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Telegram From the Embassy in Chile to the Department of State

Identificador Archival:	frus:frus1969-76ve16/d24
Agencia Emisora:	Departamento de Estado
Fecha del Documento:	1970-09-22
Colección / Serie:	FRUS 1969–1976, vol. E-16: Documentos sobre Chile, 1969–1973

Nota de Archivo: *Summary: In this telegram, Korry discussed the post-election political climate in Chile. He focused his analysis on Chilean President Eduardo Frei and Minister of Defense Sergio Ossa, and centered his discussion of the military's role in politics on General Viaux. Source: National Archives, RG 59, Central Files 1970–73, POL 15 CHILE. Secret; Immediate; Limdis; Noforn. Repeated to USCINCSO, Asunción, Bogotá, Brasilia, Buenos Aires, Caracas, Guatemala, Kingston, La Paz, Lima, Managua, Mexico City, Montevideo, Panama, Port au Prince, Port of Spain, Quito, Rio de Janeiro, San Jose, San Salvador, Santo Domingo, and Tegucigalpa. The message is Part I of two parts. The second part was sent as telegram 3828 from Santiago, September 22. (Ibid.)*

3824. For Chiefs of Mission only. Subj: Frei: Transacting the Future (Part I of II Parts).

1. There are now 33 days left before the Oct. 24th Congressional runoff that will decide Chile's future if there are no intervening surprises. In the 17 days since the Marxist Allende won a plurality, little on the surface has changed. The country is calm; the armed forces are acting the part of sturdy guardian of the Constitution; the economy is damaged but a great deal of business goes on as usual; Frei plays his aloof public role of President of all Chileans.

2. Beneath this surface calm, there has been a significant amount of movement on both sides, by those who wish to establish a Marxist-Leninist state and by those opposed to it; and equally important there is kind of dialogue between these two protagonists. What follows is the view of one observer who has handicapped his perception by limiting his Mission's contacts to only those who seek us out; there are no longer many of those but we believe we are well-informed.

3. Frei remains the central figure. His moves determine the pace, the direction and the form of a situation that has far more flux than 99.99 pct of the Chileans know. His style is that of all politicians—of transaction. Transaction signifies mobility, maneuverability and manipulation. The three materials that the President is trying to mould into some coherent form are the public, the army and the parties.

4. With the public, Frei is seeking, rather successfully, to safeguard his popularity and their confidence. He wants tranquillity in the streets while he pursues his political goals; he wants to avoid any perturbing, and more importantly, any unexpected developments that could upset his manner of doing things. He wants to maintain an aura of government control of the situation, of the seriousness of his ministers, of the correctness of their actions in handling the deepening problems of the economy. For example, if he were to precipitate closings of factories and enterprises by deliberately squeezing credit, he would be very vulnerable to the Allende accusation of showing panic for political purposes and he would run the undoubted risk of provoking reactions for which he is not yet prepared.

5. With the armed forces, Frei has been using the Minister of Defense, his trusted intimate, Sergio Ossa while avoiding any direct or frank communication. Having established before the election the so-called Schneider doctrine (named after the Army CINC) of strict constitutionalism, the President is corseted by the tight application that Schneider gives to his

profound belief in the apolitical role of the Chilean military. Schneider emphasized his doctrine in his Sept. 19th Independence Day message to the army while Frei's declaration that day had much more subtlety and amibiguity (Santiago 3807). Schneider wants no options that would invite armed forces to undo what the politicians have wrought in Chile; Frei detests closed doors as much as unequivocal decisions.

6. Hence the task of "educating" the armed forces has been assigned to Ossa in the first instance. Because Frei was sincerely fearful of an Allende electoral triumph, Ossa's main task in the past 11 months that he has held his post, has been to gain the confidence of the officer corps, to size up each general and admiral, and to forge a semblance of unity among a military scarred by the fallout of last October's army sitdown strike, by partisan Presidential preferences and by career and service competitiveness. Ossa, too, has been "rather successful" in these tasks. In the 17 days since the election, he has been trying to thread the ribbon between Schneider's constitutionalism and Frei's consternation over the prospects of an Allende Presidency. Ossa has been planting doubts about the survivability of democracy in Chile, about the future status of the armed forces, about the links between Chile and the non-Communist world. He has been postulating alternatives that are designed to make the armed forces reflect and to provoke them into consideration of alternatives.

7. The declaration last week by General Viaux, the leader of last year's strike, included the hand of Ossa (read Frei) as well as those rightists who wish to prevent Allende from assuming power by a typical Latin golpe. It has the effect of uniting the armed forces and of reinforcing the notion of a special role for the military in political context. Since then, the high command has also reached another significant if still not determinant conclusion—that it would be prepared to confront a popular uprising—the civil war threat pinned to the Marxist standard—in defense of the constitution. Still more recently, the armed forces have had a whiff of the possibility of a cabinet shuffle in which the military might have to assume a number of ministerial posts under Frei and which, just might by chance, convert Schneider from the dominant immobilizing force in the military to just another cabinet minister. Whether these are more of Frei's Swiss soundings or part of a skillful scheme is not yet certain.

8. The action that would spark the shuffling of military into the government deck would be a report to the nation this week by the Minister of Finance, Andres Zaldivar. He and his close associate Minister of Economy Carlos Figueroa, have ostensibly been preparing the past few days a "technical" report on the state of the economy for the President. They have been aided by teams of specialists on each sector of the economy. All participating in this "study" are bound by only one glue—their total opposition to Allende. The motivation for the Zaldivar report would be the truly damaging effects of the post-electoral reaction to the Allende plurality—the enormous public liquidity that resulted from massive govt support to banks, savings and loan associations and to businesses, the reluctance of consumers to buy or to save, the downturn in production, the closing of some businesses and the flight of technical and managerial talents.

9. If such a message is to be delivered to the nation, Frei must calculate the effects very finely indeed. He does not wish to provoke a panic; he does not wish to expose himself too much politically to the charge of political motivation; he does not wish to affect the public's, the parties' and the military's awareness of alternatives; he does wish to ripen the situation a little, but not too much, to increase his overall leverage. The critical questions he must answer—and I believe he is formulating his judgments today—is whether he can justify the sobering economic report and whether that report would justify the resignations of Zaldivar and of Figueroa. Both these gentlemen are ready to resign if Frei gives the green light; the military is ready to assume portfolios that would flow from the collective resignation of the entire cabinet.

10. An indispensable ingredient in this package would be the inclusion of Schneider in the new cabinet. His displacement would permit the naming to the army CINC slot of a general less disposed to "constitutionalism" and more determined in his opposition to Allende. The next in line to Schneider would be Chief of Staff Gen. Prats, who would meet these qualifications but there are other candidates under consideration. The service chiefs in considering this possibility have stated they wished to keep Ossa as Min Defense and Zaldivar and Figueroa as "technicians" in fields in which they confess

their total ignorance. Unlike Peru, the Chilean military does not have to assume a quasi-revolutionary role of great reformers since the politicians have a monopoly on that field. Thus the military might not assume more than a few portfolios, if this scenario were to be Frei's choice; Interior, Labor, Health, Public Works would be probable designations. I cannot repress my profound hope that Frei would name Schneider as the new Foreign Minister in place of Gabriel Valdes, the man recommended to Allende by Fidel Castro as the best possible Foreign Minister in his new govt. Although Schneider is far more qualified for the post than Valdes, I doubt if Frei can ever bring himself to break with his lifetime friend and entertainer. Frei is meeting with Schneider alone today for the first time since the election and we shall know the drift soon. (End Part I)