

**FOREIGN
RELATIONS
OF THE
UNITED
STATES**

1969–1976

VOLUME XXI

**CHILE,
1969–1973**



**DEPARTMENT
OF
STATE**

Washington



Foreign Relations of the United States, 1969–1976

Volume XXI

Chile, 1969–1973

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DEPARTMENT OF STATE
OFFICE OF THE HISTORIAN
BUREAU OF PUBLIC AFFAIRS

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Preface

The *Foreign Relations of the United States* series presents the official documentary historical record of major foreign policy decisions and significant diplomatic activity of the United States Government. The Historian of the Department of State is charged with the responsibility for the preparation of the *Foreign Relations* series. The staff of the Office of the Historian, Bureau of Public Affairs, under the direction of the General Editor of the *Foreign Relations* series, plans, researches, compiles, and edits the volumes in the series. Secretary of State Frank B. Kellogg first promulgated official regulations codifying specific standards for the selection and editing of documents for the series on March 26, 1925. These regulations, with minor modifications, guided the series through 1991.

Public Law 102-138, the Foreign Relations Authorization Act, established a new statutory charter for the preparation of the series which was signed by President George H.W. Bush on October 28, 1991. Section 198 of P.L. 102-138 added a new Title IV to the Department of State's Basic Authorities Act of 1956 (22 USC 4351, et seq.).

The statute requires that the *Foreign Relations* series be a thorough, accurate, and reliable record of major United States foreign policy decisions and significant United States diplomatic activity. The volumes of the series should include all records needed to provide comprehensive documentation of major foreign policy decisions and actions of the United States Government. The statute also confirms the editing principles established by Secretary Kellogg: the *Foreign Relations* series is guided by the principles of historical objectivity and accuracy; records should not be altered or deletions made without indicating in the published text that a deletion has been made; the published record should omit no facts that were of major importance in reaching a decision; and nothing should be omitted for the purposes of concealing a defect in policy. The statute also requires that the *Foreign Relations* series be published not more than 30 years after the events recorded. The editors are convinced that this volume meets all regulatory, statutory, and scholarly standards of selection and editing.

Structure and Scope of the Foreign Relations Series

This volume is part of a subseries of volumes of the *Foreign Relations* series that documents the most important issues in the foreign policy of Presidents Richard M. Nixon and Gerald R. Ford. The subseries presents in multiple volumes a comprehensive documentary rec-

ord of major foreign policy decisions and actions of both administrations. This volume documents U.S. policy toward Chile from January 20, 1969 to September 24, 1973, when the Nixon administration announced its extension of diplomatic recognition to the military junta under General Augusto Pinochet.

Although intended to stand on its own, this volume should be read in conjunction with other volumes in the series, in particular the electronic supplement, *Foreign Relations, 1969–1976*, volume E–16, Documents on Chile, 1969–1973. In addition to the electronic supplement, the reader should consult *Foreign Relations, 1969–1976*, volume E–10, Documents on American Republics, 1969–1972 and volume E–11, Documents on South America, 1973–1976, Part 2, for further documentation on the role Chile played in the Nixon administration's overall policy in Latin America.

Focus of Research and Principles of Selection for Foreign Relations, 1969–1976, Volume XXI

The primary focus of this volume is on the attitudes adopted and actions taken by the U.S. Government toward the installation of two successive Chilean presidents: the election and inauguration of Salvador Allende in September 1970 and the military coup d'état of General Augusto Pinochet in September 1973. This volume differs from most volumes in the *Foreign Relations* series, however, in two important ways. First, many of the documents herein have been thoroughly examined, summarized, and declassified in several other public projects, in particular: the reports released in the mid-1970s by the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities (the Church Committee); and the documents released in the late-1990s by the Chile Declassification Project (the Pinochet Project). The editors of this volume, while acknowledging what has been released before, have tried to meet the series' standard of thoroughness, accuracy, and reliability not only by adding to the historical record but also by presenting a complete documentary account, regardless of previous declassification. Second, recognizing both the importance of the subject and the nature of the documentation, the editors also compiled an extensive electronic supplement (*Foreign Relations, 1969–1976*, volume E–16, Documents on Chile, 1969–1973), which, when released, will be available online at the Office of the Historian website. The supplement will include a selection of Presidential tape recordings, as transcribed by the editors, which adds context and detail to formal records on President Nixon's posture toward President Allende; and several documents on human rights in the aftermath of the Pinochet coup, in particular, the disappearance and death of two U.S. citizens, Charles Horman and Frank Teruggi. In the latter instance, although Horman and Teruggi both died before September 24 (i.e. the

last day covered in this volume), the investigation into the circumstances surrounding these two tragic cases—and the resulting public controversy—continued long afterwards. Additional documentation, therefore, is scheduled for publication in the subsequent compilation on Chile in *Foreign Relations, 1969–1976*, volume E–11, Documents on South America, 1973–1976, Part 2.

Although organized into five chapters, this volume is perhaps best surveyed in terms of three periods in Allende's political career: before his election on September 4, 1970; between his election and inauguration on November 4, 1970; and after his inauguration until his overthrow and death on September 11, 1973. The first period also corresponds to the final two years of the administration of President Eduardo Frei, which, in terms of U.S. policy, continued largely along lines established during his first four years in office. Frei, for instance, received substantial political and economic support, including covert assistance during the 1964 election from the Kennedy and Johnson administrations. Since the deliberations on whether to provide similar assistance to any of the major candidates in the 1970 election were heavily influenced by the decision-making process six years earlier, as well as by political developments in the intervening years, readers should consult the compilation on Chile in *Foreign Relations, 1964–1968*, volume XXXI, South and Central America; Mexico. Allende's narrow victory in the 1970 election represented a decisive break in this continuity, a break that is clearly represented in the pace of documentation, as the Nixon administration sought to block Allende's confirmation and inauguration. The second period, covering these intervening two months, is the heart of the volume, documenting day-to-day decisions in a series of meetings, memoranda, and backchannel messages on Track I and Track II, attempting to block Allende, either by constitutional means or by military coup d'état, respectively. The third period, which picks up the story after Allende's inauguration, demonstrates how the Nixon administration adopted and implemented its "cool and correct" policy to destabilize the Chilean Government while simultaneously strengthening ties with the Chilean military. This policy was largely determined less through covert operations and more through the formal interagency process on economic affairs, including discouraging favorable terms in international lending and foreign assistance to Chile, while encouraging a favorable settlement in the nationalization of copper and other Chilean industries, previously dominated by U.S. multinational corporations. The volume concludes with the events of September 1973: the coup d'état under General Pinochet, Allende's suicide, and U.S. diplomatic recognition of the military junta.

Editorial Methodology

The documents are presented chronologically according to Washington time. Memoranda of conversation are placed according to the

time and date of the conversation, rather than the date the memorandum was drafted.

Editorial treatment of the documents published in the *Foreign Relations* series follows Office style guidelines, supplemented by guidance from the General Editor and the chief technical editor. The documents are reproduced as exactly as possible, including marginalia or other notations, which are described in the footnotes. Texts are transcribed and printed according to accepted conventions for the publication of historical documents within the limitations of modern typography. A heading has been supplied by the editors for each document included in the volume. Spelling, capitalization, and punctuation are retained as found in the original text, except that obvious typographical errors are silently corrected. Other mistakes and omissions in the documents are corrected by bracketed insertions: a correction is set in italic type; an addition in roman type. Words repeated in telegrams to avoid garbling or provide emphasis are silently corrected. Words or phrases underlined in the source text are printed in italics. Abbreviations and contractions are preserved as found in the original text, and a list of abbreviations is included in the front matter of each volume. In telegrams, the telegram number (including special designators such as Secto) is printed at the start of the text of the telegram.

Bracketed insertions are also used to indicate omitted text that deals with an unrelated subject (in roman type) or that remains classified after declassification review (in italic type). The amount and, where possible, the nature of the material not declassified has been noted by indicating the number of lines or pages of text that were omitted. Entire documents withheld for declassification purposes have been accounted for and are listed with headings, source notes, and number of pages not declassified in their chronological place. All brackets that appear in the original text are so identified in footnotes.

The first footnote to each document indicates the source of the document, original classification, distribution, and drafting information. This note also provides the background of important documents and policies and indicates whether the President or his major policy advisers read the document.

Editorial notes and additional annotation summarize pertinent material not printed in the volume, indicate the location of additional documentary sources, provide references to important related documents printed in other volumes, describe key events, and provide summaries of and citations to public statements that supplement and elucidate the printed documents. Information derived from memoirs and other first-hand accounts has been used when appropriate to supplement or explicate the official record.

The numbers in the index refer to document numbers rather than to page numbers.

Advisory Committee on Historical Diplomatic Documentation

The Advisory Committee on Historical Diplomatic Documentation, established under the Foreign Relations statute, reviews records, advises, and makes recommendations concerning the *Foreign Relations* series. The Advisory Committee monitors the overall compilation and editorial process of the series and advises on all aspects of the preparation and declassification of the series. The Advisory Committee does not necessarily review the contents of individual volumes in the series, but it makes recommendations on issues that come to its attention and reviews volumes, as it deems necessary to fulfill its advisory and statutory obligations.

