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National Intelligence Estimate

# Chile: Prospects for Democratic Transition

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Key Judgments

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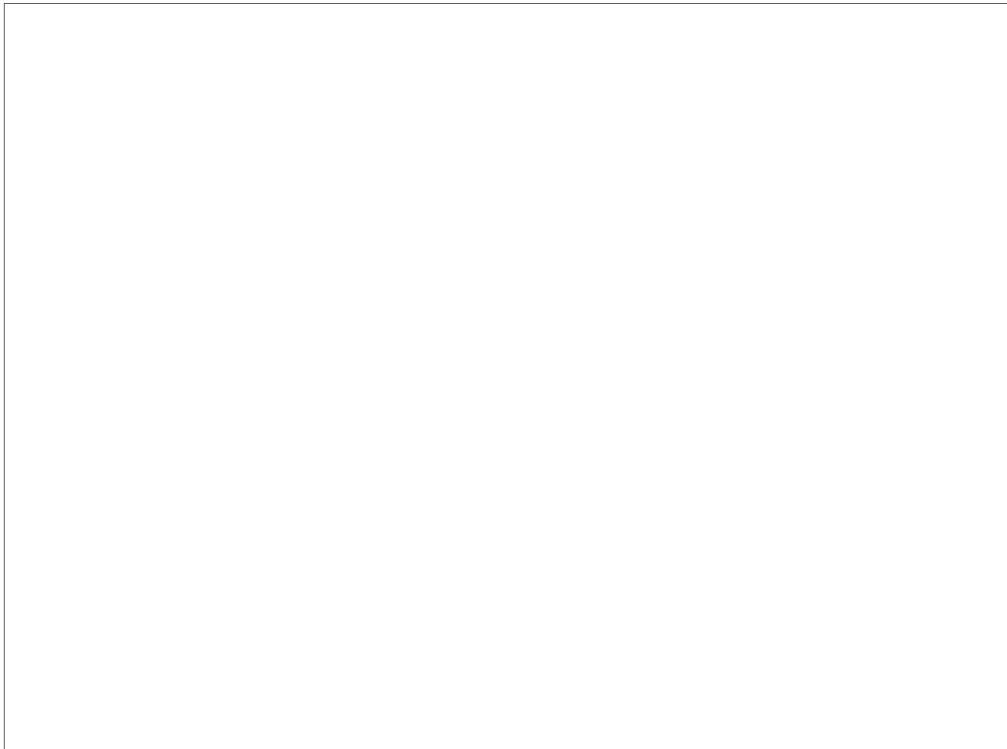
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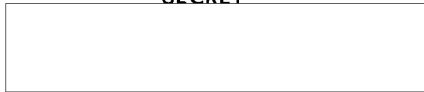
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**NIE 94-85/W**

**CHILE: PROSPECTS FOR  
DEMOCRATIC TRANSITION**

**KEY JUDGMENTS**

The full text of this Estimate  
is being published separately  
with regular distribution.

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### SCOPE NOTE

Chile's 1980 Constitution calls for a presidential plebiscite in 1989 and congressional elections in 1990. The democratic opposition wants to modify the Constitution, however, believing that President Pinochet plans to use it to perpetuate his rule well into the next decade. Opposition leaders are calling for a more rapid and complete transition to civilian rule and a return of the military to the barracks. Meanwhile, the radical left has rejected any peaceful transition and continues to advocate the violent overthrow of Pinochet.



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This Estimate assesses the prospects for a peaceful transition to democratic civilian rule in Chile over the next four years. It begins by examining the major political forces at work, including the military, the democratic opposition, and the radical left. It also examines the economy and various external factors that are likely to affect the transition. Finally, it discusses alternative scenarios and the influence the United States may have on the process.



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## KEY JUDGMENTS

We believe that Chile's President Augusto Pinochet is likely to remain in power through 1989, and that he will seek to manipulate the military, the democratic opposition, and the radical left to perpetuate his rule. The military wants to restore a stable non-Communist political system, and there are recent signs that senior officers want Pinochet to demonstrate more flexibility with the democratic opposition, perhaps by agreeing to open presidential elections by 1989 rather than a plebiscite with only Pinochet as candidate. Only the military have the requisite force to remove him, and, if they believe he is becoming an obstacle to a stable transition process, they may decide to oust him. <sup>1</sup>

The major factor likely to influence military support for Pinochet, other than the President's own willingness to make necessary concessions, is whether the democratic opposition can continue to demonstrate a large degree of cohesion, responsibility, and popular support. The August 1985 National Accord, which implicitly accepted Pinochet's rule until 1989 but called for a direct presidential election and an end to political restrictions, was viewed by some key officers as a positive development. It was signed by 11 political parties representing both the center-left and the democratic right. It is ambiguous about relations with the Communist Party, but it excludes radical left groups advocating violence. Although Pinochet has rejected the Accord, it continues to gain popular support, and we believe the military will pressure him to agree to a dialogue with the moderate opposition if present trends continue.

