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TELEGRAM

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ACTION ARA-20

INFO OCT-81 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00
CCO-00 PH-05 H-02 INR-08 L-04 NSC-10 R-03 RSG-01
PRS-01 SS-20 AID-28 NIC-01 RSR-01 /105 W

046664

- Q R 050730Z SEP 70
- FM AMEMBASSY SANTIAGO
- TO SECSTATE WASHDC IMMEDIATE 3540
- INFO USCINCSO
- AMEMBASSY ASUNCION
- AMEMBASSY BOGOTA
- AMEMBASSY BRASILIA
- AMEMBASSY BUENOS AIRES
- AMEMBASSY CARACAS
- AMEMBASSY GUATEMALA
- AMEMBASSY KINGSTON
- AMEMBASSY LA PAZ
- AMEMBASSY LIMA
- AMEMBASSY MANAGUA
- AMEMBASSY MEXICO CITY
- AMEMBASSY MONTEVIDEO
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- AMEMBASSY PORT AU PRINCE
- AMEMBASSY PORT OF SPAIN
- AMEMBASSY QUITO
- AMEMBASSY RIO DE JANEIRO
- AMEMBASSY SAN JOSE
- AMEMBASSY SAN SALVADOR
- AMEMBASSY SANTO DOMINGO
- AMEMBASSY TEGUCIGALPA

CONFIDENTIAL SECTION 1 OF 2 SANTIAGO 3499/1

SUBJ: ALLENDE WINS

1. CHILE VOTED CALMLY TO HAVE A MARXIST-LENINIST STATE, THE FIRST NATION IN THE WORLD TO MAKE THIS CHOICE FREELY AND KNOWINGLY. DR. SALVADOR ALLENDE PROVED THE WISDOM

Handwritten: Santiago 3499
9/5/70

United States Department of State
Office of PI, Privacy, & Classification Review
Review Authority: OLSR, OSCAR
Date: 11/30/94
Case ID: 910303

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OF SOVIET POLICY IN LATIN AMERICA BY SCORING THE REVOLUTIONARY TACTIC OF HIS MODEL, FIDEL CASTRO, TO PURSUE AN ELECTORAL PATH TO POWER. HIS MARGIN IS ONLY ABOUT ONE PERCENT BUT IS LARGE ENOUGH IN THE CHILEAN CONSTITUTIONAL FRAMEWORK TO NAIL DOWN HIS TRIUMPH AS FINAL. THERE IS NO REASON TO BELIEVE THAT THE CHILEAN ARMED FORCES WILL UNLEASH A CIVIL WAR OR THAT ANY OTHER INTERVENING MIRACLE WILL UNDO HIS VICTORY. IT IS A SAD FACT THAT CHILE HAS TAKEN THE PATH TO COMMUNISM WITH ONLY A LITTLE MORE THAN A THIRD (36PCT) OF THE NATION APPROVING THIS CHOICE, BUT IT IS AN INHUTABLE FACT IT WILL HAVE THE MOST PROFOUND EFFECT ON LATIN AMERICA AND BEYOND. WE HAVE SUFFERED A GRIEVOUS DEFEAT; THE CONSEQUENCES WILL BE DOMESTIC AND INTERNATIONAL; THE REPERCUSSIONS WILL HAVE IMMEDIATE IMPACT IN SOME LANDS AND DELAYED EFFECT IN OTHERS.

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3. PRELIMINARY ANALYSIS OF THE RESULTS I WRITE THIS WITH 300,000 VOTES STILL TO BE COUNTED BUT THE STINK OF DEFEAT IS EVIDENT AND THE MOUNTING ROAR OF ALLENDISTAS ACCLAIMING THEIR VICTORY (ARISES FROM THE STREETS BELOW) SHOW THAT ALLENDE GOT EVERY BIT OF THE 35 PCT HE HAD FEARED PLUS MORE WOMEN IN THE LOW INCOME NEIGHBORHOODS. HE ALSO BENEFITTED FROM THE SWITCH IN SANTIAGO OF MIDDLE CLASS WOMEN FROM THE AGING ALESSANDRI TO THE PRATTLING TOMIC. IN THEIR MAJORITY, THE FEMALES OPTED FOR LAW AND ORDER AS REPRESENTED BY ALESSANDRI, BUT ENOUGH THOUGHT THEY HAD NOTHING TO LOSE WITH ALLENDE AND OTHERS WERE SEDUCED BY THE LURE OF THE CENTER WHERE TOMIC STOOD.

