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21 Sept 70

Approved for Release
July 2000

MEMORANDUM

SUBJECT: Chile - A Status Report

I. Present Situation

The political situation in Chile is in a state of flux, with President Frei waiting for the military to make its move and the military waiting for the politicians to lead the way. The only apparent certainty is that Frei, the key to any political or military effort to deny Allende the presidency, remains indecisive. Prior to 17 September Frei believed he could control a sufficient number of Christian Democratic Party (PDC) congressmen to have Alessandri elected in the 24 October congressional run-off election instead of Allende. Since Alessandri, the second runner-up in the presidential election, had publicly indicated that he would resign if chosen in the run-off, his selection by Congress would open the door for new elections in which Frei could be a candidate. Although the PDC National Convention will not meet until early October to decide which candidate to support, Frei has already indicated that he could control only 18 of the necessary 50 PDC votes required to elect Alessandri. Having lost effective control of the PDC Frei now favors military intervention as a solution.

Recent Santiago Station reports indicate that a coup plan is being discussed among the military which calls for: the resignation of the Cabinet, beginning with the ministers of Finance and Economy; naming of a new Cabinet, composed entirely of military leaders; the appointment by Frei of an acting president; and the departure of Frei from Chile. The military would subsequently announce that they were prepared to guarantee another presidential election in order to give

two-thirds of the voters of Chile an opportunity to choose between a government led by Popular Unity forces of a democratic regime. No time table has been set for this coup maneuver.

While reports about this coup possibility persist, there are several potentially critical flaws which our COS has pointed out, i.e., its initiation depends entirely upon Frei's willingness to incur the risk of civil war and his steadfastness in seeing that plan through. Furthermore, the plan does not indicate clearly the role of Army high command, or whether General Schneider, Army Commander-in-Chief, will support it fully. Although neither Frei nor Schneider have distinguished themselves in feats of bravery in the past, both recognize that a Communist takeover is clearly in the offing. As of 1200 hours, 19 September, the same sources who provided the information on the military coup plan have expressed their concern that the talk about a military takeover is occurring at second echelon levels and not at the command level (i.e., CINC Army Schneider, Commander of Navy Porta, and CINC Air Force Guerraty).

II. Actions Taken Under 40 Committee Authorization

A. Propaganda:

1. All Latin American Stations and selected European Stations have been instructed to generate press comments and editorials which are intended to:

a. help create an atmosphere of hope that an alternative to a Marxist government in Chile will be found;

b. avoid premature acceptance by the general public of an Allende fait accompli;

c. convince Chileans that a majority of their fellow Latins are concerned, watchful, and hopeful that an appropriate solution can be found;

d. generate support for the efforts of El Mercurio's owners and publishers to continue to fight to bring about Allende's defeat; and

e. publicize the attempt by the Communists to gain control of all media prior to the 24 October parliamentary run-off.

2. [REDACTED]

[REDACTED] a statement by the Inter-American Press Association (SIP) which describes the Communist attempt to gain control of the media in Chile and protests this effort to intimidate and muzzle the free press. This statement was released on 19 September and carried in the Washington Post (see attachment for full statement) on 20 September. This hard-hitting statement that the press in Chile is "being strangled by Communist and Marxist forces and their allies" should have a significant impact in Latin American press circles which we hope will result in increased coverage of the problem Allende poses for Chile. The endorsement of the top SIP leadership of this statement plus the broad circulation (Knight Newspapers, Scripps-Howard, New York Times, as well as leading South American papers like La Prensa and other members of the LATIN, the new exchange service comprising the top papers in Latin America) it receives should get the word out. [REDACTED]

[REDACTED]

3. Steps have been taken to:

- a. increase coverage [REDACTED] of PCCh activities and anti-Allende developments in Chile;
- b. have the [REDACTED] begin filing [REDACTED] editorials and other coverage of "Communism vs Democracy" in Chile.

4. Indicative of the response to our first guidance (11 September) is the placement and replay report for the three-day period ending 16 September which shows twelve placements in eleven different dailies [REDACTED]

[REDACTED]

5. Selected special correspondents from Latin American newspapers and news services with whom we are in touch, as well as other area newspapers, are being sent to Santiago for an on-the-site coverage and developing their own stories. Some are already there with others on their way.

