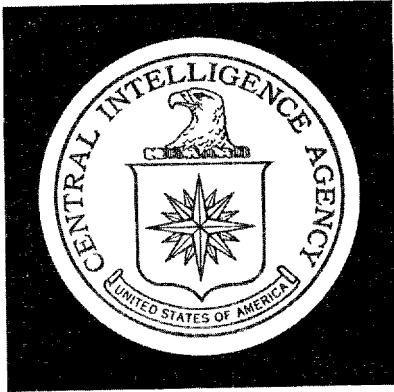


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Chile: A Crisis of Leadership

Secret

No. 40

22 September 1967
No. 0308/67A

State Dept. review completed

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CHILE: A CRISIS OF LEADERSHIP

President Eduardo Frei's election in 1964 caught the imagination of democratic forces in Latin America by bringing to power an administration pledged to widespread social and economic reform within a democratic and non-Communist framework. Frei has made progress in some areas, but parts of his program have been blocked or delayed by an obstructionist opposition in the Senate.

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Developments of recent months, however, have finally forced Frei to react somewhat more vigorously against some of his critics. Late in August, the government arrested leaders of the conservative National Party for a party statement that criticized the government's foreign policy and that could be read as giving encouragement to military intervention. The government has also brought suit against leftist extremists for allegedly seditious statements, and has banned public marches and parades, a traditional leftist form of protest. Any further moves to silence leftist critics, however, would provoke strong protest from the left wing of Frei's own Christian Democratic Party (PDC) as well as from the Communists and Socialists, whose coalition, FRAP, will be the PDC's chief opposition in the 1970 presidential election.

Background

President Frei took office in September 1964 as the head of a government pledged to tackle Chile's deep-seated economic and social problems within the context of the democratic tradition. He had the backing of the democratic forces of Chilean society, and hoped to prove that a government of the non-Communist left could implement reforms that would

achieve the results promised by Communists. Frei pledged economic and social development, as well as an "independent" foreign policy that would make Chile a force in the "third world."

Frei's strong performance in the presidential election was followed six months later by an impressive party victory in the congressional elections. The PDC won a majority in the Chamber

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of Deputies as well as all the Senate seats that it contested. The Senate majority is still in opposition hands, however, and Frei has had major difficulties in getting his programs approved. Since December 1966, the Senate has been controlled by an informal coalition of the Communist-Socialist front, FRAP, and the opportunistic Radical Party (PR), supported to some extent by conservatives. It was this combination that in January 1967 denied Frei permission to leave Chile for an official visit to the United States, and that also stymied congressional approval for this year's joint US-Chile naval exercise UNITAS.

Problems With the PDC

After Frei's victory, the PDC was faced with the problem of changing its outlook from that of an opposition party to that of a party with the responsibility for government. Frei took many of the most able, moderate party members into his government, leaving a leadership vacuum in the party itself. He considered himself president of "all the Chileans," not simply implementer of PDC policies and dispenser of patronage. As a result, the PDC found itself expected to support Frei's programs without receiving the political and economic side benefits that many members expected after the election victories.

The leadership vacuum within the PDC gave free rein to a left-wing "rebel" faction that could not adjust to the problems

of a governing party, and accused the administration, because of compromises it was forced to make, of losing its revolutionary fervor. The rebels, led by Alberto Jerez, gained control of the party at its national assembly in July 1967. Their control, however, is based on cooperation with a less extreme "third position" group, and the rebels will be forced to make some compromises themselves in order to maintain their position.

Even before their formal victory, the rebels had exposed Frei's inability to control the party. Following the formation of the Chilean committee of the Cuban-sponsored Latin American Solidarity Organization (LASO), they engineered a party resolution approving the committee. This declaration set off a storm of protest both inside Chile and in other countries such as Venezuela and Colombia that are actively fighting guerrillas supported by Cuba and LASO. Shortly thereafter, Frei denounced LASO and condemned the Chilean delegates to the LASO conference as "traitors," but the party has never rescinded its declaration.

Despite this early evidence of dissatisfaction with the moderate leadership, Frei took little interest in the intraparty maneuvering that had preceded the national convention. Although he clearly opposed the Jerez group, he made no real attempt to influence the convention to accept the moderate candidates. Since then, Frei has attempted to regain some control over the party, but recent

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reports that its leaders have been discussing legislative cooperation with the Communists suggest that he is making little progress.

One of the first acts of the new governing group of the party was to approve the "Chonchol Report," a PDC paper by a political-economic commission advocating large-scale government intervention in the economy and nationalization of important sectors of industry. Parts of this report conflict directly with Frei's announced goals.

Shortly thereafter, the new party leadership attempted to force Frei to replace his ministers of labor and public health. Frei refused, emphasizing his confidence in his entire cabinet and reminding party leaders that the choice of the cabinet is his prerogative, not theirs. Subsequent reports, however, claim that Frei did promise to get rid of Minister of Economy Santa Maria and another minister. Santa Maria has since resigned--whether under pressure or for personal reasons is not clear--but his successor is a strong supporter of Frei and will probably make few changes in policy.

Frei's failure to keep his own party under control undermines his position as leader of the country as a whole. He may come to believe that a showdown with the PDC leadership is the only reasonable course of action. Depending on the choice of issue, such a confrontation could split the party--the rebels may

decide that they would have little to lose by bolting the party and throwing their support openly to FRAP, the Communist-Socialist coalition. Even if they do not, the strains will persist and will weaken the PDC's over-all position.