4. ALLENDE DID NOT EQUAL HIS 39 PCT OF 1964. HE DID NOT COME CLOSE TO THE 46 PCT THAT WAS THE SUM OF THE PARTIES THAT FORMED THE POPULAR UNITY. IT IS OBVIOUS THAT THE CLIENTELE OF THE RADICAL PARTY DESERTED HIM IN DROVES. BUT IT IS EQUALLY EVIDENT AS

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I WROTE ON ELECTION EVE THAT 65 PCT OF CHILE IS ANTI-RIGHT AND ALESSANDRI WAS SO IDENTIFIED WITH THAT POSITION THAT HE COULD GAIN THE PREDICTABLE 35 PCT MINIMUM AND NO MORE.

5. THERE WERE NO SURPRISES IN THE YEAR-LONG CAMPAIGN, NO SUDDEN "EVENTS" THAT AFFECTED VOTERS DECISIONS, WE ERRED BY ONE PER CENT ON ALLENDE, PREDICTED THE TONIC VOTE AND WERE ONLY 2.5 PCT OFF ON THE ALESSANDRI PREDICTION. BUT THE COMMUNIST PARTY, WHOSE LEADERSHIP HAS BEEN HATCHED BY THE COLDNESS OF ITS CALCULATIONS PREDICTED THE ALLENDE VOTE AS 36 PCT AND THE ALESSANDRI TALLY AS 34 PCT. THEY WERE ALMOST DEAD ON TARGET. IF ANYONE THINKS THAT SUCH A PARTY WILL NOT FULLY EXPLOIT THE ALLENDE PRESIDENCY TO IMPOSE ON CHILE A COMMUNIST STRUCTURE, I SUGGEST THEY PONDER THE DEAD RECKONING OF THESE COOL CUSTOMERS. I WOULD ALSO RECOMMEND THAT THEY REFLECT UPON THE EASE WITH WHICH THE SVIU TOOK ABSOLUTE CONTROL OF SOME 80 PCT OF THE MORE THAN 2000 POPULAR UNITY COMMITTEES THAT WERE FORMED IN THE COUNTRY FOR THE CAMPAIGN, WITH WHAT FACILITY THEY MANAGED THE FORMATION OF THE PHONEY POPULAR FRONT AND WITH WHAT SKILL THEY STEERED THEIR CHOICE, ALLENDE, INTO THE NOMINATION OF THE HETEROGENOUS GROUPING.

6. THE POTENCY OF THE COMMUNIST PARTY AND THE POVERTY OF THE CHRISTIAN DEMOCRATIC PARTY (PDC) CAN BEST BE SEEN WITH REGARD TO CUBA. THE PCCH CONVINCED CASTRO TO PLAY THEIR GAME, TO CALL OFF THE MAD SQUAD OF SOCIALIST EXTREMISTS KNOWN AS THE MIR AND THUS DEPRIVE ALESSANDRI OF MUCH OF THE LAW AND ORDER ISSUE ON WHICH HIS CAMPAIGN WAS SO LARGELY RESTED. THE PDC THROUGH THAT NO. 1 GRAVE-DIGGER OF CHILEAN DEMOCRACY, FOREIGN MINISTER GABRIEL VALDES, CHOSE TO APPEASE CASTRO. JUST AS HE ARGUED WITH US THAT THE WAY TO CONTAIN CASTRO WAS TO GIVE HIM A FREE HAND AND TO "ASSIMILATE" CUBA, SO TOO DID HE AND THE PDC HAND THE SHOVELS FOR THEIR OWN GRAVES TO THE LEFT IN CHILE. THEY CEDED ON EVERY ISSUE THIS YEAR TO THE PCCH AND TO THE SOCIALISTS. THEY PLAYED THE CARD OF ANTI-AMERICANISM AND LEGITIMIZED CASTRO AND THE LEFT. THEY CONSIDERED ME INNOCENT AND UNCOUTH FOR POINTING OUT THAT THEY WERE NOT HAMMING THE US BUT DESTROYING THEMSELVES. THEY SHOULD BE GIVEN NEITHER SYMPATHY NOR SALVATION. MISTRUST IS INDEED "THE MOTHER OF SAFETY" AND I CANNOT

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IMAGINE WISDOM WITHOUT IT.

