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Telegram From the Embassy in Chile to the Department of State

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1. Today's machine-gunning of Army CINC General Schneider will surely strengthen Allende's position with armed forces, political parties and public. Well-known Chilean revulsion to such violence will also provide Allende with future justifications.

2. Taking into account well-orchestrated campaign of past few days in Marxist media against CIA and right, noting that Communist Puro Chile predicted that terrorist acts would occur Oct 22nd, observing that all Marxist media ignored my preemptive public statement of last night (Santiago 4452) and recalling that Marxists have infiltrated rightist lunatic fringe. I am not rpt not entirely persuaded that the PCCh was unaware or completely innocent in Schneider affair. It has too much of a pat smell to it and it evokes other examples starting with Reichstag fire and including assassinations by rightist or lunatics played upon by others. I recognize, of course, that Marxist campaign against CIA and right could be both pro-forma and preemptive. But the advantages to Allende and to the Marxists of the episode are so patently obvious that I have my doubts.

3. Prior to today's events, I was impressed by CAS reports to Washington substantiated to me yesterday by diplomatic sources that Allende may not proceed immediately with recognition of all or even most Communist regimes. Chileans have been informing him of possible economic consequences of such actions and apparently have forced some reconsideration.

4. It is the economic situation that is most preoccupying Allende as he contemplates governing responsibilities. Marxists are clearly upset by difficulties that will make almost impossible implementation of some of most popular measures they promised in their electoral program. Failure to fulfill such pledges at outset combined with increasing awareness on part of unions and non-Marxist parties that there will be no real worker participation in management or ownership will add to Allende's problems in his first year in office. Worker councils are anathema to orthodox Communists and if anyone has any doubts about the parochialism of Chilean Communists and of Allende's Marxist-Leninism they should ponder the decision to avoid genuine worker participation (septel on this subject follows).

5. The Marxists are actively pursuing US companies. Dow reports to me that last week it was convoked to a meeting with top Unidad Popular economists-planners Nolff and Bertini who displayed very precise knowledge about Chilean petro-chemical setup and very earnest desire to maintain Dow's presence in some fashion. GM called on Allende Monday and Ford today issued statement on Allende's auto industry plans that indicated willingness to stay in Chile. These and similar straws indicate that Allende will do utmost to maintain international credibility, even to the point of trying to meet

minimal international conditions on copper nationalization. Anaconda poses special problem, I believe, because Allende is convinced it played significant political role in Chile and he will wish to be punitive in one way or another.

6. While Schneider incident will ease anti-Allende pressures within military, the tensions within his own coalition are increasing, between the hard lining socialists including MIR and the gradualists of the PCCh, and between gravy-seeking opportunists such as Tarud or Radical Party hacks and the ideologues.

7. The public had become ever more acclimated to the advent of Allende, being sweetly massaged every night on the three TV channels and protected by a compliant or fearful press from any unpleasant news. The bell-wether of the media, columnist and commentator Luis Hernandez Parker, evoked a tranquilizing dream on his TV program last night (govt channel) in which all those Chileans who had left the country in an “ill-considered panic” would return now that they could verify the democratic normality of the future. Schneider’s wounds may bloody that fantasy but it is true that the Nacionales, who have always presented themselves to us as the true friends of the US, have not only made their peace with Allende, but have ruled out any cooperation with any PDCers in opposing the new President, thus prolonging both respectability of Allende and the divisions that resulted in his victory. The Nacionales also chose to try to save their own skins by seeking to blame the Schneider episode on “foreign agents,” which in Chilean parlance, thanks to the PDC–Marxist vocabulary, means the US.