

# U.S. Bluff in Letelier Case Bolsters Pinochet in Chile

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SANTIAGO, Chile—Chile's involvement in the 1976 Washington murder of Orlando Letelier, considered a potentially debilitating crisis here barely a year ago, appears instead to have become a personal triumph for President Augusto Pinochet and to have bolstered, rather than weakened, his military regime.

Opposition leaders and Latin diplomats here believe this is due in large measure to the Carter administration's refusal to follow through on harsh reprisals threatened against the Pinochet government if it did not extradite three Chilean intelligence officials charged with the crime.

U.S. diplomats here now say the administration was never prepared to carry out the threats.

"All right, we bluffed," said one high-ranking U.S. official here last week. "They called our bluff, and we lost."

It was all part of a game, this diplomat said, to scare Chile's Supreme Court, which the United States believes was influenced by the military government but the government maintains acted independently, into granting the extraditions or at least a trial of the three in Chile.

In August 1978, nearly two years after Letelier and American associate Ronni Moffitt were killed when the car they were riding in exploded in downtown Washington, a U.S. federal grand jury charged DINA, Chile's secret police, with masterminding the crime and issued indictments for three top DINA officials.

The apparent motive was to thwart the effort of the Chilean exile movement to turn international public opinion against the Pinochet regime. Letelier, who had served as foreign minister in the government of Marxist President Salvador Allende that was

See CHILE, A13, Col. 1

# U.S. Backdown in Letelier

CHILE, From A1

overthrown by the rightist military in 1973, was a prominent exile figure.

Today, the three DINA officers charged with ordering or helping to expedite Letelier's death, including former DINA director Gen. Juan Manuel Contreras, a close Pinochet associate, are free to walk the streets of Santiago certain that they will never be tried for the political murder. In October, the Supreme Court ruled that the U.S.-supplied evidence against them was insufficient for extradition or local prosecution.

Before that decision, the United States hinted that any ruling it considered unfavorable might result in the withdrawal of U.S. Ambassador George Landau or the discouragement or restriction of private U.S. bank loans to Chile, two steps that would have been severe blows to Chile's economy.

Instead, Washington announced in November that it would "reduce" its diplomatic presence here by 10 or 15

percent, end U.S. government-guaranteed loans, "phase down" the U.S. military presence here and end disbursement of previously approved military assistance programs.

Observers here agree that those measures amounted to little more than a wrist-slap. Moreover, in most instances they either have not yet been carried out or served only to formalize existing policy. Not one embassy official has left and those under consideration for recall include mapmakers from the U.S. Geodesic Survey and AID officials who no longer have a program in Chile anyway.

Chile now purchases military equipment from France and Israel, among others and is looking with some success for ways to replace those items which need U.S.-supplied spare parts. U.S. Export-Import Bank and Overseas Private Investment Corp. loan guarantees and financing here, according to Chilean Central Bank President Alvaro Bardon and others, have been completely dormant for at least

three years. Many import contracts will now go instead to Japanese and European firms.

The net effect of the measures has been to strengthen a perception throughout Latin America, according to several Latin ambassadors here, that the Carter Administration will not act when it sees its own general foreign policy interests at stake.

The effect within Chile, according to interviews with informed observers, has been to strengthen Pinochet, who now looks as if he stood up to the United States, dared the administration to punish him and then watched it beat a hasty retreat when the court's decision was completely unfavorable.

Since then, diplomatic and political observers said, Pinochet's confidence has risen. He shuffled his cabinet last month, replacing several civilians, including Education Minister Gonzalo Vial, who had favored a gradual return to a civilian government.

"We calculated badly," said one

# Case Bolsters Pinochet in Chile

leading member of the opposition Christian Democratic Party, which maintains U.S. diplomats told it last year the administration would, at the very least, withdraw Landau if the DINA officers were freed.

"We didn't think the United States would accept the assassination of a former foreign minister on its soil. But obviously, it has.

"This," he concluded, "has been a disgusting episode."

For Chilean leftists, Washington's response has simply confirmed their view that the Carter Administration is unwilling to risk Pinochet's fall, no matter how much it has criticized the regime's national security policies and its unwillingness to return the country to civilian rule.

For Chile's rightists, who have traditionally looked to the United States for support, the deterioration in relations with the United States is not pleasing. But at the same time, they are openly contemptuous of a U.S. government they believe is weak and

cannot decide where its real interests lie.

Que Pasa, a conservative weekly magazine that was in part owned by Foreign Minister Hernan Cubillos before he joined Pinochet's cabinet, said the U.S. response was simply one more piece of evidence of "the decline of the United States as the world's most important power."

Although the magazine called the response "unjust and precipitous," echoing Cubillos' view that the reprisals were "simply a return to the old practices of North American imperialism in Latin America," it said the measures taken "were largely ineffective toward achieving the needs that supposedly had inspired them."

U.S. diplomats here do not dispute this analysis. But they argue that the outcome of the confrontation was not completely "costless" for the Pinochet regime, because the evidence of its involvement in the assassination was put before the Chilean people and the

chance for improved U.S. relations has been lost, at least for now.

There are now persistent rumors in government, diplomatic and opposition circles here that Landau soon will be replaced as the U.S. ambassador, because his credibility has been destroyed as a result of the "bluff" that did not work.

Although Landau has denied that he is slated to be removed from Chile, those around him acknowledge that his public promise last year that "justice will be done" in the Letelier case—or else the military government would pay dearly—has come back to haunt both him and the government he represents.

Pinochet himself now seems determined to remain in power at least six more years and perhaps even longer. The positive outcome for him of the Letelier affair, another political leader said, "has been to stimulate a feeling in the dictatorship that its power is unlimited."