Presidential Recordings and Materials Preservation Act Review

Under the terms of the Presidential Recordings and Materials Preservation Act (PRMPA) of 1974 (44 USC 2111 note), the National Archives and Records Administration (NARA) has custody of the Nixon Presidential historical materials. The requirements of the PRMPA and implementing regulations govern access to the Nixon Presidential historical materials. The PRMPA and implementing public access regulations require NARA to review for additional restrictions in order to ensure the protection of the privacy rights of former Nixon White House officials, since these officials were not given the opportunity to separate their personal materials from public papers. Thus, the PRMPA and implementing public access regulations require NARA formally to notify the Nixon estate and former Nixon White House staff members that the agency is scheduling for public release Nixon White House historical materials. The Nixon estate and former White House staff members have 30 days to contest the release of Nixon historical materials in which they were a participant or are mentioned. Further, the PRMPA and implementing regulations require NARA to segregate and return to the creator of files private and personal materials. All *Foreign Relations* volumes that include materials from NARA's Nixon Presidential Materials Staff are processed and released in accordance with the PRMPA.

Nixon White House Tapes

Access to the Nixon White House tape recordings is governed by the terms of the PRMPA and an access agreement with the Office of Presidential Libraries of the National Archives and Records Administration and the Nixon Estate. In February 1971, President Nixon initiated a voice activated taping system in the Oval Office of the White House and, subsequently, in the President's Office in the Executive

Office Building, Camp David, the Cabinet Room, and White House and Camp David telephones. The audiotapes include conversations of President Nixon with his Assistant for National Security Affairs, Henry Kissinger, other White House aides, Secretary of State Rogers, other Cabinet officers, members of Congress, and key foreign officials. The clarity of the voices on the tape recordings is often very poor, but the editor has made every effort to verify the accuracy of the transcripts produced here. Readers are advised that the tape recording is the official document; the transcript represents an interpretation of that document. Through the use of digital audio and other advances in technology, the Office of the Historian has been able to enhance the tape recordings and over time produce more accurate transcripts. The result is that some transcripts printed here may differ from transcripts of the same conversations printed in previous Foreign Relations volumes. The most accurate transcripts possible, however, cannot substitute for listening to the recordings. Readers are urged to consult the recordings themselves for a full appreciation of those aspects of the conversations that cannot be captured in a transcript, such as the speakers' inflections and emphases that may convey nuances of meaning, as well as the larger context of the discussion.

Declassification Review

The Office of Information Programs and Services, Bureau of Administration, conducted the declassification review for the Department of State of the documents published in this volume. The review was conducted in accordance with the standards set forth in Executive Order 13526, as amended, on Classified National Security Information and applicable laws.

The principle guiding declassification review is to release all information, subject only to the current requirements of national security as embodied in law and regulation. Declassification decisions entailed concurrence of the appropriate geographic and functional bureaus in the Department of State, other concerned agencies of the U.S. Government, and the appropriate foreign governments regarding specific documents of those governments. The declassification review of this volume, which began in 2000 and was completed in 2013 resulted in the decision to withhold 1 document in full, excisions of a paragraph or more in 55 documents, and minor excisions of less than a paragraph in 112 documents.

The Office of the Historian is confident, on the basis of the research conducted in preparing this volume and as a result of the declassification review process described above, that the record presented in this volume presented here provides an accurate and comprehensive account of U.S. foreign policy on Chile.

Acknowledgments

The editors wish to acknowledge the assistance of officials at the Nixon Presidential Materials Project of the National Archives and Records Administration (Archives) in College Park, Maryland, and at the Ford Presidential Library in Ann Arbor, Michigan. In addition, they are grateful to the Richard Nixon Estate for allowing access to the Nixon Presidential recordings and the Richard Nixon Library and Birthplace for facilitating that access. Research in the Kissinger Papers, including transcripts of telephone conversations, could not have occurred without the kind permission of Henry A. Kissinger. The editors would also like to thank Peter Kornbluh, Senior Analyst and Director of the Chile Declassification Project at the National Security Archive, for his expertise and encouragement.

James McElveen and James Siekmeier collected the documents, made the selections, and annotated them under the direct supervision of successive chiefs of the Asia and Americas Division, Edward C. Keefer and Erin R. Mahan, and under the general direction of two successive General Editors, David S. Patterson and Edward C. Keefer. Although both contributed to the research and annotation of the entire volume, McElveen was responsible for compiling the first three chapters, through Allende's inauguration in November 1970; and Siekmeier, for the last two chapters, through Allende's overthrow (and formal diplomatic recognition of the military junta under General Pinochet). Susan Weetman, Carl Ashley, and Dean Weatherhead coordinated the declassification review. David Geyer assumed responsibility for resolving substantive issues of compilation and review during the final stages of production. Kristen Ahlberg, Keri Lewis, Mandy A. Chalou, and Rita Baker performed the copy and technical editing.

Bureau of Public Affairs
May 2014

Stephen P. Randolph, Ph.D.
The Historian

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Sources

Sources for the Foreign Relations Series

The 1991 *Foreign Relations* statute requires that the published record in the *Foreign Relations* series include all records needed to provide comprehensive documentation on major U.S. foreign policy decisions and significant U.S. diplomatic activity. It further requires that government agencies, departments, and other entities of the U.S. Government engaged in foreign policy formulation, execution, or support cooperate with the Department of State Historian by providing full and complete access to records pertinent to foreign policy decisions and actions and by providing copies of selected records. Most of the sources consulted in the preparation of this volume have been declassified and are available for review at the National Archives and Records Administration.

The editors of the *Foreign Relations* series have complete access to all the retired records and papers of the Department of State: the central files of the Department; the special decentralized files ("lot files") of the Department at the bureau, office, and division levels; the files of the Department's Executive Secretariat, which contain the records of international conferences and high-level official visits, correspondence with foreign leaders by the President and Secretary of State, and memoranda of conversations between the President and Secretary of State and foreign officials; and the files of overseas diplomatic posts. All the Department's indexed central files through July 1973 have been permanently transferred to the National Archives and Records Administration at College Park, Maryland (Archives II). Many of the Department's decentralized office files covering the 1969–1976 period, which the National Archives deems worthy of permanent retention, have been transferred or are in the process of being transferred from the Department's custody to Archives II.

The editors of the *Foreign Relations* series also have full access to the papers of Presidents Nixon and Ford as well as other White House foreign policy records. Presidential papers maintained and preserved at the Presidential libraries include some of the most significant foreign affairs-related documentation from the Department of State and other Federal agencies including the National Security Council, the Central Intelligence Agency, the Department of Defense, and the Joint Chiefs of Staff. Dr. Henry Kissinger has approved access to his papers at the Library of Congress. These papers are a key source for the Nixon-Ford subseries of the *Foreign Relations* series.

Research for this volume was completed through special access to restricted documents at the Nixon Presidential Materials Project, the Ford Presidential Library, the Library of Congress, and other agencies. While all the material printed in this volume has been declassified, some of it is extracted from still classified documents. In the time since the research for this volume was completed, the Nixon Presidential Materials have been transferred to the Nixon Presidential Library and Museum in Yorba Linda, California. The Nixon Presidential Library staff is processing and declassifying many of the documents used in this volume, but they may not be available in their entirety at the time of publication.

Sources for Foreign Relations, 1969–1976, Volume XXI

In preparing this volume, the editors thoroughly mined the Presidential Papers and other White House records from the Nixon Presidential Materials Project at the National Archives. This research was conducted when the project was still housed at the facility in College Park (Archives II); both the project and the collection were subsequently moved in 2010 to its permanent home at the Nixon Presidential Library in Yorba Linda. Whether in Maryland or California, these materials proved the most valuable source of documentation on the Nixon administration's conduct of relations with Chile. Some of the most important records for this volume were found in the National Security Council Files, in particular, the Country Files on Chile. These files document basic day-to-day decision making within the White House and National Security Council staff, including memoranda to Kissinger and Nixon, records of meetings, copies of telegrams, and backchannel messages. Two folders within the National Security Files are also worth mentioning here with similar, if more specialized, documentation: one, entitled Korry File, is part of the Country Files on Chile; and the other, entitled Chile Wrap and Post-Mortem, is part of the Country Files in the Kissinger Office Files. Ambassador Korry played a central role in U.S.-Chilean relations—particularly during the pivotal events of September and October 1970 (between Allende's election and subsequent inauguration as President)—until Korry's replacement in October 1971. His lengthy backchannel messages are not only concentrated in the sources cited above but also scattered throughout other repositories. In the midst of other, more bureaucratic, documents, these "Korrygrams," as they were called at the time, are as entertaining to read as they are essential for following developments in Chile on a daily basis.

The formal policy-making process on Chile is documented in the National Security Files (H-Files) at the Nixon Library. These files contain minutes, memoranda, and related documentation on the deliberations of the National Security Council itself, the Senior Review Group, the Washington Special Actions Group, and other interagency com-

mittees; also included are records relating to National Security Council Study and Decision Memoranda (NSSMs and NSDMs), as well as similar decision-making documents. The H-Files are most useful in documenting interagency discussions on Chile, either before Allende's election in September 1970 or after his inauguration in November 1970; there is little, if any, documentation in the H-Files, for instance, on Track II (Project FUBELT) to foment a military coup against Allende in October 1970. Rather than rely on formal decision papers, Nixon and Kissinger made many decisions on Chile outside normal bureaucratic channels, in particular, through a series of one-on-one meetings and telephone conversations. The editors, therefore, consulted two other crucial sources: the Kissinger Telephone Conversation Transcripts; and the Nixon White House Tape Recordings. The Kissinger transcripts provide a rare glimpse into the role played by the President's Assistant for National Security Affairs in regard to Chile, in particular, before Allende's inauguration but also at the time of his overthrow in September 1973. Installed in February 1971 and removed in July 1973, the White House taping system was unfortunately not in operation during either period. The Nixon tapes, nonetheless, include a number of important deliberations on Chile, notably on Nixon's policy to adopt a "cool and correct" posture in relations with Allende; transcripts of these conversations, as transcribed by the editors, are printed in the electronic supplement, *Foreign Relations, 1969-1976*, volume E-16, Documents on Chile, 1969-1973.

