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Telegram From the Embassy in Chile to the Department of State

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6008. Subj: Chile: An Initial Assessment.

1. Summary: After seven weeks in Chile, I have been impressed with changes occurring here in even so short a time. Politically Chile seems to be experiencing increasing confrontation and polarization of political forces. Sharpening economic crisis has stimulated a stronger opposition, and may not have left even the military unaffected. Castro has contributed to Chilean tensions and discontents. Apparently he leaves Chile with the impression Allende is not rpt not gaining ground. As of this moment—it is our impression too.

2. What then? Possibilities seem to be: A) the customary Chilean miracle of transactionalism; B) emergence of an irreversible momentum in Chile's transformation to Socialist control under present policies; C) a GOC shift toward the radical Altamirano–Castro line; D) overt or discreet military intervention; and E) an opening by Allende to the center. Politics seldom produce clear solutions, but—if anything has changed in the past weeks it may be a slight weakening of the likelihood that the first two possibilities will characterize the year ahead.

3. I hope in a subsequent cable to make a few policy recommendations. End summary.

4. Sharpening economic crisis: We have reported shortages of meat, other foodstuffs and consumer goods—and reasons for them. This is more psychological fact than real inability of Chilean middle class to go on living reasonably well. But these Chileans are not much accustomed to privation. Future prospects add to the unease. Now Chile has run out of foreign reserves. Moreover, unavailability of dollar exchange for increasing range of imports is beginning to be reflected in production dislocations, as component parts unavailable in some cases.

5. I am told food shortages became significant factor for first time in October. To give a very subjective illustration of the recency and speed of economic changes, I might report that Embassy econ staff prepared excellent roundup of Allende's first year, which I read in outline. By the time it was completed, typed and returned to my desk I think we all agreed it needed revision—to reflect the oncoming pace of economic difficulties. As for foreign exchange, various projections made here and in Washington estimated a run-down of reserves to a level of about $100 million at end of 1971. Chileans effectively ran out of reserves in November, and debt renegotiation clearly came upon them faster than they themselves were prepared for.

6. Widening opposition. Shortages of food and consumer goods became the pretext for organizing the Women's March, nightly symphony for several days of banging empty pots in upper and middle class neighborhoods, and constant opposition press barrage of criticism. Private-sector meeting at Caupolican indoor stadium was impressive. Private-sector leaders say that businessmen, opposition politicians, newsmen and even some labor people are beginning to talk, and

beginning to cooperate. Papelera fight has rallied and united cash-rich Chileans in buying up stock of the newsprint company to thwart a government takeover. Psychologically it has given beleaguered upper-middle class an outlet for action. GOC may ultimately do-in Papelera some other way, but opposition has exhilaration of its momentary victory. Law school sit-in by anti-UP students has similar emotional elements. Each car passing on that busy avenue toots its support if driver is with students, with Boeninger, and against destruction of free university. Sit-in raised spirits, even if outcome of university test-of-strength highly uncertain.

7. Christian Democrats have not only gone into more aggressive opposition, but have also seized some tactical initiative. Albeit largely a negotiating and maneuvering posture, decision to initiate impeachment Toha is one example. Opposition bill on defining public, mixed and private sectors is another. Strategies on budget, wage bill, union elections, worker-owned enterprises, planned Dec 16 stadium rally, cooperation with National Party on January by-elections are further examples. Growth of opposition sentiment in PDC parallels their declining confidence in person and word of Allende. President has expended much of his capital in this regard—and it was an important asset during year just past. (On other hand, we should not forget most PDC leaders would still prefer to accommodate PDC interests with those of GOC.)

8. Perhaps what is significant now is growing conviction in opposition parties, private sector and others that opposition is possible. This has replaced earlier mood of resignation with which business community reacted to buy-outs, or politicians despaired of “saving” Chile.

9. Even more important, is increasing realization that opposition is necessary. What govt is doing goes beyond transactionalism. UP objectives are increasingly seen as incompatible, and as going beyond what can be accepted. If opposition interests are to be protected, confrontation may not be avoidable.

10. Military attitudes remain great ambiguous unknown of Chilean politics. CAS and DATT reports of discontent and plotting in the military services have been substantially greater during past two months than before. I shall not attempt to summarize them here. Picture that emerges—insofar as we have any real knowledge—is still far short of any imminent readiness for direct action. It has been galling to military and civilians to have men in uniform tear-gassing women. Some of the officers’ own women folk were in that parade protesting shortages officers themselves have experienced. It is galling to have it implied women are braver than they—not decisive to disciplined men—but galling. On positive side from point of view military morale was fact that assumption of command in state of emergency led to calming of disorders. Pinochet apparently enjoys his role and success. Each time Allende is obliged to call in military to cope with problem there is subtle psychological enhancement of potential military prestige. All these factors are operating at the margin, but it is significant that military potential for playing a role in forthcoming months is perhaps slightly increasing.

11. Violence. Over past weeks there has been some tendency toward increasing resort to violence on part both UP and opposition. Violence of past days is obvious—and now subsiding. Persistent rural violence centered in Cautin Province derives in part from resistance by small farmers to land seizures. In the city, “invasion” of Moneda, disturbance near President’s residence and alleged attacks on automobiles of senior government figures appear to have given Allende government a scare.

