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11 September 1973

MEMORANDUM

SUBJECT: Looking Forward in Chile

1. Assuming that the military junta is reasonably successful in gaining substantial control of Chile, the U.S. Government can anticipate urgent requests for (a) diplomatic recognition, (b) substantial military assistance to control disorders and terrorist activities initiated by the UP and far leftist groups, (c) massive economic assistance to cope with a badly deteriorated economy, (d) emergency food and medical supplies and (e) some form of administrative expertise to help the new government function more efficiently.

2. U.S. reaction to these requests must be governed by a number of factors which cannot be predicted at the present time. These include the following:

a. The new government's degree of effective control of national territory including popular reaction to the coup. This would include immediate leftist responses, which could range from armed leftist resistance to a non-violent show of strength through strike action, the occupation of factories, and street demonstrations. We can anticipate that the smaller, more extremist leftist groups such as the MIR, VOP, and hardline Socialist Party youth elements will react violently even if most Communist and Socialist leaders choose an initial course of passive resistance.

b. The domestic policies announced by the new government, most specifically whether the government is to be essentially a caretaker regime pending new national elections, or whether it intends to remain in power indefinitely. Only in the latter case could the new government be

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expected to make significant political and economic decisions. On the other hand, the opposition political parties, and particularly the PDC, might withhold or deny their support to a military government which did not promise new elections at least by 1976, when Allende's term is due to expire.

c. The foreign policy of the new government, particularly with regard to bilateral issues with the U.S., including compensation for expropriated U.S. investments.

5. Previous reporting from [redacted] who were working closely with military coup plotters indicates that the probable actions of military leaders in the aftermath of a successful coup would be as follows:

a. Establishment of a new cabinet composed of military leaders and civilian "technocrats" who are experts in their respective fields. These civilians may be members of opposition political parties but they are not party leaders.

b. The new government will maintain control of all basic resources, of the financial system and of the fundamental productive units of the economy. Although the government thus intends to play a key role in guiding the economy through central planning, it will also encourage free enterprise and provide clear guarantees for legitimate personal property.

c. In the first stages the state will channel the basic part of its investment effort into the agricultural and mining fields. There will be a rapid assignment of individual property titles for land expropriated by the Allende government, and guarantees for agrarian property in the future. The state will provide massive aid to the peasants for machinery, supplies, etc., and will adopt a realistic price structure for agricultural products. The government will also give priority attention to providing new financial,

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technical and human resources to the mining sector, especially copper, which has been severely damaged and is running at a fraction of its capacity.

4. Although the plans formulated by military and civilian plotters make no mention of disciplinary or repressive measures, the new government will undoubtedly find it necessary to take firm action to restore and maintain order in rural and urban areas to control terrorism and to gather up the weapons which have been widely issued to military UP groups and organizations. Drastic measures may be necessary to restore workers discipline and increase production. Extremist organizations of both the left and right would probably be outlawed, and possibly the Communist Party as well.

5. The opposition parties, having accepted the successful coup, may become increasingly disgruntled if it becomes apparent that the military do not intend to turn the government over to them in the near future. Their protests are, however, likely to be token grumblings, especially if the new government is successful in restoring order and in rebuilding the economy.

6. The military government does not intend to perpetuate itself in power indefinitely, but neither does it intend to return the government immediately to the same political parties which the military believe have been responsible for the country's acute national problems. The military apparently hopes to retain power long enough to rebuild the nation's political, economic and social systems, to formulate a new constitution, submit this new constitution for approval in a plebiscite, and to hand over the government only when the country has been "renewed and made prosperous."

7. The military will seek the aid of "all nations friendly to Chile" in this effort. In practical terms, they will certainly seek and expect a major part of this assistance to come from the United States. They will probably make special efforts to work out current problems, including some form of compensation for U.S. copper interests.


8. In considering what action might be taken to assist the new military government, it would appear highly desirable to

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encourage the Chileans to seek early support from



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