Given the level of U.S. involvement in Chilean political affairs during the Nixon administration, intelligence records were essential in compiling this volume. The editors had access to the records at the National Security Council, the Central Intelligence Agency, the Department of State, and the Department of Defense. The Nixon Intelligence Files at the National Security Council constitute the most authoritative record of the meetings of the 303 Committee and its successor, the 40 Committee, which were responsible for decisions on covert operations. The files of the Central Intelligence Agency, particularly the National Intelligence Council Registry of NIEs and SNIIEs (Job 79R01012A), were essential for intelligence reports and assessments on which the Nixon administration based its policy decisions. Although many of its most important records on covert operations were also found in other repositories, several collections (or "Jobs") were invaluable at the Central Intelligence Agency, including the files of Director of Central Intelligence Helms (Job 80B01285A), 1970 Chile Task Force files (Job 80-000012A), the Executive Registry Subject Files on Chile (Job 80B01086A), and the 1973 Western Hemisphere Division files (Job 80-00197A). The Bureau of Intelligence and Research in the Department of State was also an active participant on intelligence matters, whether in assessing developments in Chile or in developing options for U.S. policymakers. The

“historical files” of the Bureau’s Office of Intelligence Coordination (INR/IL) and the files of James Gardner, who served first as Deputy Director for Coordination and then as Chief of the Operations Policy Staff, were particularly useful in this regard, notably the memoranda of regular ARA/CIA meetings on intelligence.

U.S. involvement in Chile was the subject of several congressional investigations in the 1970s, most notably two chaired by Senator Frank Church (D-Idaho), the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, which investigated U.S. covert operations in Chile, and the Subcommittee on Multinational Corporations, which investigated allegations against the involvement of the International Telegraph and Telephone Company (ITT) in Chile; and the House Select Committee on Intelligence, chaired by Congressman Otis Pike (D-New York). Materials related to these investigations, including copies of the original documents collected, were found in at least two archival sources. The most valuable of these was a retired Department of State office or “lot” file, 81D121, held for reference purposes in the Foreign Affairs Information Management Center (as it was called at the time) until its transferal to the National Archives in 2004 as part of Record Group 59 (RG 59). Since the investigations largely took place during the Ford administration, the records held at the Ford Presidential Library in Ann Arbor, Michigan, are also useful, in particular, the Intelligence Subject File in the collection of Philip Buchen, who served as Counsel to the President.

As important as covert operations in Chile may have been, however, the United States still conducted most of its Chilean policy through normal channels of diplomacy, in particular, through the Department of State. This role is well reflected in the Department’s records, including the central and retired lot files (both RG 59) accessioned and maintained at the National Archives. A number of records in the central files’ subject numeric system were useful, including those filed under POL 7 CHILE (visits and meetings concerning Chile), POL 12 CHILE (political parties in Chile), POL 14 CHILE (elections in Chile), POL 15 CHILE (Chilean government), POL CHILE-US (relations between Chile and the United States), and POL 1 CHILE-US (general policy and background on relations between Chile and the United States); INCO COPPER CHILE (copper in Chile), and INCO 15-2 CHILE (nationalization/expropriation in Chile). Starting in January 1973, the Department of State switched its central files to an electronic system; the telegrams for 1973 are available on-line in the Access to Archival Databases on the National Archives website. Some additional documentation was also found in the retired post files (RG 84) for Santiago, in particular, the Embassy’s classified “Allende file” for 1968–1973 (Lot 78F112).

The Kissinger Papers at the Library of Congress largely replicate documentation found in other collections. Since this volume was compiled, copies of the most important original source—the Kissinger Telephone Conversation Transcripts (see above)—were initially deposited at the Nixon Presidential Materials Project; they were then relocated to the Nixon Presidential Library in 2010. Although the citations in this volume refer to the Kissinger Papers, copies of the transcripts as organized in the original collection are available to the public at the Nixon Presidential Library.

The following list identifies the particular files and collections used in the preparation of the volume. The declassification and transfer to the National Archives of the Department of State records is in process, and many of these records are already available for public review at the National Archives.

Unpublished Sources

Department of State

Central Files. See Record Group 59 under National Archives and Records Administration below

Lot Files. See Record Group 59 under National Archives and Records Administration below

Lot 71D18 Political—Country Team Minutes

Lot 74D416, Executive Secretariat, Briefing Books, 1958–1976

Lot 80D212, S/S Files, NSSM 97

Lot 83D305, S/S Files, NSDM 93

Bureau of Intelligence and Research, INR/L Historical Files

Chile Chronology 1970

Chile January–August 1970

Chile, 40 Committee Action after September 1970

Chile, July–December 1972

Chile 1973–1975

Virtual Reading Room, Document Collections, CIA Chile Declassification Project

National Archives and Records Administration, College Park, Maryland

Record Group 59, General Records of the Department of State

Central Files

1967–1969, INCO COPPER CHILE

1967–1969 POL 15 CHILE

1967–1969 POL 23–9 CHILE

1970–1973, POL CHILE-US

1970–1973, POL 2 CHILE

1970–1973, POL 12 CHILE

1970–1973, POL 14 CHILE
1970–1973, POL 15 CHILE
1970–1973, POL 15–1 CHILE
1970–1973, INCO COPPER CHILE
1970–1973, INCO 15–2 CHILE
1970–1973, DEF 9 US
1970–1973, DEF 9 CHILE
1970–1973, DEF 15 CHILE
1970–1973, E 5 LA
1970–1973, E 14 LA-PC

Central Foreign Policy File, 1973–1976

Part of the online Access to Archival Databases; Electronic Telegrams, P-Reel Index,
P-Reel microfilm

Lot Files

Lot 71D227, Executive Secretariat, Conference Files, 1966–1972
Lot 81D121, Chile-ITT-CIA 1963–1977
Documents Requested by the Department of Justice, 1970–1977
Chile/CIA #1
Chile/CIA #2
Chile ITT (Testimony)
Chile Papers-Church Committee-August 12, 1975
Chile-CIA 1970
Lot 94D565, INR/IL, James Gardner Chronological File

Record Group 84, Records of the Foreign Service Posts of the United States

Santiago, 1968–1973, Classified Allende Files
Santiago Embassy Files, 1968–1973, POL
Santiago Embassy Files, 1971–1975, Subject Files
Santiago Embassy Files, Allende Government July–August 1972

Record Group 218, Records of the Chairman of the Joint Chiefs

Records of Thomas H. Moorer
Admin (AC) CMS [Chairman's Memos]

Nixon Presidential Materials Project, National Archives and Records Administration, College Park, Maryland (now at the Nixon Presidential Library and Museum, Yorba Linda, California)

National Security Council (NSC) Files
Backchannel Messages: Europe, Mideast, Latin America
Country Files, Latin America
Nixon Intelligence Files

Henry A. Kissinger Office Files
Country Files
303/40 Committee Files, Subject Files, Chile

Senior Review Group Files

Subject Files, Chile

National Security Council, Institutional Files (H-Files)

Meeting Files

Senior Review Group Meetings

Washington Special Action Group Meetings

National Security Council Meetings

Minutes Of Meetings

NSC Meeting Minutes

Senior Review Group

Policy Papers

NSDM 93

Study Memorandums

National Security Study Memorandums

Gerald R. Ford Presidential Library

Philip Buchen Collection

Intelligence Subject File

Central Intelligence Agency

Director of Central Intelligence Files

Job 80B01285A

Deputy Director for Plans Chronological File

Job 78-0717BA

Deputy Director for Operations Registry Files

Job 79-01440A

Job 80-00012A

Job 80-00197A

Executive Registry Subject Files

Job 80B01086A

Job 80M01066A

National Intelligence Council

Job 79R01012A

Library of Congress

Papers of Henry A. Kissinger

Geopolitical File, 1964-78

Chile

Miscellany, 1968-1976

Record of Schedule

Telephone Records, 1969-1976

Telephone Conversations, Chronological File

National Security Council

Nixon Intelligence Files

Washington National Records Center, Suitland, Maryland

OSD Files: FRC 330-76-067

Secret Records of the Secretary of Defense, the Deputy Secretary of Defense, and the Special Assistant to the Secretary and Deputy Secretary of Defense

Published Sources

Davis, Nathaniel. *The Last Two Years of Salvador Allende*. London: I.B. Tauris, 1999.

Kissinger, Henry. *The White House Years*. Boston: Little, Brown, 1979.

The New York Times

United States. Congress. Senate. *Alleged Assassination Plots Involving Foreign Leaders. An Interim Report of the Select Committee to Study Governmental Operations With Respect to Intelligence Activities*. Washington: Government Printing Office, 1975.