7. I HAVE CONFESSED REPEATEDLY IN THESE COMMUNICATIONS MY EQUAL DISTRUST OF A RIGHT THAT BLINDLY AND GREEDILY PURSUED ITS INTERESTS, WANDERING IN A HYDRIA OF ARROGANT STUPIDITY. THEY DISDAINED ORGANIZATION AND DELIBERATELY SCORNE THE ONE ELEMENT OF THEIR FORCES THAT HAD SOME SEMBLANCE OF STRUCTURE, THE NATIONAL PARTY. THEY PREACHED VENGEANCE AGAINST THE CHRISTIAN DEMOCRATS WHOM THEY REGARDED AS A MORE JUSTIFIABLE ENEMY BECAUSE OF ITS BETRAYAL OF CLASS THAN THEIR CLASS ENEMY, THE COMMUNISTS. THEY FOUGHT THE FIRST RULE OF NATURE, OF CHANGE, AND INSOLENTLY BELIEVED THAT TIME STANDS TILL. THEY ONLY TOLERATED THE FEW MODERNISTS IN THEIR MIDSTS, MEN WHO WERE CERTAINLY NO LESS RICH, NO LESS SELF-INTERESTED, BUT WHO AT LEAST UNDERSTOOD THE FLUX IN WHICH WE ARE ALL CAUGHT.

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ACTION ARA-20

INFO: DCT-01 CIAE-00 CODE-00 NSAE-00 NSCE-00 SSO-00 UGIE-00

CCO-00 PM-05 H-02 INR-00 L-04 NSC-10 R-03 RSC-01

PRS-01 SS-20 AIG-20 NIC-01 RSR-01 /105 W

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O R 050730Z SEP 70

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 3541

INFO USCINCSO

AMEMBASSY ASUNCION

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

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AMEMBASSY SANTO DOMINGO

AMEMBASSY TEGUCIGALPA

C I O N F I D E N T I A L SECTION 2 OF 2 SANTIAGO 3499/2

SUBJ: ALLENDE MINS.

* ALLENDE WAS SMARTER. HE WAS PERSUADED BY THE COMMUNISTS TO STICK TO BREAD AND BUTTER ISSUES, TO PROJECT A PERSONALITY WITH BROADER APPEAL THAN A RIGID AND CYNICAL DOCTRINAIRE.

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WITH 60 PCT OF CHILE STILL POOR AND WITH INFLATION AND UNEMPLOY-
MENT THE ROCK-BOTTOM ELECTORAL ISSUES, IT IS TRULY SURPRISING
THAT ONLY 36 PCT VOTED FOR HIM.

9. WE TOO WERE MISLED BY THE POLLS I HAVE SO OFTEN MOCKED.
THE GALLUP AND MUCH RESPECTED CESEC POLLS WERE WAY OFF
THE BEAN. THEY PREDICTED 41.5 PCT FOR ALESSANDRI AND ALTHOUGH
THE EMBASSY CALCULATED AN ACTUAL VOTE 36.5 PCT FOR ALESSANDRI,
I WAS ENOUGH INFLUENCED BY THESE FOLISH SAMPLINGS TO
INCREASE THE PROJECTION TO 38 PCT. VOTERS ARE NOT OADERENE
SWINE. IN A SOCIETY WITH 98 PCT LITERACY, THEY CAN BE QUITE
BLOODY-MINDED ABOUT THEIR INTERESTS. AND WHEN THE
CANDIDATE OF THE GOVT PARTY PREACHES THAT THE SYSTEM IN
WHICH THEY LIVE IS ROTTEN AND ISSUES THE CALL FOR REVOLUTION,
IT IS NOT SURPRISING THAT ENOUGH DECIDE TO PLACE THEIR FAITH
IN THE GENUINE ARTICLE.

