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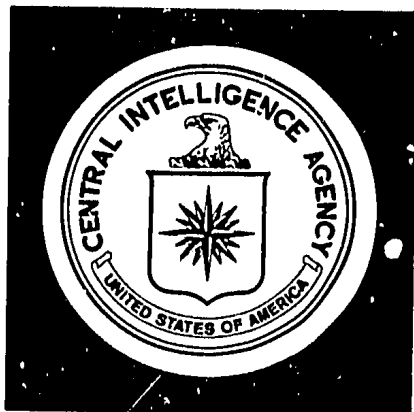
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Intelligence Memorandum

Implications of the Coup in Chile

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14 September 1973

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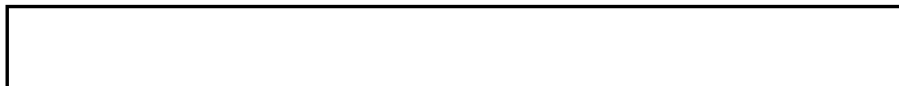
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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
14 September 1973

INTELLIGENCE MEMORANDUM

IMPLICATIONS OF THE COUP IN CHILE

Summary

Chile's military leaders are consolidating their hold on the country in the wake of the take-over on 11 September. Despite a new-found sense of unity and determination, the junta government faces challenges in its effort to restore public order. The immediate outlook is for some further violence as the armed forces root out remaining pockets of resistance. The new regime will try to move quickly to bring some order to the chaotic domestic situation it has inherited and to come up with at least temporary answers to Chile's urgent economic problems, but meaningful remedies will take time. Over the longer term, there is a reasonable prospect that the country will gradually achieve a greater measure of stability than it has experienced during the past three years.

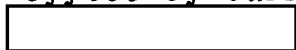
This memorandum attempts a preliminary assessment of the new government and its leaders, considers their problems and prospects, and examines the impact of the coup on US-Chilean relations.

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The Military Moves In

On 10 September the past-master of Chilean politics ran out of room to maneuver. President Allende was scheduled to address the nation that evening and was expected to disclose a compromise with the opposition, to call for a plebiscite, or to announce some other move to ease the tense situation and allow him to resume the political offensive.

The speech was postponed, probably because Allende could not get the Socialist Party to go along with a compromise plan. He feared the Socialists would make good their threat to withdraw from his Popular Unity coalition and set off widespread armed violence. The speech was rescheduled for the next afternoon, but by then Allende was dead, apparently having taken his life in the bombed and burning presidential palace.

Military officers who had long been plotting to bring down the government had finally secured the support of the service commanders, key Santiago and Valparaiso-based military units, and the bulk of the carabineros (uniformed national police). The coup action seems to have been meticulously planned and was well coordinated. Opposition came from isolated carabinero units, Allende's unofficial bodyguard corps, armed workers occupying factories, and snipers in downtown Santiago. Despite preparations for a coup, pro-government paramilitary groups did not take to the streets to defend the regime.

The junta is determined to eliminate pockets of resistance, but does not expect Santiago to be totally pacified for several days. Snipers holed up in government buildings and armed groups in the industrial sector have effectively used rocket launchers, mortars, and machine guns against military and police units.

Army commander Pinochet has assumed the presidency of the four-man military-police junta and expects to stay at least a year, after which the post reportedly

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will be rotated among the military service chiefs. Pinochet is an intelligent, respected officer whose forceful assumption of leadership since succeeding General Prats in late August has surprised observers. Pinochet has not been closely linked to any political faction, but is a friend of former President Frei. Air Force General Leigh, a popular leader in his service, has no love for the Christian Democratic Party. Admiral Merino, who assumed command of the Navy as the coup began, is a sometimes arrogant, but strong officer. He is conservative and is inclined toward the National Party. Carabinero General Mendoza's partisan preferences, if any, are unknown, but he has taken command over three senior generals who supported Allende to the end. He has closer ties to the military than most top police officers and apparently helped plan the coup. All but two members of the new 15-man cabinet are military and police officers.

Congress has been dissolved and "politicking" is banned, but the junta has pledged to return the nation to institutional order and normalcy. Preliminary indications are that it will be some time before Chile reverts to civilian rule and that there will be substantial changes, including a new constitution that could provide for a congress with functional representation.

Defense of the nation and its constitution and avoidance of direct involvement in government and politics are deeply rooted traditions in the Chilean military and police. But a new military-carabinero ethic may grow within the services, as the failure of the old political system is used to justify the new equation of traditional military duties with government administration.