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The Washington Post

Abbreviations and Terms

AA/PRR, Office of Private Resources (AID)

ACQ, acquired

AD, *Acción Democrática* (Democratic Action Party), Venezuela

ADDO, Assistant Deputy Director for Operations, Central Intelligence Agency

ADDP, Assistant Deputy Director for Plans, Central Intelligence Agency

AEC, Atomic Energy Commission

AFL-CIO, American Federation of Labor-Congress of Industrial Organizations

AFTAC, Air Force Technical Applications Command

AID, Agency for International Development

AIFLD, American Institute for Free Labor Development

AMA, American Medical Association

AP, Associated Press

APRA, *Alianza Popular Revolucionario Americana* (Popular Revolutionary Alliance), Peru

ARA, Bureau of Inter-American Affairs, Department of State

ARA/BC, Office of Bolivia-Chile Affairs, Bureau of Inter-American Affairs, Department of State

ARMA, Army Attaché

Backchannel, a method of communication outside normal bureaucratic procedure; the White House, for instance, used "backchannel" messages to bypass the Department of State

C-130, high-wing, 4-turboprop-engine aircraft used for rapid transportation of troops and/or equipment

CAP, *Compañía Acero Pacífica* (Pacific Steel Company), Chilean National Steel Company

CAS, controlled American source

CASP, Country Analysis and Strategy Plan

CCC, Commodity Credit Corporation

CS, Clandestine Services

CECLA, *Comisión Especial de Coordinación Latinoamericana* (Special Latin American Coordinating Commission)

CEN, National Executive Committee of the Partido Radical (Radical Party)

CESEC, *Centro de Estudios Socio-Economicos*, polling agency

CG, Commanding General

CG, Consul General

CIA, Central Intelligence Agency

CIAP, *Comité Inter-Americano de la Alianza para Progreso* (Inter-American Committee of the Alliance for Progress) to the Inter-American Economic and Social Council

CIEP, *Corporación Instituto de Educación Popular* (Institute for Popular Education); also Council for International Economic Policy

CINC, Commander-in-Chief

CINCISO, **CINC SOUTH**, Commander-in-Chief, U.S. Southern Command (U.S. Navy)

CLA, Council for Latin America

CNO, Chief of Naval Operations

CODELCO, *Corporación del Cobre* (Copper Corporation of Chile)

COMUSNAVSO, Commander, U.S. Navy, Southern Command

COPEC, *Compañía de Petróleos de Chile* (Chilean Petroleum Company)

COPEI, *Comité Organizado por Elecciones Independientes* (Social Christian Party), Venezuela

CORFO, *Corporación de Fomento* (National Development Bank)

COS, Chief of Station

CUT, *Central Unitaria Trabajadores de Chile* (Confederation of Trade Unions)

D, Deputy Under Secretary of State for Economic Affairs

DAO, Defense Attaché Office

DATT, Defense Attaché

DCI, Director of Central Intelligence

DCM, Deputy Chief of Mission

DDCI, Deputy Director of Central Intelligence

DDO, Deputy Director for Operations, Central Intelligence Agency

DDP, Deputy Director for Plans, Central Intelligence Agency

DefAtt, Defense Attaché

DI, *Departamento de Investigaciones* (Department of Investigations), Chile; also Directorate for Intelligence, Central Intelligence Agency

DIA, Defense Intelligence Agency

Dissem, Dissemination

DO, Directorate of Operations, Central Intelligence Agency

DOI, Date of Information

DOD, Department of Defense

DP, Directorate of Plans, Central Intelligence Agency

E, Bureau of Economic Affairs, Department of State

E&E, Emergency and Evacuation

Embtel, Embassy telegram

E/ORF, Office of International Resources and Food Policy, Bureau of Economic Affairs, Department of State

ETA, estimated time of arrival

ETD, estimated time of departure

Exdis, Exclusive Distribution

EX-IM, Export-Import Bank

F-5, twin engine, supersonic light tactical fighter with one or two crew members

FAA, Federal Aviation Administration; Foreign Assistance Act

FACH, *Fuerza Aérea de Chile* (Chilean Air Force)

FBI, Federal Bureau of Investigation

FMS, Foreign Military Sales

FonMin, **ForMin**, Foreign Minister

FRAP, *Frente de Acción Popular* (Popular Action Front)

FRC, Federal Records Center

FSO, Fund for Special Operations (Inter-American Development Bank)

FY, Fiscal Year

G-10, Group of Ten (Belgium, Canada, Federal Republic of Germany, France, Italy, Japan, Netherlands, Sweden, United Kingdom, United States)

GA, General Assembly of the United Nations

GM, General Motors

GOC, Government of Chile

golpe, coup

Gosplan, State Committee for Planning of the Soviet Union

HAK, Henry A. Kissinger

HQS, Headquarters

- IADB**, Inter-American Defense Board
IBRD, International Bank for Reconstruction and Development (World Bank)
IDB, Inter-American Development Bank
IFI, International Financial Institutions
IMF, International Monetary Fund
INR, Bureau of Intelligence and Research, Department of State
INR/DDC, Deputy Director of Coordination, Bureau of Intelligence and Research, Department of State
INR/IL, Office of Intelligence Liaison, Bureau of Intelligence and Research, Department of State
IPC, International Petroleum Company
ISA, Office of International Security Affairs, Department of Defense
ITT, International Telephone and Telegraph
- JCS**, Joint Chiefs of Staff
- K**, Kissinger
- LA**, Latin America
LAN, *Línea Aérea Nacional* (National Airline of Chile)
L/ARA, Office of the Legal Adviser for Inter-American Affairs, Department of State
LATAM, Latin America
Limdis, limited distribution
- MAAG**, Military Assistance Advisory Group
MAP, Military Assistance Program
MAPEX, Military assistance program excess
MAPU, *Movimiento de Acción Popular Unitario* (United Popular Action Movement)
MFA, Ministry of Foreign Affairs
MilAid, Military Aid
MilGroup, **MilGrp**, Military Group
MIMEX, Major item material excess
MinAgric, Minister of Agriculture
MinDefense, Minister of Defense
MinEcon, Minister of Economy
MinInt, Minister of Interior
MinJust, Minister of Justice
MIR, *Movimiento de Izquierda Revolucionaria* (Revolutionary Left Movement)
MRII, *Movimiento Radical Izquierda Independiente* (Independent Radical Movement of the Left)
- NAC**, National Advisory Council on International Monetary and Financial Policies
NARA, National Archives and Records Administration
NASA, National Aeronautics and Space Administration
NATO, North Atlantic Treaty Organization
NCO, non-commissioned officer
NIE, National Intelligence Estimate
Nodis, No Distribution
Non-com, non-commissioned officer
NSA, National Security Agency
NSC, National Security Council
NSDM, National Security Decision Memorandum
NSF, National Science Foundation

XXIV Abbreviations and Terms

NSSM, National Security Study Memorandum

NYT, *The New York Times*

OAS, Organization of American States

OBE, overtaken by events

OMB, Office of Management and Budget

ONE, Office of National Estimates, Central Intelligence Agency

OPIC, Overseas Private Investment Corporation

para, paragraph

PCCh, *Partido Comunista de Chile* (Chilean Communist Party)

PDC, *Partido Demócrata Cristiano* (Christian Democratic Party)

PDR, *Partido Demócrata Radical* (Radical Democratic Party)

PIR, *Partido Izquierda Radical* (Radical Party of the Left)

PL, Public Law

P&L, *Patria y Libertad* (Fatherland and Liberty), Chilean right-wing political-military organization

PN, *Partido Nacional* (National Party)

POL, political affairs and relations in the Department of State Central Files

PR, *Partido Radical* (Radical Party)

PS, *Partido Socialista* (Socialist Party)

PSD, *Partido Socialista Demócrata* (Socialist Democrat Party)

RCA, Radio Corporation of America

reftel, reference telegram

RG, Record Group

RTAC, Regional Technical Assistance Center

septel, separate telegram

SFRC, Senate Foreign Relations Committee

SIDUCAM, *Sindicato Independiente de Union de Carnionistas* (Private Truck Owners' Confederation)

SIMEX, Secondary material excess

sitrep, Situation Report

SLC, Special Letter of Credit

SNIE, Special National Intelligence Estimate

SOUTHCOM, United States Army, Southern Command

SRG, Senior Review Group

Todep, indicator for telegrams to the Deputy Secretary of State

UN, United Nations

UNCTAD, United Nations Conference on Trade and Development

UNDP, United Nations Development Program

UNGA, United Nations General Assembly

UNITAS, annual U.S.-South American naval exercise

UP, *Unidad Popular* (Chilean coalition of Communists, socialists, and leftists)

USAF, United States Air Force

USCINCSO, United States Commander-in-Chief, Southern Command

USG, United States Government

USIA, United States Information Agency

USIS, United States Information Service

USN, United States Navy

USP, *Union Socialista Popular* (Popular Socialist Union)

USSR, Union of Soviet Socialist Republics

VOA, Voice of America

WH, Western Hemisphere

WHD, Western Hemisphere Division, Directorate of Operations, Central Intelligence Agency

