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DENIED IN FULL

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**SECRET**

(classification)

(dissem controls)

FRAMEWORK, PRESIDENT ALLENDE DISAGREED WITH THIS OPINION AND STRONGLY STATED THAT IT WAS FUNDAMENTAL FOR HIM TO RESPECT THE CONSTITUTION, DESPITE THE PROBLEMS WHICH ARE CURRENTLY FACING THE COUNTRY, AS HE AGREED TO DO PRIOR TO HIS CONFIRMATION BY CONGRESS IN 1970. (REDACTED COMMENT: DESPITE ALLENDE'S STAND, U.P. PARTY LEADERS FEEL THAT THE PRESIDENT WILL RESPECT THE MAJORITY VIEW OF THE U.P. ON THIS ISSUE.)

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2. FOLLOWING A BASIC AGREEMENT REGARDING THE NEED TO DESTROY THE POWER BASES OF THE POLITICAL OPPOSITION; I.E., THE CONGRESS, THE JUDICIARY AND THE OFFICE OF THE COMPTROLLER GENERAL, THE U.P. LEADERS DECIDED THAT THE GOVERNMENT SHOULD UNDERTAKE THE FOLLOWING ACTIONS: A) CAPITALIZE TO THE GREATEST DEGREE POSSIBLE ON OPPORTUNITIES TO INCREASE U.P. CONTROL OVER ALL ASPECTS OF THE CHILEAN INFORMATION MEDIA) B) INITIATE DIRECT CONFRONTATIONS WITH THE THREE INSTITUTIONAL POWERS CONTROLLED BY THE OPPOSITION; AND C) INSTITUTE A PARITY OF INCOME THROUGH THE PLAN FOR A SINGLE SCALE OF WAGE AND SALARY ADJUSTMENTS.

3. IN LIGHT OF THE FOREGOING, THE U.P. LEADERS AGREED, DESPITE THE OBJECTIONS OF THE PRESIDENT, TO TAKE THE FOLLOWING FOUR IMMEDIATE ACTIONS IN THE GOVERNMENT'S OFFENSIVE AGAINST THE

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OPPOSITION. FIRST, THE GOVERNMENT MUST NOT ALLOW ANY INTERCHANGE OR CONSULTATION BETWEEN THE PRESIDENTS OF THE HOUSES OF CONGRESS AND THE COMPTROLLER GENERAL. SECONDLY, THE PRESIDENT MUST WITHDRAW THAT PORTION OF THE CONSTITUTIONAL REFORM BILL ON THE THREE AREAS WHICH HE SENT TO THE COMPTROLLER GENERAL ON 5 JUNE. THE OBJECTIVE OF THIS IS TO IGNORE COMPLETELY THE CURRENT DISCREPANCY OVER THE THREE AREAS BILL. THIRDLY, THE U.P. SHOULD CONTINUE WITH ITS TACTIC OF HAVING ANIBAL PALMA, SECRETARY GENERAL OF GOVERNMENT, PRESENT NO DEFENSE IN RELATION TO THE COURT CASE AGAINST HIM OVER THE CLOSURE OF RADIO AGRICULTURA. THE U.P. ASSUMES THAT THE COURTS WILL RULE AGAINST PALMA, SINCE HE WILL MAKE NO DEFENSE OF HIS ACTIONS. IF PALMA IS IN FACT SENTENCED BY THE COURTS, THE U.P. BELIEVES THE INCIDENT WOULD CREATE AN IDEAL RALLYING POINT FOR A MASSIVE POPULAR OUTCRY WHICH WOULD WORK TO REDUCE THE AUTHORITY OF THE COURTS. [REDACTED]

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COMMENT: THE U.P. DOES NOT BELIEVE THAT THE COURTS WILL HAND OUT ANY HARSH PUNISHMENT TO PALMA ON THIS ISSUE.) [REDACTED] COMMENT: PALMA IS BEING CHARGED IN CRIMINAL COURT FOR FAILING TO COMPLY WITH A COURT ORDER TO REOPEN RADIO AGRICULTURA. REFERENCE IS MADE TO EMBASSY TELEGRAM (SANTIAGO 2435) FOR BACKGROUND DETAILS.)

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THE FOURTH PROPOSAL, WHICH IS THE ONE PRESIDENT ALLENDE IS MOST IN OPPOSITION TO, RELATES TO SANCTIONS AGAINST THOSE RADIO STATIONS WHICH AT ONE TIME OR ANOTHER JOINED WITH RADIO AGRICULTURA IN A COMBINED RADIO NETWORK. THE U.P. LEADERS BELIEVE THAT THESE RADIO STATIONS SHOULD BE CLOSED DOWN FOR A GIVEN NUMBER OF DAYS OR THAT LEGAL CHARGES SHOULD BE BROUGHT AGAINST THEM.

