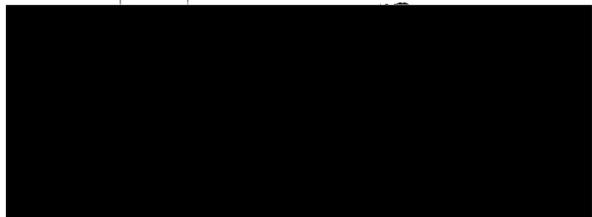




~~Secret~~
No Foreign Dissem

11 June 75

~~Secret~~



~~SECRET NO FOREIGN DISSEM~~

2

15c

WESTERN HEMISPHERE BRIEF [REDACTED]

CHILE: IN HIS FIRST PUBLIC INTERVIEW SINCE THE MILITARY COUP, FORMER PRESIDENT EDUARDO FREI STRONGLY ATTACKED THE GOVERNMENT'S ECONOMIC POLICIES IN AN APPARENT ATTEMPT TO PROBE THE ACCEPTABLE LIMITS OF DISSENT. WHILE JUNTA MEMBER AND AIR FORCE COMMANDER GEN. GUSTAVO LEIGH RETORTED WITH A THINLY VEILED BUT SHARPLY WORDED BLAST AT FREI AND "DENAGOGIC POLITICIANS," THE GOVERNMENT AVOIDED A CONFRONTATION COURSE WITH THE PROMINENT CHRISTIAN DEMOCRATIC PARTY LEADER. [REDACTED]

THE WIDELY CIRCULATED NEWSWEEKLY ERCILLA, A SUPPORTER OF THE CHRISTIAN DEMOCRATS, CARRIED THE ARTICLE IN WHICH FREI DISAGREED WITH THE GOVERNMENT'S ECONOMIC RECOVERY PROGRAM AND ARGUED THAT GREATER RELIANCE ON THE FREE MARKET MECHANISM AT A TIME OF SEVERE ECONOMIC DIFFICULTY WILL ONLY WORSEN THE COUNTRY'S SITUATION. FREI DID NOT SPELL OUT ANY CLEAR SOLUTION OF HIS OWN BUT SUGGESTED THAT STATE INTERVENTION WAS NECESSARY TO BREAK INFLATIONARY PSYCHOLOGY. [REDACTED]

MOST OF FREI'S COMMENTS DEALT WITH ECONOMIC MATTERS, BUT POLITICAL OVERTONES WERE OBVIOUS IN HIS STATEMENT THAT SOLUTIONS FOR

~~SECRET NO FOREIGN DISSEM~~

15c

CHILE'S "PROBLEM" WERE NOT TO BE FOUND EXCLUSIVELY IN THE ECONOMIC REALM. HE NOTED THAT POLITICAL, SOCIAL, AND HUMAN FACTORS WEIGHED HEAVILY IN THE RESOLUTION OF CURRENT DIFFICULTIES FACING THE COUNTRY. IN A DIRECT ALLUSION TO CHILE'S UNFAVORABLE IMAGE ABROAD, FREI STATED THAT A HIGH PRICE WOULD HAVE TO BE PAID DOMESTICALLY IF CHILE FAILS TO OBTAIN BADLY NEEDED FOREIGN ECONOMIC ASSISTANCE.

IN ADDITION TO THE MUDSLINGING RESPONSE BY GENERAL LEIGH--WHOSE ATTACKS ON POLITICIANS AND GOVERNMENT CRITICS FREQUENTLY BORDER ON SLANDER--SEVERAL OTHER STAUNCH JUNTA SUPPORTERS CAME TO THE GOVERNMENT'S DEFENSE IN THE PRESS AND IN SOME CASES ACCUSED FREI AND HIS PARTY OF "COWARDLY AND UNDERHANDED" OPPOSITION. OUTSIDE OF LEIGH AND HIS SUPPORTERS, HOWEVER, OTHER GOVERNMENT FIGURES SEEMED INCLINED TO ADOPT A MORE MODERATE APPROACH IN DEALING WITH THE OPPOSITION. AS LONG AS CRITICISM REMAINS WITHIN CERTAIN CONSTRAINTS, SUCH AS THE DIALOGUE ADVOCATED BY FREI, THE GOVERNMENT PROBABLY WILL ACCEPT A LIMITED DEGREE OF CHALLENGE ON SOME ISSUES. IF THE ECONOMIC OR SECURITY SITUATION BEGINS TO SLIP BADLY, THE JUNTA CAN BE EXPECTED TO REVERT TO STRINGENT MEASURES TO CLAMP DOWN ON ALL DETRACTORS.

~~SECRET NO FOREIGN DISSEM~~

THE MURDER LAST WEEK OF AN ARMY OFFICER, APPARENTLY AT THE HANDS OF LEFT-WING EXTREMISTS, MAY GIVE MILITARY LEADERS SOME PAUSE AND PERHAPS HARDEN THEIR RELUCTANCE TO LOOSEN UP ANY FURTHER ON THE POLITICAL FRONT. THE KILLING MARKS THE FIRST MAJOR INCIDENT OF TERRORISM SINCE THE JUNTA OVERTHREW ALLENDE, AND IF RESPONSIBILITY IS ATTRIBUTED TO THE LEFT, THE GOVERNMENT MAY TIGHTEN UP RESTRICTIONS AND ABANDON ANY THOUGHT OF MOVING TOWARD A MORE TOLERANT POLICY IN DEALING WITH ITS OPPONENTS. [REDACTED]