WSAG, Washington Special Actions Group

Z, Zulu (Greenwich Mean) Time

Persons

- Alessandri Palma, Arturo**, Chilean President from 1920 until 1924 and again from 1932 until 1938; father of Jorge Alessandri Rodriguez
- Alessandri Valdez, Gustavo**, Deputy, Third District in Santiago
- Alessandri Rodriguez, Jorge**, Chilean President from 1958 until 1964; Partido Nacional Presidential candidate in 1970
- Allende Gossens, Salvador**, leader of the Unidad Popular in Chile; Chilean President from 1970 until deposed in a coup on September 11, 1973
- Almeyda Medina, Clodomiro**, Chilean Foreign Minister from 1970 until May 3, 1973; Defense Minister from May 3 to August 9, 1973; Foreign Minister from August 9 to September 11, 1973
- Altamirano Orrego, Carlos**, Chilean Secretary General of the Socialist Party until 1973
- Ambrose, Miles J.**, Commissioner of Customs from 1971 until 1972
- Arzac, Daniel N., Jr.** Political Counselor, U.S. Embassy in Santiago from September 1971
- Aylwin Azócar, Patricio**, Chilean Senator, Partido Demócrata Cristiano (Christian Democratic Party) until 1973; President of the Senate from January 1971 until May 1972
- Balra Cortés, Alberto**, Senator, Radical Party, and later Unidad Popular, until 1973
- Benedick, Richard E.**, Director, Office of Development Finance, International Finance and Development, Bureau of Economic Affairs, Department of State, from 1972 until 1973
- Bennett, Donald V.**, Lieutenant General, USA; Director of the Defense Intelligence Agency from September 1969 until August, 1972
- Bennett, Jack F.**, Deputy Under Secretary of the Treasury for International Monetary Affairs
- Bennett, John C.**, Lieutenant General, USA; Deputy Assistant to the President, White House Chief of Staff's Office, 1973
- Bergsten, C. Fred**, member, National Security Council Operations Staff (International Economic Affairs), from January 1969 until June 1971
- Betancourt, Romulo**, member of Acción Democritica (Democratic Action Party, Venezuela); Venezuelan President from 1958 until March 11, 1964; Venezuelan politician from 1972 until 1973
- Blee, David H.**, Central Intelligence Agency
- Boeninger, Edgardo**, Rector, University of Chile, from 1970 until 1973
- Bowdler, William G.**, U.S. Ambassador to El Salvador from November 1968 until October 1971; Ambassador to Guatemala from October 1971 until June 1973
- Bradfield, Michael**, Assistant General Counsel, Department of the Treasury until 1973
- Brimms, John S.**, Operations Center, Executive Secretariat, Office of the Secretary, Department of State from 1971 until 1973
- Broe, William V.**, Western Hemisphere Office Director, Central Intelligence Agency until 1973
- Bulnes Sanfuentes, Francisco**, Senator, Chilean National Party, from 1961 until 1968
- Bush, George H.W.**, member, U.S. House of Representatives (R-Texas) until January 1971; U.S. Ambassador to the United Nations from February 1971 until January 1973; thereafter, Chairman, Republican National Committee
- Butterfield, Alexander P.**, Deputy Assistant to the President from January 1969 until 1973

- Cademártori, José**, Chilean Minister of Finance from July 5 until September 11, 1973
- Caldera Rodríguez, Rafael**, Venezuelan President from 1969 until 1974
- Canales Marquez, Alfredo**, General, Chilean Director of Military Instruction from 1970 until 1972
- Carey Tagle, Guillermo**, Vice President of Anaconda Copper in Chile; also, General Viaux's connection with the Christian Democrats
- Carillo Flores, Antonio**, Mexican Minister of Foreign Affairs until 1970
- Carmona Peralta, Juan de Dios**, Chilean Minister of National Defense of the Government until 1970
- Carvajal Prado, Patricio**, Admiral, Chief, Chilean National Defense Staff until 1973
- Casse, Marshall L., III**, Office of International Finance and Development, Bureau of Economic and Business Affairs, Department of State, 1973
- Castillo Velasco, Jaime**, Vice President, Partido Demócrata Cristiano, from 1969 until 1973
- Castro, Fidel**, Cuban Prime Minister
- Cesar Ruiz Danayu, Raul Fernando (Cesar)**, General, Commander-in-Chief of the Chilean Air Force from 1969 until 1973
- Chapin, Dwight**, Special Assistant to the President from 1969 until 1971
- Chapin, Frank M.**, member and senior CIA Officer, National Security Council Staff, from 1969 until 1971
- Chapin, Frederic L.**, Director, Office of Bolivia-Chile Affairs, Bureau of Inter-American Affairs, Department of State, from 1970 until 1971; Deputy Assistant Director of Management, Department of State, 1971; member, National Security Council Staff
- Cheyre Toutin, Emilio**, General, Chief of Investigations of the Chilean Army from 1970 until 1971; Ambassador to Portugal from 1971 until 1973
- Chonchol Chait, Jacques**, Director, Instituto de Desarrollo Agropecuario (Agrarian Development Institute) until 1973
- Church, Frank**, Senator (D-Idaho); member, Senate Foreign Relations Committee, until 1973; Chairman, Subcommittee on Multinational Corporations, 1973; Chairman, U.S. Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities (Church Committee), 1975
- Claro Salas, Fernando (Pepe)**, Chilean Copper Corporation
- Cline, Ray S.**, Director, Office of Intelligence and Research, Department of State
- Coerr, Wymberley deR.**, Director, Office of Research and Analysis for American Republics, Bureau of Intelligence and Research, Department of State, from 1969 until 1971; Deputy Director for Coordination, Bureau of Intelligence and Research, from 1971 until 1972; Special Adviser, Office of Environmental Affairs, Bureau of International Scientific and Technological Affairs, from 1972 until 1973
- Colby, William E.**, Executive Director-Comptroller, Central Intelligence Agency, from January 1972 until September 1973; thereafter Director of Central Intelligence
- Connally, John B.**, Secretary of the Treasury from February 1971 until May 16, 1972
- Cooper, Charles**, member, National Security Council Staff
- Corrigan, Robert F.**, Consul General, U.S. Embassy in Rio de Janeiro from 1968 until 1972; U.S. Ambassador to Rwanda from 1972 until 1973; Deputy Assistant Secretary of Defense, Office of International Security Affairs, from 1973
- Corvalan Lepe, Luis**, Secretary General of the Communist Party of Chile from 1969 until 1973
- Crimmins, John H.**, Deputy Assistant Secretary of State for Inter-American Affairs from April 1969 until March 1970; Acting Assistant Secretary from March to June 11, 1973; thereafter, U.S. Ambassador to Brazil
- Cushman, Robert E., Jr.**, Lieutenant General, USMC; Deputy Director of Central Intelligence from May 7, 1969, until December 31, 1971; thereafter Commandant of the Marine Corps
- Cyr, Krest**, Vice President of Chilean Operations, Anaconda Copper, until 1973

- Davis, Jeanne W.**, Director, National Security Council Secretariat, from 1970 until 1971; thereafter National Security Council Staff Secretary
- Davis, Nathaniel**, U.S. Ambassador to Chile from October 20, 1971
- Del Canto, Hernan**, Minister of the Secretary General of the Government of Chile, 1972; Acting Minister of the Secretary General of the Government of Chile, 1973
- Díaz Casanueva, Humberto**, Chilean Ambassador to the United Nations from 1970
- Duhalde Vazquez, Alfredo**, Chilean Vice President from September 25, 1945, until June 27, 1946; Acting President from June 27, 1946, until August 3, 1946; Vice President from August 13, 1946, until October 17
- Dungan, Ralph A.**, U.S. Ambassador to Chile until August 2, 1967
- Durán Neumann, Julio**, Senator, Partido Radical until 1969; thereafter Senator, Partido Demócrata Radical
- Eagleburger, Lawrence S.**, Executive Assistant to the Assistant to the President for National Security Affairs, 1969; Political Adviser, Counselor for Political Affairs, U.S. Mission to NATO, from 1969 until 1971; Deputy Assistant Secretary of Defense from 1971 until 1973; Executive Assistant to the Secretary of State from 1973
- Eaton, Samuel D.**, Special Assistant to the Assistant Secretary of State for Inter-American Affairs, Department of State from July 1966 until August 1967; thereafter member, Policy Planning and Coordination Staff, Department of State
- Echeverría Alvarez, Luis**, Mexican President from 1970
- Edwards Eastman, Agustín**, Chairman of the Board of El Mercurio publishing firm until 1973
- Edwards Valdes, Jorge**, Chilean Minister in Charge of Relations with Cuba, 1970; Consul Minister to France from 1971 until 1973
- Eliot, Theodore L., Jr.**, Executive Secretary for the Department of State from August 1969
- Erllichman, John D.**, Counsel to the President from January to November 1969; thereafter Assistant to the President for Domestic Affairs
- Emmons, Robert**, Operations Center, Executive Secretariat, Office of the Secretary, Department of State, 1971
- Feldman, Mark B.**, Assistant Legal Adviser for Inter-American Affairs, Office of the Legal Adviser, Department of State, from 1969 until 1972; Acting Deputy Legal Adviser from 1973
- Figueroa Serrano, Carlos**, Chilean Minister of Economy until 1970
- Fisher, John W.**, Country Director, Office of Andean and Pacific Affairs, Bureau of Inter-American Affairs, Department of State, from 1970 until 1973
- Flanigan, Peter M.**, Consultant to the President on Administration and Staffing from January to April 1969; thereafter Assistant to the President; Executive Director of the Council for International Economic Policy
- Freeman, Mason B.**, Rear Admiral, USN; Vice Director and Director, Joint Staff of the Joint Chiefs of Staff from 1970 until 1972
- Frei Montalva, Arturo**, member, Chilean Chamber of Deputies until 1973; younger brother of President Eduardo Frei Montalva
- Frei Montalva, Eduardo**, Chilean President until 1970
- Fuentealba Moena, Renán**, President, Partido Demócrata Cristiano
- Fulbright, J. William**, Senator (D-Arkansas); Chairman of the Senate Foreign Relations Committee
- Gammon, Samuel R.**, Executive Assistant to the Deputy Under Secretary of State for Management, from 1971
- Gantz, David A.**, Staff Member of the Office of the Assistant Legal Adviser for Inter-American Affairs, Department of State, from 1970

