maintained support in Montana because it consistently won victories for workers through its democratic and militant organizing. But Mine-Mill lost leverage in Montana as Anaconda continued to shift investment to Chile and replace workers through automation.

Mine-Mill also struggled financially after fending off legal challenges for more than a decade. In 1954, the National Labor Relations Board (NLRB) tried to decertify Mine-Mill due to the claim that Maurice Travis had falsified his non-Communist pledge in 1949. The NLRB's decision to rule Mine-Mill out of compliance did not stand up to appeal, but the pressure from the case did finally force Maurice Travis to abandon his leadership position. The legal on-slaught continued when the day after Travis resigned, the NLRB forwarded Travis's 1949 statement to the Justice Department and took Travis to trial. Maurice Travis was sentenced to eight years in prison for falsifying his pledge. Eventually, in 1961, the Supreme Court threw out the case on technical grounds, but the decades of litigation had severely weakened Mine-Mill's finances. Later in 1961, Mine-Mill had to resort to signing a mutual assistance pact with the International Brotherhood of Teamsters in return for a \$100,000 loan, in order to stay afloat.²⁴⁴

Still, Mine-Mill's locals in Butte, Great Falls, and East Helena stayed with the union throughout the 1960s. Mine-Mill managed to survive for longer than nearly all of the other 10 Communist-tied unions which were expelled from the CIO in 1949, in part due to its continued

²⁴³ Mercier, *Anaconda*, 178.

²⁴⁴ Schrecker, *Many Are the Crimes*, 355-357.

presence in Montana. The other Communist unions lost locals to raids from more conservative unions and the militant locals at industrial production plants lost power as companies moved factories out of the country or to states in the South with weaker labor protections. The demise of these Communist unions weakened the connection between labor and the political left. This disconnection weakened the political left and also weakened labor as many Communists had been the most dedicated organizers. Mine-Mill had an advantage because the mines where its most militant locals operated could not be easily relocated in the same way that factories could; there is only so much copper in the world. This is why American intervention in Chile was so important to Anaconda. By undermining the Chilean left which threatened Anaconda through labor organizing and high taxation, Anaconda could relocate its operations to a location with less expensive production costs, in the same way that industrial producers had relocated their factories.

Eventually Mine-Mill succumbed to the same fate as the other Communist unions. In 1966, Mine-Mill signed a no-raiding and mutual assistance pact with USWA. In 1967, Mine-Mill finally gave in to its long-time rival and merged with USWA.²⁴⁵

²⁴⁵ Schrecker, *Many Are the Crimes*, 358.

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