The long genesis and cathartic effect of the coup and the military's distrust of politicians augur against the armed forces and carabineros soon returning power to those they hold responsible for the nation's plight. In very practical terms, the use of

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a mailed fist against die-hard leftists will make the new regime reluctant to depart until it is convinced that those who would take revenge could never again come to power.

The junta apparently intends to remain in power long enough to oversee the rebuilding of the nation's economic, social, and political structures. At present, early elections seem unlikely. The next scheduled balloting is in 1976. Current plans could change, however, if the problems of government seem intractable or if frustration erodes determination. In any case, the Marxist parties probably will not be permitted to participate in elections--and indeed may soon be outlawed.

Problems and Prospects

Restoration of public order and economic recovery are the chief problems confronting the new government. Both tasks will be difficult.

The junta repeatedly has assured workers that their economic gains are secure and that they have nothing to fear, but at the same time it is demonstrating that resistance will be smashed mercilessly. The tough junta line has also included rigid curfews, the declaration of a state of siege (which suspends certain constitutional guarantees), and strict media censorship. Some members of the former government have been arrested, and the junta has ordered a long list of Popular Unity and other leftist luminaries to surrender.

The armed forces and carabineros are hoping that their impressive show of unity and willingness to use force will have an intimidating effect on their opponents. The Popular Unity reportedly was caught off guard by the coup, and some leaders felt resistance would be futile and suicidal. Some extremist groups, such as the Movement of the Revolutionary Left (MIR) and hard-line Socialists may no longer have wanted

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to defend Allende. The extent to which current attacks on government forces are being centrally organized and coordinated cannot be determined. The junta has the upper hand, but the resistance may not be quelled immediately. Both the Popular Unity parties and extremists, such as the MIR, [REDACTED]

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[REDACTED] may decide to go underground and prepare to fight another day. Even those who had come to see Allende as an obstacle to their goals will be quick to proclaim him a martyr and use his memory as a rallying point.

The junta may deal successfully with the current armed resistance and still find itself faced with strikes, demonstrations, and other forms of protest. In this event, stronger threats and repressive measures could become the order of the day. The junta has shown no inclination to commiserate or compromise--even with its civilian supporters.

The new government cannot count on indefinite, unconditional support of all groups that opposed the Allende regime. The Christian Democrats have declared their support for the junta, but will be worried about its intentions regarding Congress and elections. The junta's moves to date will not be reassuring to the party. Declaration of a state of siege, for example, is constitutionally a congressional prerogative.

The armed forces and carabineros probably feel that they owe the Christian Democrats little or nothing, and over time the party is likely to become increasingly restive. The left wing of the party will be the most disturbed, but a break between the junta and the bulk of the Christian Democrats appears unlikely unless there is continuing extreme repression or the junta exhibits a desire to stay in power beyond 1976.

The National Party and the private business and professional guilds will be less demanding. The junta is likely to rely on private businessmen and others

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not closely associated with any political party for advice and assistance in the setting of policy and the performance of various governmental tasks, especially in the economic sphere.

The junta is confronted with an economy in chaos as it attempts to restore order. The economic deterioration has been particularly severe over the past few months, as the truckers' strike exacerbated an already tight supply situation. If public order is secured, the new government should be able to make rapid distribution of commodities on hand, but imports of foodstuffs, fuel, raw materials, and spare parts will be critical. Short-term financing is urgently needed because Allende exhausted Chile's foreign exchange reserves and undermined its credit worthiness. Chile may be able to pledge gold or to mortgage future copper earnings to obtain financing, but it will require a forthcoming attitude on the part of new creditors. Chile will also need a consolidation of the massive short-term debts run up by Allende and continued long-term debt relief. Over the longer run, Chile will need financing for large-scale capital-goods imports to rebuild the economy.

The junta will make every effort to ensure uninterrupted--and increased--copper production. The many employees put on mining payrolls under Allende probably fear for their featherbed jobs. They are almost certain to be fired and may try to disrupt production. Reports that there has already been sabotage in the mines are unconfirmed.

The new government faces even more serious long-term economic problems. To rehabilitate the economy, consumption will have to be reduced substantially from the levels of the past few years while investment in productive sectors is increased. Such a move would not square with the junta's promises to the workers, who are sure to oppose an austerity program.