At present, there is no consensus on a party nominee for the 1970 presidential election. Frei himself will be ineligible to run in the absence of a constitutional amendment. Moreover, there is no clear indication that the PDC candidate will be able to defeat the Communist-Socialist (FRAP) candidate, who probably will also be supported by at least the key leaders of the currently left-leaning Radical Party.

Other Political Problems

Developments within the other Chilean political groups complicate Frei's over-all situation. The Communist Party (PCCh), deeply involved in the current debate among Latin American Communists as to the proper means of achieving power, is one of the strongest backers of Moscow's position. PCCh Secretary General Luis Corvalan is one of the foremost proponents of the theory that conditions in each country determine the best strategy to be followed in particular cases. He stresses that the local Communist party is in the best position to evaluate the situation and to decide whether violent or peaceful methods will be more fruitful. Because of the bitterness of the dispute, the PCCh

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will be pulling out all the stops between now and 1970 to prove that a Communist party can come to power through electoral means.

To this end, the PCCh leadership is playing down talk of armed revolution in an attempt to make the party attractive to as broad a group as possible. In a defense of this position published in July 1967 in the World Marxist Review, Corvalan emphasized the advantages gained by Communist cooperation with the Socialists and Radicals. He claims, "The Communist effort gradually to win over the masses from the Christian Democrats, delivering them from bourgeois influence and rallying petty-bourgeois support for the People's Action Front, is bearing fruit." If a FRAP-supported candidate wins the 1970 election, the PCCh and Moscow will have been vindicated. The Communist stake in fostering dissension within the PDC and in aggravating Frei's problems is therefore substantial.

At the other end of the political spectrum, the conservative National Party (PN), an amalgam of the two oldest Chilean political parties, opposes the government's reform programs and often, as in the case of Frei's proposed US trip, votes with FRAP simply to embarrass the government.

The Chilean armed forces are historically apolitical, and most Chileans are very proud of this fact. The provocation for any military action against the government would therefore have to be extreme.

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Although President Frei has maintained a satisfactory relationship with the armed forces' hierarchy, his inability to control the Senate and his commitment to an economic austerity program make it difficult for him to satisfy many of the military's aspirations.

Economic Problems

The current political uncertainties may seriously hamper the government's program of stabilization and development. Chile has suffered many years of rapid inflation, and price stability was one of the most important parts of Frei's campaign program. According to the official price index, which may understate the impact of inflation on consumers, austerity policies under the new government succeeded in cutting inflation from its 38-percent increase over the preceding year in 1964 to a 17-percent increase in 1966. The goal for 1967 was to limit the rise to no more than 12 percent but, as of the end of July, deficit financing, wage

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increases in excess of government guidelines, and the effect of bad weather on crops had combined to drive the cost of living 17.3 percent above the level of December 1966.

The Frei administration has taken a relatively strong stand in defending its stabilization policies against attacks by FRAP and the FRAP-dominated Chilean Workers Central (CUTCh). The administration has taken a hard line toward illegal strikes, particularly in the public sector, and has talked about organizing a rival labor federation, in hope of diluting CUTCh's power to tie up key sectors of the economy. The PDC has been unable to agree, however, on the extent of control the party should retain over such an organization. The Chonchol Report, written mainly by PDC left wingers, disagrees profoundly with these policies and, at least by implication, attacks the government's entire stabilization program.

The assumption of party leadership by the radical wing of the PDC has increased the fears of private investors. Even though response from domestic investors has been weak, more than US \$750 million in foreign private investment capital had been scheduled to come in during the next four years. Frei has reaffirmed his commitment to private enterprise, but the effectiveness of his reassurances is undermined by his demonstrated inability to control the actions of his party.

The Frei administration also has reaffirmed its intention to maintain a "controlled pace" of agrarian reform--a difficult course lying somewhere between the desires of the large landholders and the radical left. Congress delayed this program for more than two years but the reform bill was finally passed this summer with FRAP support. Some resettlement has been undertaken since then, but the project has fallen far behind its originally projected schedule. At the same time, the uncertainties attending the long delay discouraged investment by traditional landowners and production stagnated. This situation, together with the effect of an unusually bad winter, will necessitate record food imports in 1967 and probably in 1968 as well.

Outlook

The net result of the developments within the PDC and the other political parties has been to force most ambitious, non-rightist politicians to espouse a militantly leftist line in order to maintain any sort of organizational following. The Soviet ambassador to Chile, who has done an effective job of persuading the Chileans to increase their ties with the USSR, reportedly commented recently that "even if" the PDC presidential candidate in 1970 should be elected, he would be more leftist than Frei.

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Although there are serious differences of opinion within the Radical and Christian Democratic parties, the moderates in both have shown such ineptness at political maneuvering that the present leftist leaderships may retain control through 1970. In that case, only the lackluster conservatives will offer the voters an alternative, but their National Party is so discredited as a supporter of the old order that it commands very little popular backing.

Frei's reluctance to involve himself in party politics, combined with the strains that exist in other political parties, may serve eventually to downgrade the importance of the parties and to open the field once again to personalities rather than to

party candidates. In any event, Frei is unlikely to have much control over the choice of the PDC candidate.

Chile has a large and growing middle class that is primarily interested in maintaining the advantages it has obtained in recent years. Many members of this group, who voted for Frei in 1964 as an alternative to a Communist-backed government, are likely to be alienated by his delay in implementing promised reforms and his continued inept leadership of the PDC. By failing to respond to the expectations of the moderate part of the electorate, the PDC is likely to lose substantial political support, and could even lose the presidency to FRAP. [REDACTED]

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