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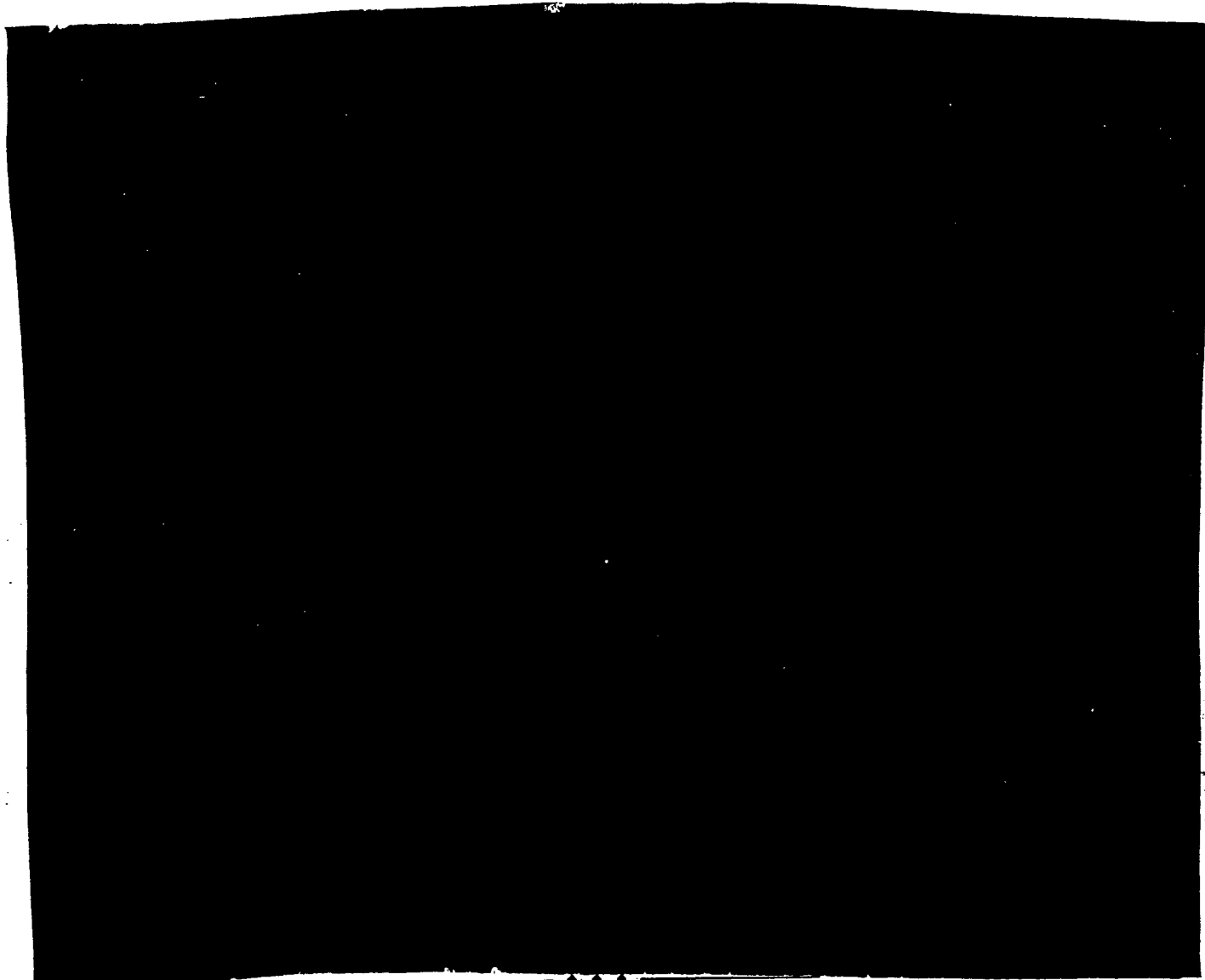
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104

~~Top Secret~~

8 January 1971

No 546



2-3

Chile: *Government Maintains Momentum*

President Allende shows no signs of lagging in his program to produce major changes in Chile before effective opposition develops.

At his New Year's reception for the diplomatic corps, Allende quoted the late Pope John

XXIII on coexistence in response to a gracious tribute from the Papal Nuncio. Other moves bear out Allende's expressed intention of trying to keep the traditional ties while increasing relations with Communist governments.

On 6 January Chile announced the establishment of diplomatic relations with Communist China, becoming the first country in South America to do so. There has been a small Chinese trade mission in Santiago for more than five years. Although trade is minimal, Peking has shown an interest in buying Chilean copper directly instead of through West European markets. The prompt break in relations by the Chinese Nationalist Government apparently did not bother the Chileans. They are showing greater caution as they move toward recognition of East Germany, however, in order not to jeopardize unnecessarily economic relations with West Germany.

Foreign Minister Almeyda announced on 5 January that a special envoy will advise Bonn of the decision to reach a consular agreement with East Germany very soon, with diplomatic relations shortly thereafter. There have been similar efforts to reassure other West European countries and Japan that the new Chilean policies are designed primarily to "break US domination of the Chilean economy," and to strike a new balance in which the US will participate along with other investors at a reduced degree. The Dutch Government, however, has announced that it will not conclude an economic cooperation treaty with Chile at this time because there are not sufficient guarantees for investments.

In an interview last week with the Soviet *New Times*, Allende maintained his low-key attitude on the USSR, but along with emphasis on the uniqueness of the Chilean experiment in building socialism, he praised Soviet society as "a reliable bulwark of peace throughout the world."

On 4 January Allende issued a decree of amnesty freeing from imprisonment, detention, and hiding more than 40 leftist extremists charged with such common crimes as robbery and kidnaping. As in an earlier amnesty for extremists charged with violating internal security laws, many of those affected belong to the radical Movement of the Revolutionary Left (MIR). Allende has shown surprising favoritism toward the MIR since he took office, to the annoyance of some members of his governing Popular Unity (UP) coalition to which the MIR does not belong. French revolutionary theorist Regis Debray, an admirer of the MIR, will join Allende's press staff. Debray went to Chile last month when Bolivia freed him after nearly four years in prison for involvement with Che Guevara's guerrillas.

The UP's strongest member, the Communist Party (PCCh), particularly opposes the influence of the MIR, but it is moving with its usual skill to consolidate its own power. Communist leaders were instrumental in convoking a UP National Assembly this week to prepare for the municipal elections in April. The PCCh is particularly eager to revitalize the thousands of local UP committees, most of which it controls. Communist officials have proven more intransigent than Socialists in carrying out stringent new economic measures. PCCh philosophy was expressed by Secretary General Luis Corvalan to an Italian Communist journalist when he remarked that the pace of change in Chile had to be forced so that it would be placed irrevocably on the path to socialism. He said, "The situation is certainly not yet irreversible; it is up to us to make it so." [REDACTED]

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