The Communist Party has indicated it will not sign the Accord, but views it as a positive step in support of widening opposition to the government. The Communists probably will seek to cooperate with the moderate opposition and exploit organized antiregime demonstrations, but they are not likely to renounce violence as the ultimate means of overthrowing Pinochet. They have considerable influence in one of the two main labor confederations in Chile, and can use it to support popular protests. Organized labor is unable to play a decisive political role, however, because only 20 percent of the work force is unionized and labor laws are relatively restrictive.

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The Catholic Church has become a major factor in support of the moderate opposition in its efforts to open up the political system and speed up the transition process. Church leader Cardinal Fresno, an opponent of Pinochet's policies, brokered the National Accord. He is likely to continue to play a key role in maintaining political pressure on the government, including attempting to use as leverage the Pope's projected visit to Chile. Fresno probably will be circumspect in his dealings with the government, however, because he badly wants the National Accord to succeed and does not want to appear too partisan.

The economy is likely to continue to be a key factor in influencing public attitudes toward the Pinochet regime. In 1982 a sharp economic downturn fueled mass popular protests, but moderate growth in the last two years has reduced dissatisfaction with government economic policies. Nevertheless, we project continued economic austerity and only modest growth in the next few years as Chile attempts to keep its massive foreign debt commitments and meet International Monetary Fund requirements. By 1987 or 1988, Pinochet may decide to ease austerity measures and stimulate economic growth to improve his political prospects. This probably would cause him serious problems with Chile's international creditors, but he may be willing to risk that in order to promote growth.

Because of its heavy \$22 billion debt load, foreign financial support is a major factor in Chile's economic performance and ultimately in Pinochet's political prospects. The United States played a crucial role in negotiating a key debt rescheduling agreement this year and undoubtedly will be a significant factor in any new agreements that Chile may seek by 1987. Thus Washington can have some political influence in Chile depending on the support it lends to future requests for loans, particularly loans from multilateral sources such as the Inter-American Development Bank and the World Bank. Major South American democracies, although desirous of a peaceful democratic transition in Chile, lack significant influence over domestic politics there. In the case of Argentina and Peru, they have their own reasons to improve bilateral relations with Chile.

The Soviets have played a major role in supporting the Communist Party of Chile and its strategy of attempting to overthrow Pinochet through violence. Soviet financial support has been crucial to the party's survival, and Moscow has expanded its aid to include support for guerrilla training of Chilean subversives in allied countries and the supplying of weapons to returning militants, some of whom belong to

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the Manuel Rodriguez Patriotic Front (FPMR). Cuba appears to be coordinating closely with Soviet efforts, and it reportedly is concentrating its support on the radical Movement of the Revolutionary Left (MIR), which also receives Libyan support.

We believe that the best chance for a relatively stable democratic transition to occur by 1989 would be through modification of the 1980 Constitution to permit free and open elections. We believe that there is a better than even chance that this will occur, particularly if the democratic opposition is able to hold together. Pinochet would risk losing a plebiscite in 1989 unless his popularity improves dramatically, but he may calculate that his prospects for continuing in power are best served by an open election with several candidates. We believe that the role of the senior armed forces officers is the most critical variable affecting the course of developments in Chile. Should Pinochet's support erode further in coming years, senior military officers probably would pressure Pinochet not to run in order to avoid an embarrassing defeat. The possibility remains that he can maintain military support, but we think it will become increasingly difficult as 1989 approaches.

We believe a transition that followed the current constitutional timetable and resulted in a plebiscite, with Pinochet as the candidate, would probably lead to a deterioration in Chile's political stability. Pinochet would need the united support of the armed forces, major economic groups, and a significant portion of the middle class to win, and this currently appears to be lacking. Even should he manage to gain sufficient support to achieve a victory, his relations with the democratic opposition are likely to be poor, and prospects for longer term stability would be uncertain at best.

The radical left is likely to step up its violence in an effort to prevent a successful transition, but there is little likelihood that it can seriously threaten to overthrow the government. The military and security forces have good capabilities to counter an insurgency, and most Chileans favor peaceful change rather than violence. Should Pinochet remain inflexible on altering the transition process, he would greatly strengthen the radical left. Under such circumstances, the radical left might obtain sufficient popular support to mount a viable insurgency, particularly after 1989.

US interest in promoting a stable democracy in Chile and maintaining a cooperative relationship could be jeopardized if Pinochet persists in trying to perpetuate himself in power. This would increase the risk of instability and raise the possibility of a radical leftist takeover. The United States can have some influence on Pinochet through its position in future Chilean debt rescheduling and new loan



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requests. He has shown that he can be responsive to subtle economic pressure, but there is some possibility that extreme economic pressure may influence Pinochet to adopt a radical posture on debt repayment. US influence may help hold the democratic opposition together and encourage its pragmatic approach toward the Pinochet government.



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