- Gardner, James R.**, Director of Operations Policy Staff and Assistant Deputy for Coordination, Bureau of Intelligence and Research, Department of State, from April 1970; Chief, Operations Policy Staff, Department of State, from 1973
- Geneen, Harold S.**, Chief Operating Officer and Chairman of the Board, International Telephone and Telegraph (ITT), until 1973
- Girdler, Lewis**, member, Office of Research and Analysis for American Republics, Bureau of Intelligence and Research, Department of State, from 1969 until 1970; member, Office of Bolivian and Chilean Affairs, Bureau of Inter-American Affairs, Department of State, from 1971
- Gonzales, Henry B.**, member, U.S. House of Representatives (D-Texas) from 1969
- Gonzalez, Raymond E.**, Political Officer, U.S. Embassy in Lima from June 1970
- Guerraty Villalobos, Carlos**, General, Chilean Air Force Commander-in Chief until 1970
- Guevara, Ernesto (Che)**, Argentine revolutionary killed in Bolivia in 1967
- Gumucio Vives, Rafael A.**, President, Partido Demócrata Cristiano until 1969; President, Movimiento de Acción Popular Unitario (United Popular Action Movement) from 1969
- Guthrie, D. Keith**, National Security Council Staff Secretariat from 1970 until 1972
- Hackett, James T.**, member, National Security Council Staff, from September 1971
- Haig, Alexander M., Jr.**, Brigadier General, USA; Military Assistant to the President for National Security Affairs from January 1969 until June 1970; thereafter Deputy Assistant to the President for National Security Affairs
- Haldeman, H.R.**, Assistant to the President and White House Chief of Staff from 1969 until April 30, 1973
- Haldeman, Robert**, head of Kennecott Copper Corporation's Chilean operations
- Hales Jamarne, Alejandro**, Chilean Minister of Mines until 1970
- Hartman, Richard J.**, Brigadier General, USAF; Deputy Director, Joint Continental Defense Systems Integration Planning Staff, Organization of the Joint Chiefs of Staff, from February 1970
- Helms, Richard M.**, Director of Central Intelligence until January 23, 1973
- Henderson, Douglas**, member, Policy Planning Council, Department of State, from 1969 until 1970; Deputy U.S. Representative for Social and Economic Affairs, U.S. Mission to the Organization of American States, from 1970
- Hennessy, John**, Deputy Assistant Secretary of the Treasury for Development Finance from 1971
- Herrera Lane, Felipe**, President of the Inter-American Bank until 1971; member, United Nations Educational, Scientific and Cultural Organization (UNESCO) Commission for the Study of International Education, 1971; Professor of Political Economy, University of Chile and Catholic University, from 1971
- Hewitt, Ashley C.**, member, National Security Council Operations Staff for Latin America, from 1971
- Hickenlooper, Bourke B.**, Senator (R-Iowa)
- Hobbing, Enno**, Staff Director, Council for Latin America, Inc., a private organization of U.S. businessmen in Latin America
- Holdridge, John**, member, National Security Council Operations Staff, East Asia, from 1970 until 1972
- Hormats, Robert**, member, National Security Council Operations Staff (International Economic Affairs), from 1970 until 1972
- Houdek, Robert G.**, Special Assistant to the President for National Security Affairs, National Security Council Staff, from January 1969 until July 1971
- Hughes, Thomas L.**, Director of Intelligence and Research, Department of State, until August 1969
- Huerta Celis, Vicente E.**, General, Commander-in-Chief of Carabineros (Chile's uniformed police) from 1969

- Hunt, Cecil M.**, Deputy General Counsel of the Overseas Private Investment Corporation from March 1971
- Hurwitch, Robert A.**, Deputy Assistant Secretary of State for Inter-American Affairs from September 1969 until August 1973
- Ibañez Ojeda, Pedro**, Senator, Partido Nacional, until 1973
- Ingersoll, John, J.**, Director, Bureau of Narcotics and Dangerous Drugs, Department of Justice, to 1972; Tropical Products Division, Office of International Commodities, Bureau of Economic and Business Affairs, from 1972
- Inostroza Cuevas, Alfonso**, head, Central Bank of Chile, from 1970 until 1973
- Irwin, John N., II**, Under Secretary of State from September 1970 until July 1972; thereafter Deputy Secretary of State
- Jarpa Reyes, Sergio O.**, President, Partido Nacional from 1968; Senator from 1973
- Jessup, Peter**, Executive Secretary of the 303 Committee and its successor, the 40 Committee, until 1972
- Johnson, U. Alexis**, Under Secretary of State for Political Affairs from February 1969 until February 2, 1973
- Jorden, William J.**, Deputy Special Assistant to the Under Secretary of State from January 1969 until March 1969; detailed to the National Archives, March, 1969; detailed to the General Services Administration, June 1970; Deputy Senior Staff Member, National Security Council Operations Staff, Latin America, from May 1972
- Karamessines, Thomas H.**, Deputy Director for Plans, Central Intelligence Agency, until 1973
- Kearns, Henry**, President, Export-Import Bank, until 1973
- Kendall, Donald M.**, President of Pepsi Cola Company
- Kendall, Maurice W.**, Brigadier General, USA; Director, Interamerican Region, Office of International Security Affairs, Department of Defense, from 1971 until 1973; Chief, U.S. Delegation, Joint Brazilian-U.S. Command, from 1973
- Kennedy, Richard T.**, Colonel, USA; member, National Security Council Staff, from 1969 until 1970; Director of the Planning Group, National Security Council Staff, until 1973
- Kirilenko, Andrei P.**, member, Soviet Politburo and Secretary of the Communist Party of the Soviet Union until 1973
- Kissinger, Henry A.**, Assistant to the President for National Security Affairs from January 1969; also Secretary of State from September 22, 1973
- Knowles, Richard T.**, Lieutenant General, USA; Assistant to the Chairman of the Joint Chiefs of Staff
- Korry, Edward M.**, U.S. Ambassador to Chile until October 20, 1971; President, Association of American Publishers until 1973
- Kubisch, John B.**, Deputy Chief of Mission, U.S. Embassy in Mexico City from May 1969 until December 1971; Deputy Chief of Mission, U.S. Embassy in Paris from December 1971 until June 1973; Assistant Secretary of State for Inter-American Affairs and U.S. Coordinator, Alliance for Progress, from June 11, 1973
- Lagos Matus, Gustavo**, Chilean Minister of Justice until 1970
- Laird, Melvin, R.**, Secretary of Defense from January 22, 1969
- Lanusse, Alejandro Agustín**, General, Commander-in-Chief of the Argentine Army until 1971; Argentine President from March 1971 until March 1973
- Latimer, Thomas**, Office of the Assistant to the President, National Security Council Staff, from 1971 until 1972

- Leddy, Raymond G.**, Acting Deputy Assistant Secretary of Defense for Inter-American Affairs from 1969 until 1971; Deputy Assistant Secretary of Defense for Inter-American Affairs, Foreign Trade, Disclosure and Military Rights Affairs from 1971
- Leigh Guzmán, Gustavo**, General, Commander of the Chilean Air Force from August 20, 1973; member of ruling Military Junta from September 11, 1973
- Leighton Guzman, Bernardo**, Chilean Deputy from Santiago
- Letelier del Solar, Orlando**, Chilean Ambassador to the United States from 1970 until May 5, 1973; Chilean Foreign Minister from May 5 until August 9, 1973; Minister of Interior from August 9 until August 27, 1973; Minister of Defense from August 27 until September 11, 1973
- Levingston, Roberto M.**, General; Argentine President from 1970 until 1971
- Lincoln, George A.**, Director of the Office of Emergency Preparedness from 1969
- Linowitz, Sol**, U.S. Representative to the Organization of American States until 1969
- Lleras Restrepo, Carlos A.**, Colombian President until 1970
- Lord, Winston**, member, National Security Council Planning Staff and Group, from January 1969 until 1970; also member, National Security Council Operations Staff (United Nations Affairs), from September 1969 until 1970; thereafter, Staff member of the Office of the Assistant to the President for National Security Affairs
- Lynn, Laurence**, Assistant for Programs, National Security Council Staff, from 1969 until 1970; Director, Program Analysis Staff, from 1970 until 1971
- Maira, Luis**, Deputy, Partido Demócrata Cristiano; member, Chilean delegation to bilateral talks with the United States from December 1972 until September 1973
- Marambio, Tulio**, General; Chilean Minister of Defense
- Mark, David E.**, Deputy Director for Regional Research, Bureau of Intelligence and Research, Department of State from 1969
- Martin, Graham A.**, Ambassador to Italy from October 30, 1969, until February 10, 1973; Ambassador to South Vietnam from June 21, 1973
- Massad Abud, Carlos**, Vice President of the Chilean Central Bank until 1970
- McAfee, William**, Assistant Deputy Director for Coordination, Bureau of Intelligence and Research, Department of State, from 1969 until January 1, 1972; Deputy Director from January 1, 1972
- McCone, John**, Director of Central Intelligence from 1961 until 1965; Chair, Hendry International Company, from 1968; member, Board of Directors of International Telephone and Telegraph (ITT), from 1969
- McGee, Gale W.**, Senator (R-Wyoming); Chairman, Latin American Subcommittee of the Senate Foreign Relations Committee, from 1973
- McGinnis, John J.**, Special Assistant for National Security Affairs to the Secretary of the Treasury from 1972
- McNamara, Robert**, President, Export-Import Bank (World Bank)
- Merino Castro, Jose T.**, Admiral, Chilean Director of Naval Services, 1969; Naval Squadron Commander from 1970; Intendant at Valparaíso Naval Base from 1972; member of ruling Military Junta from September 11, 1973
- Meyer, Charles A.**, Assistant Secretary of State for Inter-American Affairs and U.S. Coordinator, Alliance for Progress, from April 1969 until March 5, 1973; head, Inter Agency Ad Hoc Working Group on Chile
- Meyer, Cord, Jr.**, Assistant Deputy Director for Plans, Central Intelligence Agency, from 1969
- Michaelson, Charles D.**, President, Metals Mining Division, Kennecott Copper Corporation, from 1969
- Miller, Robert H.**, Deputy Executive Secretary of the Department of State from 1971
- Milliken, Frank R.**, President, Kennecott Copper Corporation, from 1961
- Mills, Bradford**, President, Overseas Private Investment Corporation, from 1971
- Miranda Ramirez, Hugo**, Senator, Partido Radical, from 1969; President, Partido Radical

