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DIRECTORATE OF INTELLIGENCE

## WEEKLY REVIEW

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Top Secret

Chile: A More Aggressive Opposition

The night-long violence in Santiago set off by a women's demonstration against the government on 1 December is a significant escalation of the steadily rising tensions between the Allende government and its opponents. The state of emergency declared in Santiago Province on 2 December puts the area under military control and empowers the government to make arrests without warrants, impose news censorship, and ban all parades and demonstrations. The two major opposition radio stations in Santiago have been closed by official order.

The acrimonious battle over administration efforts to reorganize and gain control of the University of Chile had already led to daily violence in Santiago for several weeks. The battle recently spread to other cities and universities as Chileans, reluctant to involve themselves openly on other issues, joined the fight. Retaliation has been harsh and the leader of the coalition effort at the university has threatened that workers may occupy university buildings. Although the Christian agreed to a compromise Democrats 4 with the government over opposition demands for a plebiscite of the university community on the reorganization, the rector has pressed the issue. He has collected sufficient signatures and set the plebiscite for 21 December. It covers many issues and if approved would greatly increase his authority at the expense of the administration-dominated university governing council.

The Christian Democratic penchant for backing off after taking a stand against the government has several times given the Popular Unity advantages. Recently, the Christian Democrats dropped, for a third time, plans to join in attempts to impeach Allende cabinet officers. Neither will the party cooperate with the conservative Nationals in the legislative by-elections to be held in January. On the other hand, the Christian Democrats' announced opposition to vital sections of Allende's sweeping constitutional reform bill has slowed that governmental offensive and the party has elected as president a fiery anti-Communist leftist, Senator Renan Fuentealba.

Meanwhile, Chilean businessmen are mounting an all-out and thus far effective campaign to block the government's attempts to buy controlling interest in Chile's massive, privately owned paper company. The argument that government control of the company's monopoly on newsprint would further curtail freedom of the press has helped. The administration has many effective and legal means to frustrate such efforts. The major curb on the rapid trend toward government control seems to be the Popular Unity's lack of managerial and technical talent to run nationalized enterprises efficiently.

Allende's announcement that Chile would renegotiate most of its outstanding international debts has been translated into action. Coalition politicians apparently prevailed in their desire to request bilateral negotiations with creditor countries, possibly in hope of isolating the US, which holds about fifty percent of the total debt. Economic officials, however, recognize that a multilateral approach is more acceptable to creditors.

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Differences within the Popular Unity persist. Both the Socialist and Communist parties are attempting to strengthen their position, particularly in the labor field where the government is meeting increasing resistance. The Chilean Labor Confederation congress from 8 to 12 December will test the rivalry, although much of the action will take place behind the scenes. The Socialists and Communists realize that Allende's criticism of their infighting as damaging to the government is valid, but this is not likely to end their efforts to dominate the coalition. Nevertheless, their ability to handle so ticklish a situation as Castro's visit without a falling out reflects their ability on balance to work in tandem.

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