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The Outlook for Chile Under Allende

Note

In the first nine months of his government of Popular Unity, President Salvador Allende has moved skillfully and confidently toward his declared goal of building a “revolutionary, nationalistic, and socialist society on Marxist principles.” His problems are mounting; but he is still firmly in control, most of his policies enjoy wide popular support, and his ability to manipulate the levers of power is growing. His strategy and timetable are impossible to predict in detail. The purpose of this estimate is to make a general assessment of Allende’s course and its likely effect on Chile’s internal institutions and external relations over the next few years. In it we examine the strengths and weaknesses of Allende’s governing coalition and the opposition parties, the role of the military, the state of the economy, and the new look in Chile’s foreign relations. In a final section we advance some general propositions about Allende’s future problems, factors affecting the survival of a competitive, multiparty political system, and the outlook for Chile’s relations with the US and other nations.

Summary and Conclusions

A. Since it assumed power last November, Salvador Allende’s government has quickened the pace of ex-President Frei’s “revolution in liberty,” and set in motion a major transformation of the Chilean economy and society, posing new challenges to the traditional political order. The ruling Popular Unity (UP) coalition is dominated by Allende’s loosely organized, militantly radical Socialist Party, and the better disciplined, more cautious, pro-Moscow Communist Party. Despite disagreements over tactics and timing, the Socialists and Communists have worked together for years, and there is little short-term prospect of a split serious enough to drive one or the other out of the coalition.

B. The most important opposition party is the Christian Democrats (PDC). It is still the largest single party, with a strong position in Congress, but is factionalized and in financial trouble. Its relations with the other significant opposition party, the conservative National Party, normally are bad. Their recent joint efforts in a congressional by-election produced a victory, and further ad hoc collaboration is likely, but mutual hostility is so great that sustained collaboration against the UP is unlikely.

C. Thus far the regime has directed its economic policies toward popular political ends, concentrating on the takeover of major industries and private banks, acceleration of agrarian reform, and the redistribution of income in favor of the underprivileged. Now inflationary pressures are rising as accumulated stocks are exhausted and production has not kept pace with demand. Imports are rising rapidly and Chile's foreign exchange reserves are dwindling. Potentially, copper export earnings could produce the required foreign exchange, but likely production increases at expected prices would not permit Allende to continue to meet increased demands and appetites of the populace. If accelerated inflation, black markets, and serious shortages are to be avoided, by early 1972 Allende will have to take some politically unpopular actions and seek more outside aid.

D. Allende's dilemma is that, having done all the easy things, he has still not gained sufficient political strength to carry him surely through the difficult times ahead. His popularity seems almost certain to decline as economic problems set in. Many in the coalition would like to avoid the 1973 congressional election, and pave the way to their own extension of power, by holding a plebiscite to replace Congress with a unicameral "People's Assembly," which they would expect to control. But we do not think Allende can count on the electorate to approve such a change at this point and is more likely for the time being to try to exert maximum pressure within the present system to damage the political opposition, or to woo away some of its factions.

E. He might at some critical point turn to more drastic measures, including some unconstitutional moves, but would do so only if he were sure that he had neutralized or had the support of the armed forces. The Chilean military are not now disposed to political intervention. Allende has been assiduously cultivating them to gain their support, and he seems unlikely to provoke them with blatant acts. But domestic events beyond his control, e.g., a deterioration of the economy leading to severe social unrest, could trigger a military attempt to intervene with, or even to oust Allende.

F. Thus the consolidation of the Marxist political leadership in Chile is not inevitable, and Allende has a long, hard way to go to achieve this. Though he would almost certainly prefer to adhere to constitutional means, he is likely to be impelled to use, and to rationalize, political techniques of increasingly dubious legality; eventually he is likely to feel it necessary to employ his considerable Presidential powers to change the political system so that the UP coalition can perpetuate itself in control. The factors operating for and against this outcome are nearly evenly balanced; the actual outcome could be dictated by quite fortuitous circumstances at some key moment.

G. In foreign relations Allende is charting an independent nationalist course for Chile. He is trying to keep open the possibility of credits from European, Japanese and other non-Communist countries. Relations with Communist countries have been expanded and will continue to grow closer. The Soviet Union and other East European states are extending credits and they would probably help Allende in an economic crisis with selective aid measures. Moscow will continue to cultivate channels of influence into Allende's government through the Chilean Communist Party, but will be unsure of its ability to make a decisive impact on key issues, given the strong position of the Socialists and Allende's independent posture.

H. At the moment US-Chilean relations are dominated by the problems of nationalization. There is likely to be considerable contention before the issues are settled and neither the US companies nor the radical Chileans will be satisfied by the terms. Allende himself seems to wish to avoid a confrontation, but as economic difficulties set in there will be a continued tendency to use the US as a scapegoat. The US reaction will be important, but at least some worsening in the present cool but correct relationship seems likely.

[Omitted here is the Discussion section.]