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11 September 1952

PROPOSED MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Significance of the Election of Ibanez as President of Chile

1. The Chilean Congress is virtually certain on 24 October to select 75-year-old Carlos Ibanez as President of Chile.
2. Ibanez will face serious domestic problems: a hostile Congress at least until elections in March 1953; lack of unity among his supporters; swiftly rising prices and economic dislocations resulting from the rapid trend toward industrialization; and the task of fulfilling his promises to the laboring classes.
3. To deal with these problems, Ibanez may attempt the strong-arm methods he employed when President from 1927-31, but will be deterred by the reluctance of Chile's armed forces to become embroiled in politics and by the weakness of organized labor as a means for forceful control of the opposition.
4. In his efforts to retain popular support and divert attention from domestic problems, Ibanez will probably adopt a more nationalist approach in the conduct of Chile's foreign affairs. He is thus likely to:
 - a. Demand further concessions from US copper interests, but not for some time press for nationalization;
 - b. Advocate a neutral or "third" position for Chile in the East-West struggle, possibly abrogating the US-Chilean Mutual Assistance Agreement;
 - c. Establish closer relations with Argentina, particularly in calling for Latin American economic solidarity against the "imperialistic" pressure of the great powers;

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5. We believe that Ibanez will re-establish relations with the USSR and adopt a more lenient policy toward the Communist Party in Chile.

- 2 -

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