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4. WITHIN THE U.P., THE ONLY DISCREPANCY BETWEEN THE INDIVIDUAL PARTIES REGARDING THE QUESTION OF STRONGER ACTION AGAINST THE OPPOSITION IS BETWEEN THE PCCH AND THE PS. HOWEVER, THE DIFFERENCES RELATE ONLY TO THE TACTICS WHICH SHOULD BE FOLLOWED. THE PCCH BELIEVES THAT THE BEST STRATEGY WOULD BE TO USE CONCRETE POLITICAL ISSUES TO ATTACK THE OPPOSITION'S STRENGTH, WHILE THE PS FAVORS THE INITIATION OF A BELLIGERENT PROGRAM TO BE CARRIED FORWARD AT ALL LEVELS AGAINST THE OPPOSITION. FOR EXAMPLE, ONE SECTOR OF THE PS IS SUGGESTING THAT THE THREE AREAS BILL SHOULD BE ENACTED INTO LAW IN ITS ENTIRETY, WHICH WOULD RETURN THE PRIVATE ENTERPRISES TAKEN OVER BY THE STATE SINCE

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OCTOBER 1971 TO THEIR ORIGINAL OWNERS. THIS, THE U.P. BELIEVES, WOULD BRING ABOUT SUCH A POPULAR OUTCRY THAT THE CLASS STRUGGLE IN CHILE WOULD BE INTENSIFIED. [REDACTED] COMMENT: THE CONSTITUTIONAL REFORM BILL ON THE THREE AREAS, IF PROMULGATED, WOULD RENDER INVALID THOSE ENTERPRISES IN WHICH THE STATE HAS PURCHASED THE CONTROLLING STOCK. PRIMARILY, THIS WOULD APPLY TO THE STATE TAKE-OVER OF THE CHILEAN BANKS. FROM A PRACTICAL STANDPOINT, THE ENACTMENT OF THE BILL WOULD IN ALL PROBABILITY NOT SIGNIFY THE RETURN OF THE RESPECTIVE ENTERPRISE TO THE ORIGINAL OWNERS. RATHER, IT WOULD PROBABLY ENTAIL THE NEED TO FORMALIZE STATE OWNERSHIP THROUGH CONGRESSIONAL ACTION.)

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5. AS PART OF ITS PLANNED OFFENSIVE AGAINST THE OPPOSITION, THE U.P. PLANS TO DISREGARD THE CURRENT SPATE OF IMPEACHMENT PROCEEDINGS AGAINST MEMBERS OF ALLENDE'S CABINET. THE U.P. PARTIES HAVE AGREED THAT ANY MINISTER OR GOVERNMENT OFFICIAL WHO IS IMPEACHED IS TO BE APPOINTED TO A MORE IMPORTANT OR EQUALLY PRESTIGIOUS POSITION IN THE EXECUTIVE. THE U.P. LEADERS HAVE ALSO AGREED THAT IF THE ENTIRE CABINET IS IMPEACHED, THE PRESIDENT WILL CONTINUE TO GOVERN WITH THE SAME PERSONALITIES.

[REDACTED] COMMENT: PRESUMABLY, THE U.P. PLANS TO CONTINUE WITH ITS

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POLICY OF SWITCHING CABINET MINISTERS TO DIFFERENT CABINET POSITIONS FOLLOWING CONGRESSIONAL IMPEACHMENT.)

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6. THE U.P. LEADERS ALSO DISCUSSED THE POSSIBILITY OF ARMED FORCES INTERVENTION IN THE POLITICAL PROCESS IN CHILE DURING THE 5 JUNE MEETING. THE U.P. LEADERS CONCLUDED THAT THEY DID NOT HAVE SUFFICIENT INFORMATION TO JUDGE PROPERLY THE POSSIBILITIES OF SUCH A DEVELOPMENT. AT THE SAME TIME, THEY ALSO CONCLUDED THAT THE OPPOSITION IS PROBABLY NO BETTER INFORMED THAN THE GOVERNMENT ON DEVELOPMENTS WITHIN THE ARMED FORCES.

7. THE FINAL POINT DISCUSSED AT THE 5 JUNE MEETING CONCERNED THE PROBLEM OF THE STATE SUGAR-PRODUCING ENTERPRISE (IANSA). IT WAS POINTED OUT DURING THE MEETING THAT BECAUSE OF TECHNICAL FAILURES, IT WILL BE NECESSARY FOR IANSA TO CLOSE DOWN PRODUCTION FOR ONE MONTH. THIS SHUT-DOWN WILL CREATE TWO PROBLEMS: FIRST, IANSA WILL HAVE TO DESTROY THE INCOMING SHIPMENTS OF SUGAR BEETS, SINCE THEY CANNOT BE STORED; AND, SECONDLY, THE SHUT-DOWN WILL CAUSE A FURTHER DISRUPTION OF THE CURRENT INADEQUATE SUPPLY OF SUGAR.

8. [redacted] COMMENT: [redacted]

[redacted] INDICATED THAT THE PCCH IS NOW IN FAVOR OF ADOPTING A HARDER

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LINE TOWARD THE OPPOSITION AND ESPECIALLY TOWARD THE EXTREME RIGHT IN CHILE. THIS SHIFT IN PCCH TACTICS MAKES THE INFORMATION IN THIS REPORT MORE CREDIBLE, ALTHOUGH NO CONFIRMATION HAS AS YET BEEN RECEIVED REGARDING PCCH WILLINGNESS TO ENGAGE IN EXTRA-CONSTITUTIONAL ACTIVITIES. FURTHERMORE, IT IS BELIEVED THAT PRESIDENT ALLENDE WILL BE MORE OF AN OBSTACLE TO ILLEGAL GOVERNMENT ACTIONS THAN IS ANTICIPATED BY THE OTHER U.P. LEADERS.)

9. [REDACTED]

[REDACTED]

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