12. Castro. In its impact on Chilean domestic scene, Castro visit does not seem to have helped Allende. He did not succeed in convincing Chuquicamata miners to climb off wage demands, nor is there much evidence that his appeals for unity of leftist forces in Chile had great impact. Middle-class Chileans became more resentful as his interminable visit progressed. His initial impeccable behavior deteriorated, as he blatantly engaged in political campaigning in O’Higgins and Colihagua, deprecated Chilean press and parliamentary freedoms, attacked Uruguay from Chile, and made other sallies into what Chileans regard as their internal affairs. He was basely attacked by Chilean rightist press, which seized on photograph of

Castro dancing with Chilean aide-de-camp to insinuate homosexuality and general boorishness. These attacks undoubtedly contributed to Castro's disillusionment with Chilean situation and his openly expressed skepticism that Chilean revolution succeeding.

13. Castro made point of confirming Socialist-Communist belief that without mass mobilization, revolution ultimately cannot be guaranteed. A successful effort at mobilization may need both foreign and domestic devils. Effort to create latter could make impossibly difficult attempt at transactional settlements with opposition, pushing Allende and UP toward extremism. Extremist solution would also imply intimidation of opposition. There are some indications UP is already, in limited way, trying to frighten some of its opponents into silence or acquiescence. However, we believe this is not yet general, overall policy line.

14. Both from CAS reports and Castro's public comments, it is clear "The Commander" left Chile with an impression of disarray. In general, Chilean Government has not given appearance during past weeks of great surefootedness and confidence. If it is Castro's impression Allende is not gaining ground, it is also ours—as of this moment.

15. The months ahead. It is not our impression that Chile is yet on brink of showdown. In fact, there is some reason to believe that new opposition spirit could prove transitory. Moreover, Christmas is fast approaching and Chileans are notorious for their attachment to January–February holiday season. Living is easier in the summer time. Nevertheless, there are ugly, unresolved issues ahead. Budget and annual wage adjustments will be tug of war. It seems unlikely that Chuquicamata miners can be placated with modest gains. University plebiscite, if ultimately held, could produce serious government reverse and, if not held, new crisis. By-elections present Allende with serious test. Government reorganization bill, bill defining public mixed and private sectors, threat of Toha impeachment and possible national plebiscite loom in background. Local guessing remains that political and economic crisis will come to a head sometime after January–February holiday season and before local winter is over.

16. What then? Following seem to be main possibilities:

A. Transaction, compromise and a sort of patching up in traditional Chilean style. My colleagues continue to warn me that events move slowly in Chile, or perhaps better said, Chileans have great ability to rush to the brink, embrace each other and back off. With Russian and East European help, some debt relief imposed by the debtor's inability and unwillingness to pay, and with some breaks, Chile just might be able to rock along for some time to come.

B. The "taking-hold" of the irreversible process of Socialization under Communist tutelage. UP has operated on fundamental precept—that one key to irreversible revolution is transformation of Chilean economic structure to system of centralized state control. Reflecting on Allende's first year, Minister of Interior Toha observed that while government had served one-sixth of its mandate, it had implemented far more than one-sixth of its programs. Opposition's economic base is fragile, and it is not difficult to conceive of successful undermining by financial starvation of remaining media outlets and the takeover of remaining large opposition enterprises. They have already come perilously close. Despite some heating of its rhetoric, Communist Party still appears to favor this economic approach to its political problem.

C. A shift in Allende's tactics to embrace the radical Altamirano–Castro line. This could be either gradual or sharp. As noted above, while Castro came preaching unity and moderation, he left avowedly more revolutionary than when he came. Castro must have had heart-to-heart talk with Allende before he left. Apart from Castro, economic and political trend of events is pushing Allende toward the hard choice between his professed democratic constitutionalism and his own continuing command of Chilean reality. It is becoming clearer with the months that Altamirano and Lenin may be right—that you can't have revolution without a revolution. If Allende should make choice for radicalism and repression, to "use fear," Chilean military will face crucial decision.

D. Military intervention. Conventional wisdom both here and in Washington is that prospects of military intervention for foreseeable future are extremely small. It is held that military will turn blind eye to virtually any constitutional abuse—and Allende is smart enough to avoid abuse so flagrant as to force open that blind eye. Other possibility is that public repudiation becomes so overwhelming, and discontent so great, that military intervention is overwhelmingly invited. It is held that military will wait for this public repudiation to become more clear and more open than it is likely ever to be. I do not challenge foregoing judgments, but I am not sure how far in the future they can be relied on as rock-solid premises of U.S. policy. I note that there is considerable variety in ways military might intervene, and behind-the-scenes pressure on Allende or greater effective military participation in the governing process are also possibilities.

E. An opening to the center. As Chile's crisis deepens, it is not inconceivable that Allende might turn away from the radical solution of the Altamirano Socialist, and move toward the center. This could take a number of forms, including a simple backing-off by Allende from more provocative and radical programs. In doing so, he might materially increase his chances of splitting Christian Democrats in truly significant way—still a major Communist–Allende goal. On Allende's other flank, UP might suffer greatly intensified internal strains—already evident in present situation. Widespread left-wing terrorism would become more likely.

17. Politics seldom produce neat solutions. We may find that what actually happens in Chile is a mixture of bits and pieces of all the alternatives discussed above—and other alternatives not treated here. What does seem to be happening is that Allende's present course is working less well. If this trend continues, it will increase pressures on Allende to move toward radical solutions or in other directions. Allende's decisions may in turn sharpen the choices of his opposition and also of the military. The tempo of Chile's experiment in the via pacifica seems to be quickening. In light of this, U.S. policy makers may wish to consider some thoughts I hope to present in a subsequent telegram.