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Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)

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NIE on Chile

Attached per your request is the NIE on Chile, completed last month before the recent abortive coup. That uprising may have strengthened Allende's position. Any further unsuccessful move by the military would certainly do so. In general, however, I believe the recent events have not substantially altered the conclusions of the NIE.

The NIE focuses on the prospects for consolidation of President Allende's Marxist regime in Chile. It makes the following major points:

—While Allende has made important political gains and has the assets for still further gains, he has not yet consolidated power and is faced with very substantial problems.

—Allende has been particularly effective in controlling his own coalition and in dealing with the military, using their apolitical tradition to his own advantage. He has also been strengthened by divisions among the opposition parties.

—As a minority President, Allende faces an opposition which controls Congress and is influential in the judiciary, the news media, the educational system, organized labor and some sectors of the economy.

—He also faces a seriously deteriorating economic situation. His own strategy for consolidating political power creates economic and political tensions which could ultimately undercut his present gains.

—Allende will continue to be unwilling to shore up his economic position at the cost of an austerity program and taking the necessary actions to improve relations with the US in order to increase credits from traditional Western sources. He would probably only agree to pay for expropriated US companies as part of a package deal including debt rescheduling and the opening of new credit lines through international lending agencies. (An early settlement with Cerro may disprove this generalization.)

—Chile is experiencing an erosion of respect for constituted authority and a polarization of society. This will contribute to a continuing series of political crises and confrontations prior to the next elections in 1975 (municipal) and 1976 (presidential).

—While unrest within the military is growing, sufficiently broad military support for a successful coup is unlikely unless there should be: very widespread disorders; complete economic collapse; or a decline in Allende's popular appeal; broad

commitment to a coup by the political opposition and intransigence by Allende in the face of demands from the military.

The NIE posits three broad general directions for events in Chile. It concludes that a political standoff between Allende and his opposition is the most likely outcome, with the chances for his consolidating power or for repudiation of his regime by the opposition being about equal. The US lacks powerful or reliable levers for influencing the final outcome. Continued encouragement of constraining forces within Chile and continuing economic pressures could have some limited impact. But a policy of open, all-out economic pressure would help Allende more politically than it could hurt him economically.