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Telegram From the Embassy in Chile to the Department of State

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1161. Subj: Conversation with Frei (#2—Chilean Politics). Ref: Santiago 1160.

1. Frei's interpretations of election results varies so little from our own that I will eschew repetition here to focus on current issues.

2. Frei and Tomic had a very long meeting in the Moneda the week following the elections. Tomic analyzed Chilean problems, emphasizing his conviction that control of inflation and therefore government was impossible without the willing cooperation of Chilean workers. The only way this cooperation and "discipline" could be attained was by a government of "Popular Forces"; the only manner by which such a government could be fashioned was the participation of all popular forces in the formulation of its program and the selection of its candidate. If there were not such a program, Alessandri might win or not win, but in any event no PDC candidate could govern effectively. Hence he argued in favor of the (Communist-planted) proposal that there be a national convention of all "Popular Forces" to select a common candidate and program. He would be the most likely candidate. (See Santiago's 1075 paras 5 etc.)

3. Frei told Tomic that such a tactic and strategy would be ruinous for both the PDC and Chile. It was an absurdity that he would oppose by every means. Aside from the dubious postulations, he told Tomic that the realities of Chilean politics overwhelmingly negated Tomic's calculation of emerging as the "popular candidate." In the event of such a convention were the following:

A. Loyal Democrats would propose Tomic, the FRAP would hold out for Allende and the Radicals would have the balance of power. They would never accept Tomic and would vote for Allende.

B. The Communists would divide from the Socialists and the Radicals would align with the anti-Tomic Socialists to which the Communists would adhere once they decomposed the PDC and destroyed Tomic.

C. The convention would nominate Tomic. Adonis Sepulveda (one of the most extremist Socialist powers) would become Director of Investigations; Castroite Senator Altimirano would become Minister of Foreign Affairs or even the Director of Social Security. Did Tomic really believe such a government could last more than a fortnight? Didn't he know Chilean history?

4. After Frei analysed some of Tomic's ideological and socio-economic assumptions, he told him he would oppose him by every possible means if he pursued this "cut rpt cut syndrome." Tomic pleaded his case anew and Frei reiterated that although they would maintain friendly personal relations, he would fight him all-out unless he changed his mind. Tomic then asked what would Frei do in his place.

5. Frei replied that he would gather some of the 40 top PDC-ers of weight ("men like Hamilton, Carmona, Aylwin, Fuentealba") and map a strategy whose tactic would be an independent PDC candidacy. He would tell the group that he wanted an independent PDC definition but that he would welcome support without conditions or commitments from left or right. He would then in harmony with evolving policies of the GOC under Frei (who would jib his sail to conform) launch a coordinated and united effort of the party for the elections. Tomic could win if there were party unity and between party and government, backed by dedication, some luck in the weather and continued support from the US.

6. Tomic's comment was "Ah, Eduardo, that is the difference between us. You see things clearly always. I cannot. I have so many different pulls and tugs on my mind."

7. Inter alia of note, Tomic argued that the US would accept gradual nationalization of copper, that the GOC should do so, paying out their normal remittances to the copper companies in the form of compensation. The US Ambassador had told him so. Of course, they would and of course he did, Frei said, but he also told you that such actions would free up other capital. Do you think that copper and mineral companies would invest after seeing Chile take some $6,000,000,000 in investments from the copper companies and the US and then immediately nationalize?

8. Tomic also argued in favor of nationalization of foreign trade, saying such a measure would block flight of capital (a Tomic obsession). Frei said wealthy Americans and wealthy and not so wealthy Frenchmen invested abroad. If he were not President of Chile, he told Tomic, and if he suddenly had ten million escudos, didn't he think he would invest one million [garble—down the?] road? He understood perfectly why the Augustin Edwardses and the Yarurs of Chile did so when the country had such a history of inflation and other unstabilizing elements. You could not decree against such export of capital and if you tried to do so, particularly when the amounts were not really significant, (as the black market stability of the past year shows) it would only accelerate the flight and decelerate investment and economic activity in Chile.

9. Frei showed me letter he had just written to Tomic to be delivered same night. In it he reiterates his implacable opposition. He decided to write following what he termed ridiculous spectacle of Ercilla and Washington Post Tomic Interviews. In any other country a politician would be utterly dismissed after such shenanigans. Tomic in effect had argued like a homeowner who said he would negotiate with the homeowners on either side of him but when questioned declared that he had never mentioned the word "neighbor." Interviews and subsequent explanations had persuaded Frei that Tomic was undeterred in his desire to be PDC candidate by means of the cut syndrome.

10. Frei also formed political action committee of eight to capture PDC Junta. He mentioned Senators Hamilton, Carmona, Aylwin and Deputy Sanhuza among them. They in turn had organized twenty teams of militants which had left Sunday to contact every PDC asamblea. He was confident that the "no more than 15 percent of the party which Terceristas and Rebeldes comprise" would not impose their will again. He lamented that this minority exploited the casualness of the majority to such a degree it could dictate so easily in the past. A ministerial committee of three, (Valdes, Zaldivar and Castillo) were operating on his behalf in the Congress, with the Directiva and with others. Ercilla's report of a meeting in which a group of Ministers allegedly offered a blank check to Tomic on program if he steered clear of alliances with the Marxists was Tomicista propaganda.

11. Frei believes Tomic may still swing around to his view. In any event he will not leave anything to chance at the crucial junta in May. If Tomic were the candidate, and Frei said flatly he would be the strongest single man the party could present, and if Tomic's strategy were acceptable, then Frei would agree to change two or three Ministers to conform to the need for "unity." (Min Interior Perez Zujovic would be the first to go, I suspect.) If Tomic did not play the game, then Frei did not know what might occur. He thought there was some possibility of a deal between Leighton and the Radicales. (Although he did not put much stock in in it. I reckon he harbors more hopes than he will admit.) He said he had talked with one time Vice-President of Chile (1946 following death of President Rios) Alfredo Duhalde (Radical) and that PR

President Miranda had been sending out feelers for a meeting with Frei.

12. Frei said that he was not certain that Alessandri would win the 1970 elections. Between 30 and 35 percent of the electorate would be easy for the ex-President, but above 35 he would encounter strong resistance. If the PDC did not have a strong candidate and platform, Allende or some other FRAP candidate would make a very strong bid which might well be triumphant.