DECLASSIFIED // SECRET; CONTROLLED DISSEM

National Intelligence Estimate

Identificador Archival:	frus:frus1969-76v21/d1
Agencia Emisora:	CIA
Fecha del Documento:	1969-01-28
Colección / Serie:	FRUS 1969–1976, vol. XXI: Chile, 1969–1973

Nota de Archivo: *Washington. Source: Central Intelligence Agency, National Intelligence Council, Job 79R01012A, NIE 94–69. Secret; Controlled Dissem. According to the covering sheet, the CIA and the intelligence organizations of the Departments of State and Defense, and the National Security Agency participated in the preparation of the estimate. All members of the U.S. Intelligence Board concurred in the estimate except the Atomic Energy Commission and the FBI, on the grounds that the subject was outside their jurisdiction. For the full text of the NIE, see Foreign Relations, 1969–1976, vol. E–16,Documents on Chile, 1969–1973, Document 1.*

NIE 94–69

[Omitted here are the Table of Contents and a map of Chile.]

CHILE

The Problem

To examine the likely political and economic developments in Chile over the next year or so, with particular reference to the congressional election of March 1969, and to the general outlook for the presidential election in September 1970.

Conclusions

A. Over the past four years the administration of Eduardo Frei has been endeavoring to carry out a social, economic, and political revolution by peaceful, constitutional means. He has made considerable progress in some important fields, but in others has fallen far short of his goals. An important faction of his Christian Democratic Party (PDC) is insisting that the scope of reform be widened and its tempo quickened.

B. Economic prospects for the short run are bleak, and we see little chance for much further progress on basic problems over the next year or so. There are a few favorable aspects, notably the new US investments under the copper expansion agreement and the likely continuation of substantial foreign assistance over the next year. But the Frei administration is already caught in a quandary of economic stagnation with rapid inflation. As the elections approach, pressures for government spending on wages and welfare will almost certainly intensify, and business confidence will probably reach a new low.

C. The outcome of the congressional elections of March 1969 will have an important bearing on the selection of candidates and the formation of political coalitions for the presidential election in 1970. The PDC has some chance of winning a majority in the Senate and is likely to retain a sizable plurality in the lower house. Nonetheless, factionalism within the PDC, the maneuvering of other parties for political advantage in the 1970 election, and Frei’s lameduck status will weaken his influence over the new Congress.

D. Until the final choice of candidates and of political party alignments is made, it is not feasible to attempt to estimate the outcome of the presidential election in more than the most general terms. Among many possible outcomes, the current odds are that there will be three major candidates for the presidency in 1970, that no one of them will secure a majority, and that the Congress will select as president the candidate with the largest vote. If the Communist, Socialist, and Radical parties could set aside their differences to agree on a candidate, he would be a strong contender, especially in a three-man race.

E. Even if a Communist-supported candidate won in 1970 we do not believe that the Chilean Armed Forces would intervene to prevent his inauguration. They would maintain a constant surveillance over the new administration, but would plan to move against it only if Chilean institutions, particularly their own, were threatened.

F. The relations of any new Chilean administration with the US are likely to be under repeated strains. Whoever succeeds Frei in the presidency is likely to continue to stress Chilean independence; to be less cooperative with the US on many issues than Frei has been; and to explore somewhat broader relationships with Communist countries. An administration elected with Communist support almost certainly would take steps aimed at moving Chile away from the US and closer to the Communist countries. We believe, however, that for a variety of reasons, including fear of a reaction from the military, such an administration would be deterred from precipitate or drastic action.

G. Because Frei himself has gone on record as opposing outright expropriation of the US copper companies, we see it as unlikely while he is still in power. In our judgment, however, further steps toward greater government participation in or even outright nationalization of these holdings are inevitable. The manner, the terms, and the timetable of such steps will depend heavily on the makeup of the next administration. Even under a rightist administration, or one of the center left such as Frei’s has been, some additional “Chileanization,” at least, is likely. Chile might assume high economic costs in the process, especially in case of abrupt nationalization; but in the long run nationalistic, political grounds—rather than economic—will almost certainly be the crucial factors in deciding this question.

[Omitted here are the Discussion and Sections I–III.]