6. The results of our propaganda campaign have been excellent thus far. This will be a continuing effort with new information and trends being sent to those [REDACTED] involved

[REDACTED]

from our Santiago Station by immediate precedence. [REDACTED]

[REDACTED]

[REDACTED]

B. Political Economic

1. [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED] we have learned that there is clear evidence of a possible coup which calls for President Frei's authorization to take the following steps:

- a. resignation of the Cabinet;
- b. formation of the new Cabinet composed entirely of military figures;
- c. appointment by Frei of an acting President;
- d. Frei's departure from Chile.

The success of such a coup would ultimately depend on Frei's total commitment to follow through.

2. [REDACTED] we are attempting to pin down the reasons why [REDACTED] may

be considering publicly endorsing Allende prior to the 24
October run-off. With this reading to guide us, [REDACTED]

[REDACTED]

[REDACTED] by the middle of the week.

3. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

III. Reactions to Chilean Elections

A. Argentina:

1. The GOA is deeply concerned about the Chilean election results. [REDACTED]

President Levingston said the election was "a catastrophe" for Argentina and noted that he already feels "blockaded" by hostile forces.

2. Foreign Ministry and military officials are quoted as being "concerned" and even "alarmed" by the Chilean situation, however, our Embassy reports that the GOA "apparently proposed to take no initiatives at this time."

B. Peru

Allende's victory has been generally well received in Peru. Although members of the Velasco government have refrained from making any public comment, many are known to share the views of Rear Admiral Vargas Caballero, who believes an Allende government ". . . will be auspicious for Peru. . ." This view is not universally accepted, however, and there are some generals as well as more moderate Cabinet members who are worried about having

a Communist state on Peru's southern border.

C. Bolivia:

1. Bolivian President Ovando in a 4 September press conference said that ". . .it is possible for Bolivia to live in friendship with a Marxist regime that doesn't use violence to impose its goals. . ." and expressed the belief that the Chilean Congress should declare Allende winner.

2. Bolivian military leaders, however, view an Allende government with considerable alarm; they fear that Bolivian urban terrorists and guerrillas will receive covert support from an Allende government.

D. Brazil:

President Medici is most concerned over the prospect of a Marxist government in Chile and has referred to Frei as "the Kerensky of Chile." Medici believes that Chile will become a second Cuba despite Allende's promises and has indicated that he will sever diplomatic relations "if Chile takes a drastic turn to the left as Cuba did in 1959-60."

E. Venezuela:

1. Venezuela's President Caldera in a press conference

on 10 September said that ". . . much can be learned from the Chilean elections, both by those who celebrate and those who lament," and added that he believes President Frei is still the most popular political figure in Chile.

2. COPEI leaders were badly shaken as a result of the Allende victory, and a 17 September UPI article in E1 Mercurio quotes COPEI International Affairs Secretary, Bernardo Level Osuna as saying that it would be "dangerous and foolhardy" for the Chilean PDC to elect Allende on 24 October.

A News Release

Freedom of the press in Chile is being strangled by Communist and Marxist forces and their allies.

The Inter-American Press Association has received information from Chile that threats of violence and intimidation are causing the resignation of news officials, the sale of newspapers and radio stations, the dismissal of anti-Marxist editors and reporters from newspapers, radio and television stations and upheaval within press-related trade unions.

Those practicing intimidation have already gained control over all of Chile's non-government television channels.

IAPA has learned that emissaries from one political faction offered a "deal" to representatives of Augustin Edwards, published of El Mercurio, one of Chile's and the hemisphere's most distinguished newspapers -- the oldest Spanish language newspaper in continuous publication. It was founded September 12, 1827.

If El Mercurio would drop its opposition to the seating of Salvador Allende, as President of Chile, the emissaries said, the new government would nationalize only the newspaper properties of owner Augustin Edwards, but would permit Edwards to retain other business holdings in Chile.

Mr. Edwards and the executive of El Mercurio flatly rejected the offer.

It is evident in reports from Chile that certain political forces are attempting to smother free speech in that country and to thwart free political dialogue.

The Inter-American Press Association must protest these activities in the strongest possible terms. IAPA does not presume to interfere in Chilean partisan politics. The choice of leaders is a responsibility only of the Chilean people and the Chilean Congress.

But the IAPA must raise its voice against this attempt to intimidate, coerce and muzzle a large section of the established press in an American nation.