- Mitchell, John N.**, Attorney General from January 1969 until February 1972
- Montero, Raul**, Admiral, Commander-in-Chief of the Chilean Navy until August 9, 1973; Minister of Finance from August 9 until September 11, 1973
- Moorer, Thomas H.**, Admiral, USN; Chief of Naval Operations until July 1970; thereafter Chairman of the Joint Chiefs of Staff
- Moreno, Rafael**, Partido Demócrata Cristiano candidate who defeated Socialist labor leader Hector Olivares in the 5th Senatorial District, January 1973 Congressional elections
- Nachmanoff, Arnold**, member, National Security Council Operations Staff, Latin America, from February 1969 until November 1970; Senior Staff Member for Latin American Affairs from November 1970
- Neruda, Pablo**, Nobel Prize winning poet and Chilean Ambassador to France from 1970
- Nguyen Van Thieu**, President of the Republic of (South) Vietnam
- Nixon, Richard M.**, President of the United States from January 1969
- Nolff, Max**, Vice President, Chilean Government Copper Corporation, from 1970
- Nutter, G. Warren**, Assistant Secretary of Defense for International Security Affairs from March 4, 1969, until 1973
- Ortiz Mena, Antonio**, President, Inter-American Development Bank, from 1971
- Ossa Pretot, Sergio**, Chilean Minister of Defense until 1970
- Ovando Candía, Alfredo**, General, Bolivian President from 1969 until 1970
- Pablo, Tomás**, President, Chilean Senate
- Packard, David**, Deputy Secretary of Defense from January 24, 1969, until December 13, 1971; thereafter Chief Executive Officer, and Chairman of the Board, Hewlett-Packard Company
- Parkinson, Jay**, Chairman of the Board and Chief Financial Officer, Anaconda Copper, from 1969
- Pedersen, Richard F.**, Counselor of the Department of State from January 1969 until July 1973
- Perez Zujovic, Edmundo**, Chilean Minister of Interior until 1970; assassinated June 8, 1971, by the Vanguardia Organizada Popular (VOP)
- Peterson, Peter G.**, Assistant to the President for International Economic Affairs and Executive Director of the Council for International Economic Policy from 1971 until January 1972; Secretary of Commerce from January 1972 until January 1973
- Petty, John R.**, Assistant Secretary of the Treasury for International Affairs until February 1972
- Phillips, David A.**, head of the task force on Chilean operations during Track II from 1970; Chief, Western Hemisphere Division, Directorate of Operations, Department of State, from June 1973
- Philpott, Jamie M.**, Lieutenant General, USAF; Deputy Director of the Defense Intelligence Agency from 1969
- Pickering, Thomas R.**, Deputy Director of the Bureau of Politico-Military Affairs, Department of State, from September 1969
- Pinochet Ugarte, Augusto**, General, Chilean Army; Chairman of the Chilean Military Junta from September 11, 1973; Chilean President from 1974
- Place, John**, Chief Executive Officer, President, and Director, Anaconda Copper, from 1969
- Plaza Lasso, Galo**, Secretary General of the Organization of American States until 1973
- Porta Angulo, Fernando**, Rear Admiral, Commander-in-Chief, Chilean Navy, from 1968
- Porter, William**, Under Secretary of State for Political Affairs from February 2, 1973

Prats Gonzáles, Carlos, General, Commander-in-Chief of the Chilean Land Forces until August 23, 1973; also Minister of the Interior from November 2, 1972, through August 9, 1973, and Minister of Defense from August 9 through August 23, 1973

Prebisch, Raul, Argentine economist; head of the United Nations Economic Commission on Latin America from 1969

Quigley, William E., Jr., Vice Chairman of the Board, Anaconda Copper, from 1969

Ratliff, Rob Roy, member, National Security Council Staff, and Executive Secretary of the 40 Committee from 1972

Richardson, Elliot L., Under Secretary of State from January 1969 until June 1970; Secretary of Health, Education, and Welfare from June 1970 until January 1973; Secretary of Defense from January until May 1973; Attorney General from May until October 1973

Richardson, John, Jr., Assistant Secretary of State for Educational and Cultural Affairs from July 1969; also Acting Secretary of State for Public Affairs from September 1971

Ríos Valdivia, Alejandro, Chilean Interior Minister, 1972

Rockefeller, Nelson A., Governor of New York

Rodriguez Grez, Pablo, leader of Patria y Libertad until 1973

Rogers, William P., Secretary of State from January 22, 1969, until September 22, 1973

Rosenstein-Rodan, Paul, British professor in Chile from 1970; confidant of Chilean President Frei

Ruíz, César, General, Commander of the Chilean Air Force until August 9, 1973; Minister of Public Works and Transit from August 9 until September 13, 1973

Rush, Kenneth, U.S. Ambassador to the Federal Republic of Germany from July 1969 until February 1972; Deputy Secretary of Defense from February 1972 until February 1973; Deputy Secretary of State from February 1973 until September 1973

Samuels, Nathaniel, Deputy Under Secretary of State for Economic Affairs from April 1969 until May 1972

Santa Maria Santa Cruz, Domingo, Chilean Ambassador to the United States until 1970

Saunders, Harold H., member, National Security Council Operations Staff (Near East and South Asia), from January 1969 until 1971

Schneider, René, General, Commander-in-Chief of the Chilean Army; assassinated by Chilean officers on October 22, 1970

Scowcroft, Brent, General, USA; Deputy Assistant to the President for National Security Affairs from 1973 until 1974

Selden, Armistead I., Jr., Deputy Secretary of Defense for International Security Affairs from 1970 until 1972; Consultant, Department of Defense, from 1973

Sepúlveda Acuña, Adonis, Secretary General of the Socialist Party of Chile

Sepúlveda Galindo, José Maria, Chilean Director-General of Carabinero Corps until August 9, 1973; Minister of Lands and Settlement from August 9 until September 11, 1973

Shackley, Theodore G., Central Intelligence Agency Station Chief, U.S. Embassy in South Vietnam until February 1972; Chief, Western Hemisphere Division, Directorate of Operations, Central Intelligence Agency, from April 1972 until November 1973

Shakespeare, Frank, Jr., Director of the United States Information Agency from February 1969

Shlaudeman, Harry W., Deputy Chief of Mission in U.S. Embassy in Santiago from June 1969 until August 1973; Deputy Assistant Secretary of State for Inter-American Affairs from June 11, 1973

Shultz, George P., Director, Office of Management and Budget, from June 1970 until May 1972

- Silva Espejo, René**, director, *El Mercurio*, until 1973
- Silva, Patricio**, Chilean Under Secretary of Foreign Affairs
- Simon, William**, Deputy Secretary of the Treasury from December 1972
- Szulc, Tad**, U.S. journalist, *New York Times*
- Teitelboim, Volodia**, Senator, Chilean Communist Party, until 1973
- Tohá Gonzáles, José**, Chilean Minister of Interior from 1970 until 1972; Minister of Defense from 1972 until 1973
- Tomic Romero, Radomiro**, Presidential candidate of Partido Demócrata Cristiano (PDC) in the 1970 election; leader of PDC from September 1970
- Troncoso Castillo, Raúl**, Chilean Minister of State at the Moneda until 1970
- Urrutia Soto, Javier**, President, Chilean Development Corporation; economic adviser to Allende until 1973
- Urbina Herrera, Orlando**, General, Commander of the Chilean Second Army until 1972; Inspector General of the Army from 1973
- Urzua Merino, Luis**, Commander of the Chilean Marine Corps
- Vaky, Viron P. (Pete)**, Acting Assistant Secretary of State for Inter-American Affairs from January until May 1969; member, National Security Council Operations Staff (Latin America) from May 1969 until September 1972; thereafter U.S. Ambassador to Costa Rica
- Valdes Phillips, Pablo**, Minister Counselor of the Chilean Embassy in the United States from 1970 until 1973
- Valdés Subercaseaux, Gabriel**, Chilean Foreign Minister until 1970
- Valenzuela Godoy, Camilo**, General, Santiago Garrison Commander, 1970
- Velasco Alvarado, Juan**, General; Peruvian President
- Viaux Marambio, Roberto**, General, Commandant of the Chilean First Army Division from January 1969 until June 1972
- Vilarin, León**, President of the Truck Owners' Federation of Chile until 1973
- Volcker, Paul A.**, Under Secretary of the Treasury for Monetary Affairs from January 1969
- Vuskovic Bravo, Pedro**, Chilean Minister of Economy from November 4, 1970, until June 12, 1972; Director of the Executive Economic Committee and Vice President of the State Development Corporation, from June 12, 1972, until September 11, 1973
- Walsh, John P.**, Acting Executive Secretary of the Department of State from September until February 1969; Acting Special Assistant to the Secretary of State from February 1969 until October 1969
- Walters, Vernon A.**, Lieutenant General, USA; Defense Attaché, U.S. Embassy in Paris from 1969 until May 1972; Deputy Director of Central Intelligence from May 1972
- Weinel, John P.**, Vice Admiral, USN; member of strategic planning staff of the Department of Defense from 1969
- Weintraub, Sidney**, Deputy Assistant Secretary for International Monetary Affairs, Bureau of Economic Affairs, Department of State, from October 1969 until May 1970; Deputy Assistant Secretary for International Finance and Development, Bureau of Economic Affairs, from May 1970
- Welander, Robert O.**, Rear Admiral, USN; Director, Military Liaison Office, National Security Council Staff, from July 1970
- Westmoreland, William**, General, USA; Army Chief of Staff until June 1972
- Wimert, Paul, Jr.**, Lieutenant Colonel, USA; Army Attaché at the U.S. Embassy in Santiago until June 1971

