



Washington, D.C. 20520

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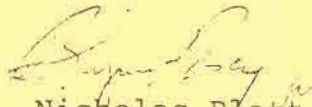
November 13, 1986

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MEMORANDUM FOR VADM JOHN M. POINDEXTER
THE WHITE HOUSE

Subject: Chile: Background Paper for Secretary Shultz'
Presentation at NSC Meeting on Chile, Friday,
November 14, 11:00 a.m.

A paper on US policy goals for Chile is attached. We request that this paper, which will serve as background for Secretary Shultz' presentation to the upcoming NSC meeting on Chile, be distributed to participants in advance of the November 14 meeting date.


Nicholas Platt
Executive Secretary

Attachment:
As stated.

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~~SECRET~~BACKGROUND PAPER ON US POLICY GOALS IN CHILEThe Challenge for the US

There is growing tension between our national interest in an orderly and peaceful democratic transition in Chile and President Pinochet's apparent desire to maintain himself in office indefinitely.

Pinochet continues to be opposed to a genuine political opening or meaningful talks with the democratic opposition. He is already mounting a campaign to be selected as the only presidential candidate in the plebiscite set for 1989 by Chile's 1980 constitution. The increasingly open opposition to Pinochet's candidacy of the non-army members of the junta--who together with Pinochet are to select the presidential candidate--suggests that a successful transition to civilian rule in 1989 is possible, provided that increasing polarization does not prevent development of the necessary civilian-military cooperation.

The democratic opposition, although moving away from the Communists, is fragmented, and needs to show more pragmatism and inspired leadership to break through the current stalemate.

Political violence spirals upward; a new, possibly successful assassination attempt against Pinochet by Communist terrorists cannot be ruled out. The Communists, now more isolated than ever before, stand to benefit should the stalemate continue on into the next decade.

Declining Support for Pinochet

Today's political standoff follows six years of declining support for Pinochet, following the collapse of the economy in 1982. From March 1983 until August 1984 increasing demonstrations brought popular pressure on the military. The pressure resulted in the appointment of a traditional politician as Interior Minister in August 1984. Pinochet's concept of the appointment as an expedient solution to popular pressure, doomed the political opening, which collapsed with state of siege in November 1984.

That state of siege was lifted in June 1985, in response to US pressure exercised through MDB loan votes. Removal of the state of siege reduced restrictions on freedom of expression and provided the atmosphere for the democratic opposition to make a major advance with the negotiation of a National Accord in August 1985. The Accord united the principal opposition parties of the right, center and democratic left (excluding the Communists and their allies) around a new, more pragmatic program which attempted to address key military concerns.

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After Pinochet rejected any possibility of dialogue with the Accord parties in December 1985, a period of confrontation ensued with much of the democratic opposition pursuing a fruitless strategy of public protests. Efforts by democratic opposition parties at coordination with Communists strengthened support for Pinochet among the Armed Forces, which are solidly behind him until 1989.

Military support for Pinochet after 1989 is uncertain. The three non-army junta members--Admiral Merino and Generals Matthei and Stange--oppose Pinochet's candidacy in the anticipated 1989 presidential plebiscite. These three military leaders maintain a close dialogue with the USG, and to a large degree (especially Matthei) share USG views. All have strongly supported a transition to civilian rule in 1989, called for dialogue with the democratic opposition, and expressed willingness to consider competitive elections in 1989 instead of the single-candidate plebiscite.

The discovery of massive arms caches of Cuban-supplied arms for Communist terrorists this summer and the nearly successful assassination attempt against Pinochet in September led to a phase of renewed repression, another State of Siege, and new reflexion on the part of the opposition.

Policy Objectives

Since imposition of the 1984-85 state of siege signalled the collapse of Chile's short-lived political opening, the U.S. has stepped up diplomatic efforts to encourage movement toward a democratic transition in Chile by the most prompt, effective means. Deputy Secretary of State Dam chaired an interagency policy review in December 1984 which approved the basic outlines of the U.S. approach: to encourage implementation of the transition provisions of the 1980 constitution; to promote opposition unity excluding the Communists; and direct talks between the government and the opposition leading to an agreed-upon transition timetable. Periodic restricted Inter-Agency Group meetings have been held to review implementation progress.

Immediate US policy goals are to bring pressure on Pinochet to cooperate in a peaceful democratic transition and to strengthen the democratic center as an alternative, while weakening the Communists. The US has sought to engage other like-minded democracies in these efforts, particularly the UK and FRG. Presidential correspondence has been used to impress upon Pinochet the seriousness of U.S. concerns though Pinochet has not been receptive to the President's points. When appropriate, balanced public statements have also highlighted concerns. The US initiative in drafting and winning approval of a balanced resolution on the Chile at the UN Human Rights Commission in Geneva last March enhanced our credibility and

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influence with both the government and the opposition, by demonstrating US actions are consistent with US statements.

Just as we have expanded contacts with the democratic opposition, we have tried to increase ties with government moderates and the hard-to-reach Chilean military. Since General Wickham's visit in November 1985, we have undertaken several initiatives to enhance military-to-military relationships. Since General Galvin's visit in August 1986, we are implementing further such measures.

US policy is achieving results, and strengthening the bargaining power of moderates in the government and the opposition. Most Chilean government officials now accept human rights and the return to democracy as subjects in which the US has strong, legitimate interest. Although unable to block the current state of siege, government moderates have tempered its application, and recently successfully pushed for a reduction in the number of exiles. The non-army junta members have forcefully and publicly advocated dialogue with the opposition, forcing Pinochet to make a gesture and offer to discuss a law legalizing political parties.

The democratic opposition, for its part, has moved decidedly away from the Communists, in reaction to the arms discoveries and assassination attempt, but also because of steady US pressures, backed up at our request by the FRG.

Pending Issues

The present period presents opportunities for further advances on US policy goals if we act prudently and with resolve. While individual freedoms remain greatly curtailed and human rights abuses continue, there is potential for some positive movement by early next year. With an eye to the Pope's visit in April and in response to US concerns, the government has announced plans to legalize political parties and to allow an opposition newspaper to open in March.

Several events this fall require public US actions on Chile: in particular, votes on resolutions in the UN and the OAS, and on a key structural adjustment loan in the World Bank. US votes on MDB loans do not affect passage of the loans themselves, but will be judged as a sign of our satisfaction with human rights in Chile, given US legislation linking human rights with MDB votes. Before January 1987, a determination must be made on Chile's eligibility for GSP benefits and OPIC programs, in view of legislation coming into force requiring participants in those programs to meet standards on worker rights. US actions will have a tremendous impact on our credibility with the government and the opposition, and will also affect the atmosphere in Congress, where sentiment for punitive measures on Chile has grown, and may be more difficult to manage without a Republican-controlled Senate.

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