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The junta will also have to address the country's grave agricultural problems, which will be very difficult to solve. Much of Chile's farm capital has been destroyed, and there has been little incentive to produce. Many skilled farm managers and technicians have left the country. Managerial talent also is in short supply in the manufacturing and mining sectors. The government will appeal to expatriate Chilean professionals and technicians to return home.

The coup probably will not mean complete reversal of Allende's policies. The ideal of "Socialism" in Chile is based on widely held political and social beliefs and is supported by a large part of the electorate. Many Christian Democratic programs are socialist, and even the majority of military officers probably want to continue welfare-oriented programs that are designed to distribute the nation's wealth more equitably. Moreover, the junta probably has little quarrel with government control of basic industries.

The military does not favor the wholesale elimination of small and medium-sized private industries, however, and there will be guarantees for private property and encouragement of free enterprise. Unauthorized seizures of farm lands will be stopped, but peasants may be given title to some expropriated land in order to spur production and to build a constituency in the countryside. Private foreign investment will be encouraged, though under guidelines, and perhaps only in nonstrategic areas of the economy. The junta can be expected to stress its nationalism and commitment to the defense of Chilean sovereignty.

The main lines of policy thus could turn out to look somewhat like those of the military government of Peru. In governing style and tone, however, there is likely to be a closer resemblance to the Brazilian model.

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Foreign Relations

There will be substantial changes in Chile's foreign policy, in its relations with the rest of Latin America, and in its dealings with the US. Chile's stance toward the third world will soften considerably, and relations with the Communist world will cool sharply. Chile will cease to be a prime haven for the hemisphere's leftist exiles.

Relations with Cuba already have been broken. The rapid increase of ties with Argentina will probably level off, but relations with Brazil will improve. The military regime in Peru will be neither overly hostile nor particularly friendly toward its traditional rival and will be wary of signs of increasing Brazilian influence.

Latins of all political persuasions have long admired Chilean political dynamics. They have watched Allende's government with acute interest, many of them believing that something vital and relevant to them was being played out. This belief was continually reinforced by spokesmen of the left and right in many countries who saw in Chile's political struggle a contest between ideologies whose outcome would point the way for their countries.

Throughout the hemisphere, Marxists may begin to reexamine their thinking on the peaceful path to socialism in the wake of the failure of the "Chilean experiment." The debates that raged through the 1960s between advocates of violent revolution and peaceful approaches to power are likely to be resumed, with the former gaining ground. Young militants may be spurred to more active opposition, and old-guard Communists will be put more on the defensive. Conservative elements in those countries where they are in power will feel vindicated and will be less inclined to compromise with leftist opponents.

Reaction to the coup elsewhere in the world has been prolific and often vehement. The junta's eagerness

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to round up Allende's supporters may cause it to overlook the international ramifications of such actions as its attack on the Cuban Embassy. Failure to respect diplomatic and humanitarian norms may cost the junta needed international support. Two Western European countries have already frozen previously granted credits.

General Pinochet has shown himself sensitive to the problem of too close an identification with the US, the kind of relationship that would tarnish the new regime in Chilean eyes and lend credence to leftist and foreign charges of US involvement in the coup. He wants friendly, but low-key relations with the US, and hopes that for now the US can assist his country with food, military equipment, and debt relief. Some requests for immediate US assistance in medical supplies have already been received. More requests are expected, particularly for spare parts. Eventually a bid for large-scale economic aid may be made.

The junta probably will try to find a way to resolve the copper expropriation dispute, the main hindrance to better relations with the US, but it will not be prepared to undo the expropriation itself. The expropriation was approved by all political sectors and is regarded as a matter of national sovereignty. In the near future, Chile will lack the resources to make a meaningful payment, but the need for technical and financial aid may make possible compensation through "service contracts" similar to those worked out between Zaire and Belgium.

Conclusion

It is too early to estimate precisely how the junta government's policymaking structure will evolve and what influences will come to prevail. Younger officers were in the forefront of those pushing for a coup; yet the generals and admirals are in control. While the armed forces appear unified now, in the

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face of an active enemy, splits could develop over policy issues along ideological, service, or generational lines. Personal conflicts and rivalries are also likely to cause trouble as time goes on.

In the event of continued violent opposition by leftist elements, which in turn would provoke stronger repression, the outlook would not be bright. It seems more likely, however, that the junta will manage to overcome the initial round of resistance and bring some economic relief. The new leadership could then begin to expand its base of popular support (or at least tolerance) into the ranks of the less militant workers, and Chile might be in a position to move toward increased political, economic, and social stability.