10. I BRIEFED THE US PRESS A FEW DAYS AGO ON WHY I WAS
CONVINCED BEYOND ANY DOUBT THAT CHILE ALONE IN THE WESTERN
AND DEMOCRATIC WORLD HAD THE OBJECTIVE CONDITIONS TO
PERMIT A UNIQUE CONSTITUTIONAL TRANSITION TO A COMMUNIST
STATE BY AN ALLENDE GOVT WITHOUT THE USUAL ROUGH STUFF.
THE TEN REASONS ARE:

A. ALLENDE AND HIS SOCIALIST PARTY AND THE PCHH HAVE A
REVOLUTIONARY PROGRAM THAT IS THE PRODUCT OF A LENGTHY
EVOLUTION IN THE COUNTRY. THEY HAVE THE CONVICTION, THE
ORGANIZATION AND THE POWER BASE.

B. THE PRESIDENCY OF CHILE HAS ALMOST UNIQUE POWERS.
AND WITH THE LATEST CONSTITUTIONAL REFORM THAT WILL TAKE
EFFECT WITH THE NEW GOVT THAT AUTHORITY WILL BE FURTHER
STRENGTHENED.

C. THE BUREAUCRACY OF CHILE IS STATIST-MINDED AND THE
MAJORITY OF THE CONGRESS IS VERY AMENABLE TO FURTHER
STATE CONTROL. THERE HAS NEVER BEEN MUCH TRUE PRIVATE
ENTERPRISE IN CHILE AND THE LARGE BUSINESSES HAVE ALSO
DEPENDED UPON GOVT FAVOR FOR THEIR PROFITS, THEIR INITIAL
CAPITAL AND THEIR PROTECTION. PROPOSALS TO NATIONALIZE
FOREIGN ENTERPRISES AND THE CRITICAL BANKING AND INSURANCE
SECTOR WILL NOT ENCOUNTER SERIOUS OPPOSITION.

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D. THE BIG BUSINESS SECTOR OF CHILE IS FRAGILE AND THINLY-BASED. IT CAN BE ELIMINATED WITH FAR GREATER EASE THEN IN ANY OTHER COUNTRY, AS IN FRANCE OR ITALY.

E. THE POLITICAL RIGHT DEPENDS UPON THE ECONOMIC RIGHT. THE ELIMINATION OF THE LATTER DOOMS THE FORMER. AND AS THIS PROCESS PROCEEDS, IT WILL TEAR APART THE PDC IN THE SAME SALAMI-SLICING METHOD THAT THE COMMUNISTS EMPLOYED THESE PAST SIX YEARS IN A TOTALLY FREE SOCIETY TO DESTROY THAT OTHER MAINSTAY OF THE CENTER, THE RADICAL PARTY.

F. THE FREE PRESS IN CHILE IS REPRESENTED PRIMARILY BY THE EL MERCURIO GROUP. THIS ENTERPRISE, OWNED BY AUGUSTIN EDWARDS, SUPPORTED FREI IN 1964 AND SINCE THAT TIME IT WENT ALL OUT AGAINST THE COMMUNISTS AND BECAME THE GREAT THUNDERER FOR ALESSANDRI. IT IS DOOMED, AND "IT" MEANS THE ONLY RESPECTABLE JOURNAL IN THE COUNTRY PLUS A LARGE NUMBER OF SATELLITE NEWSPAPERS IN SANTIAGO AND THROUGH THE COUNTRY. IT WILL BE ELIMINATED NOT BY NATIONALIZATION, I PREDICT, BUT BY AN IRRESISTIBLE SQUEEZE THROUGH THE GOVT'S CONTROL OF PAPER SUPPLY AND PRICES, THE GOVT'S USE OF ADVERTISING AND THE DISAPPEARANCE OF MEANINGFUL AND FREE PRIVATE ENTERPRISE. DEMOCRACY DEPENDS ULTIMATELY ON THE FREEDOM OF EXPRESSION. TO STILL THE LOUDEST VOICE IS TO SILENCE DISSENT. OF THE THREE TV CHANNELS IN SANTIAGO, IN A STILL FREE SOCIETY, ONE IS TOTALLY CONTROLLED BY THE MARXIST-LENINISTS OF THE UNIVERSITY OF CHILE, ANOTHER IS CONTROLLED BY A COMBINATION OF MARXISTS AND VERY LEFT WING CHRISTIAN DEMOCRATS OF THE CATHOLIC UNIVERSITY AND THE THIRD IS THE STATE'S.

