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Memorandum of Conversation

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Nota de Archivo: *Santiago. Source: National Archives, RG 84, Santiago Embassy Files, Box 17, Allende Government, July–August, 1972, NND 989625. Secret. Drafted on July 10 by Arzac. The meeting was held at the apartment of [name not declassified]. Arzac wrote on the upper right-hand corner of the page, "SENSITIVE. If discussion necessary, go to 'tank' for it. Do not discuss with other Sections' officers without clearance from me." He initialed his comment.*

[name not declassified]

[name not declassified]

[name not declassified]

[name not declassified]

Daniel N. Arzac, Jr., Political Counselor

Political Situation

1. [name not declassified] did most of the talking, the others inserting themselves from time to time to reinforce a point. [name not declassified] said he had invited me to meet informally with the leaders of the 35 PDC parliamentarians (probably Deputies), who are not entirely happy with the way the PDC is going under its present leadership. They were dissatisfied with the assistance in effect given by the U.S. to Allende such as in the debt renegotiation, and they hoped that, with the U.S. elections out of the way, the next sessions in December would find the U.S. taking a stronger line.

2. [name not declassified] main pitch, presented persuasively and eloquently, was that the present assistance being provided to the PDC from U.S. sources should not be put in the hands of the present leadership of the party. We were thereby playing into the hands of those who want to cooperate with Allende. Fuentealba's group in the party is fundamentally the same in its philosophy as those who left the party, and the links with those who went to the UP remain. Fuentealba's basic ambition is to be Chile's next president, and he will cooperate with Allende in pursuit of this goal. The Fuentealba group uses the funds received from the U.S. and elsewhere abroad as a weapon to keep the more level-headed Frei-liners under control. Examples were given of the heavy expenses a Deputy has to meet, which would be impossible without the help of the party. Indeed, there were 20 members of the group of 35 [name not declassified] had mentioned who literally were unable to go to Coquimbo to campaign.

3. [name not declassified] mused that given their philosophy, it was understandable that the European Christian Democrats, [less than 1 line not declassified] should be assisting the Fuentealba faction. American firms operating in Chile had unaccountably taken a similar view, perhaps feeling that the harder-line PDC majority was in any case sympathetic and that they should look to Chilean sources for help. The latter had in fact mostly helped the PN, and those still in a

position to contribute understandably continue to help the PN. [name not declassified] said Eduardo Frei had telephoned from Europe that he would withdraw from the PDC should it reach an agreement with the UP on the “three areas.”

4. Through [name not declassified] I would be introduced in the near future to the career official in charge of narcotics work who was fired by the present authorities. I would learn from him in detail how the Allende officials are personally involved.

5. The Deputies were highly complimentary about the July 4 reception, remarking that the Soviet Embassy is the only other mission which invites all members of Congress to its National Day celebration.

6. [name not declassified] expects to become President of the Cham-ber of Deputies in the near future.

7. [name not declassified] remarked early in the conversation that what is significant in the present political situation is that the UP has managed to consolidate a solid 40 percent support from the Chilean electorate and that this development had serious political implications for the future. [name not declassified] in particular denied that the UP had gained so high a figure, arguing that 35 percent was probably more accurate, but he and the others agreed that even at this lower figure the picture was not good. The four Deputies were gloomy about the prospects in the Coquimbo by-election scheduled for July 16.