G. CHILE HAS AN ALMOST UNIQUE SYSTEM FOR THE MAKING OF ITS MILITARY COMMAND. NOT ONLY DOES THE PRESIDENT HAVE THE GREATEST INFLUENCE ON THE SELECTION OF SERVICE AND CARABINERO CHIEFS BUT MORE SIGNIFICANTLY THE OFFICERS SELECTED AUTOMATICALLY RETIRE ALL THOSE OVER WHOM THEY HAVE PASSED ON THE SENIORITY LIST. NO MORE FACILE INSTRUMENT HAS EVER DEvised TO ELIMINATE BY LEGAL AND TRADITIONAL METHODS A BROAD CHUNK OF OPPOSITION.

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4. ECONOMICALLY, CHILE IS IN THE BEST SHAPE EVER. IT HAS \$500,000,000 (M) IN HARD RESERVES, MORE PER CAPITA THAN THE US. STARTING NEXT YEAR IT WILL BE THE SECOND LARGEST COPPER PRODUCER IN THE WORLD, SURPASSING THE SOVIET UNION, THANKS TO THE ENORMOUS INVESTMENT OF US COMPANIES. THERE WILL BE NO LACK OF MARKETS; CHILE'S PRIME CUSTOMERS ARE WESTERN EUROPE AND JAPAN; AS IN THE CASE OF CUBA, THESE MERCANTILIST NATIONS WILL HAPPILY BE READY TO PICK UP BASEMENT BARGAINS ON COPPER. AN ALLENDE REGIME WILL ALSO SAVE A LARGE OUTFLOW OF HARD CURRENCIES IN PROFITS, AMORTIZATION, LICENSE PAYMENTS AND MAY EVEN DEFAULT ON THE THREE-QUARTERS OF A BILLION DOLLARS IT OWES TO AID AND THE EX-IM BANK. THE POINT IS THAT IT NEED NOT FACE ANY ECONOMIC SQUEEZE FOR SOME TIME.

1. CHILE IS REALLY AN ISLAND. ITS THREE NEIGHBORS HAVE SUFFICIENT PROBLEMS TO ESCHEW ANY PRESSURES ON THIS COUNTRY.

2. THERE IS NO COUNTRY ON EARTH THAT IS SO FAR FROM THE TWO SUPER-POWERS AND RED CHINA. IT IS NOT POLAND NOR IS IT MEXICO.

[1] IN SUM, IT WILL NOT REQUIRE ANY MASSIVE COMMITMENT FROM ANYONE. THE SOVIET UNION WILL MOVE WITH CAUTION TO EXPAND ITS BASE. IT NEED NOT RISK MUCH SOON. CHILE IS NOT ANOTHER CUBAN DRAIN OF MOSCOW'S RESOURCES. IT WILL TAKE YEARS BEFORE THE DEAD-WEIGHT OF THE NEW SYSTEM WILL CRUSH THE ECONOMY OF THE COUNTRY.

[2] IT IS LAQUENTABLY THE US THAT WILL HAVE TO MOVE FASTER. TOMORROW WE SHALL REPORT ON THE MEASURES WE ARE TAKING TO PREPARE FOR THE NEW ERA.

[3] LEADERSHIP DEPENDS UPON, IF I MAY USE SPANISH, CABEZA, CORAZON AND CAJONES - HEAD, HEART AND GUTS. IN CHILE THEY COUNTED UPON CRACHARA... CHATTER. KORRY

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