- Zaldivar Larrian, Andres**, Chilean Minister of Finance until November 4, 1970; Partido Demócrata Cristiano candidate in Senatorial race, April 1971
- Ziegler, Ronald**, White House Press Secretary from January 1969
- Zorrillas Rojas, Américo**, Chilean Minister of Finance from November 4, 1970, until June 12, 1972
- Zumwalt, Elmo R., Jr.**, Admiral, USN; Chief of Naval Operations from July 1970 until June 1974

Note on U.S. Covert Actions

In compliance with the *Foreign Relations of the United States* statute that requires inclusion in the *Foreign Relations* series of comprehensive documentation on major foreign policy decisions and actions, the editors have identified key documents regarding major covert actions and intelligence activities. The following note will provide readers with some organizational context on how covert actions and special intelligence operations in support of U.S. foreign policy were planned and approved within the U.S. Government. It describes, on the basis of declassified documents, the changing and developing procedures during the Truman, Eisenhower, Kennedy, Johnson, Nixon, and Ford Presidencies.

Management of Covert Actions in the Truman Presidency

The Truman administration's concern over Soviet "psychological warfare" prompted the new National Security Council to authorize, in NSC 4-A of December 1947, the launching of peacetime covert action operations. NSC 4-A made the Director of Central Intelligence responsible for psychological warfare, establishing at the same time the principle that covert action was an exclusively Executive Branch function. The Central Intelligence Agency (CIA) certainly was a natural choice but it was assigned this function at least in part because the Agency controlled unvouchered funds, by which operations could be funded with minimal risk of exposure in Washington.¹

The CIA's early use of its new covert action mandate dissatisfied officials at the Departments of State and Defense. The Department of State, believing this role too important to be left to the CIA alone and concerned that the military might create a new rival covert action office in the Pentagon, pressed to reopen the issue of where responsibility for covert action activities should reside. Consequently, on June 18, 1948, a new NSC directive, NSC 10/2, superseded NSC 4-A.

NSC 10/2 directed the CIA to conduct "covert" rather than merely "psychological" operations, defining them as all activities "which are conducted or sponsored by this Government against hostile foreign states or groups or in support of friendly foreign states or groups but which are so planned and executed that any US Government responsibility for them is not evident to unauthorized persons and that if un-

¹ NSC 4-A, December 17, 1947, is printed in *Foreign Relations, 1945-1950*, Emergence of the Intelligence Establishment, Document 257.

covered the US Government can plausibly disclaim any responsibility for them.”

The type of clandestine activities enumerated under the new directive included: “propaganda; economic warfare; preventive direct action, including sabotage, demolition and evacuation measures; subversion against hostile states, including assistance to underground resistance movements, guerrillas and refugee liberations [*sic*] groups, and support of indigenous anti-Communist elements in threatened countries of the free world. Such operations should not include armed conflict by recognized military forces, espionage, counter-espionage, and cover and deception for military operations.”²

The Office of Policy Coordination (OPC), newly established in the CIA on September 1, 1948, in accordance with NSC 10/2, assumed responsibility for organizing and managing covert actions. The OPC, which was to take its guidance from the Department of State in peacetime and from the military in wartime, initially had direct access to the State Department and to the military without having to proceed through the CIA’s administrative hierarchy, provided the Director of Central Intelligence (DCI) was informed of all important projects and decisions.³ In 1950 this arrangement was modified to ensure that policy guidance came to the OPC through the DCI.

During the Korean conflict the OPC grew quickly. Wartime commitments and other missions soon made covert action the most expensive and bureaucratically prominent of the CIA’s activities. Concerned about this situation, DCI Walter Bedell Smith in early 1951 asked the NSC for enhanced policy guidance and a ruling on the proper “scope and magnitude” of CIA operations. The White House responded with two initiatives. In April 1951 President Truman created the Psychological Strategy Board (PSB) under the NSC to coordinate government-wide psychological warfare strategy. NSC 10/5, issued in October 1951, reaffirmed the covert action mandate given in NSC 10/2 and expanded the CIA’s authority over guerrilla warfare.⁴ The PSB was soon abolished by the incoming Eisenhower administration, but the expansion of the CIA’s covert action writ in NSC 10/5 helped ensure that covert action would remain a major function of the Agency.

As the Truman administration ended, the CIA was near the peak of its independence and authority in the field of covert action. Although the CIA continued to seek and receive advice on specific projects from the NSC, the PSB, and the departmental representatives origi-

² NSC 10/2, June 18, 1948, is printed *ibid.*, Document 292.

³ Memorandum of conversation by Frank G. Wisner, “Implementation of NSC-10/2,” August 12, 1948, is printed *ibid.*, Document 298.

⁴ NSC 10/5, “Scope and Pace of Covert Operations,” October 23, 1951, is printed in *Foreign Relations, 1950–1955, The Intelligence Community*, Document 90.

nally delegated to advise the OPC, no group or officer outside of the DCI and the President himself had authority to order, approve, manage, or curtail operations.

NSC 5412 Special Group; 5412/2 Special Group; 303 Committee

The Eisenhower administration began narrowing the CIA's latitude in 1954. In accordance with a series of National Security Council directives, the responsibility of the Director of Central Intelligence for the conduct of covert operations was further clarified. President Eisenhower approved NSC 5412 on March 15, 1954, reaffirming the Central Intelligence Agency's responsibility for conducting covert actions abroad. A definition of covert actions was set forth; the DCI was made responsible for coordinating with designated representatives of the Secretary of State and the Secretary of Defense to ensure that covert operations were planned and conducted in a manner consistent with U.S. foreign and military policies; and the Operations Coordinating Board was designated the normal channel for coordinating support for covert operations among State, Defense, and the CIA. Representatives of the Secretary of State, the Secretary of Defense, and the President were to be advised in advance of major covert action programs initiated by the CIA under this policy and were to give policy approval for such programs and secure coordination of support among the Departments of State and Defense and the CIA.⁵

A year later, on March 12, 1955, NSC 5412/1 was issued, identical to NSC 5412 except for designating the Planning Coordination Group as the body responsible for coordinating covert operations. NSC 5412/2 of December 28, 1955, assigned to representatives (of the rank of assistant secretary) of the Secretary of State, the Secretary of Defense, and the President responsibility for coordinating covert actions. By the end of the Eisenhower administration, this group, which became known as the "NSC 5412/2 Special Group" or simply "Special Group," emerged as the executive body to review and approve covert action programs initiated by the CIA.⁶ The membership of the Special Group varied depending upon the situation faced. Meetings were infrequent until 1959 when weekly meetings began to be held. Neither the CIA nor the Special Group adopted fixed criteria for bringing projects before the group; initiative remained with the CIA, as members representing

⁵ William M. Leary, editor, *The Central Intelligence Agency: History and Documents* (The University of Alabama Press, 1984), p. 63; for text of NSC 5412, see *Foreign Relations, 1950–1955, The Intelligence Community*, Document 171.

⁶ Leary, *The Central Intelligence Agency: History and Documents*, pp. 63, 147–148; *Final Report of the Select Committee To Study Governmental Operations With Respect to Intelligence Activities, United States Senate, Book I, Foreign and Military Intelligence* (1976), pp. 50–51. For texts of NSC 5412/1 and NSC 5412/2, see *Foreign Relations, 1950–1955, The Intelligence Community, Documents* 212 and 250.

other agencies frequently were unable to judge the feasibility of particular projects.⁷

After the Bay of Pigs failure in April 1961, General Maxwell Taylor reviewed U.S. paramilitary capabilities at President Kennedy's request and submitted a report in June that recommended strengthening high-level direction of covert operations. As a result of the Taylor Report, the Special Group, chaired by the President's Special Assistant for National Security Affairs McGeorge Bundy, and including Deputy Under Secretary of State U. Alexis Johnson, Deputy Secretary of Defense Roswell Gilpatric, Director of Central Intelligence Allen Dulles, and Chairman of the Joint Chiefs of Staff General Lyman Lemnitzer, assumed greater responsibility for planning and reviewing covert operations. Until 1963 the DCI determined whether a CIA-originated project was submitted to the Special Group. In 1963 the Special Group developed general but informal criteria, including risk, possibility of success, potential for exposure, political sensitivity, and cost (a threshold of \$25,000 was adopted by the CIA), for determining whether covert action projects were submitted to the Special Group.⁸

From November 1961 to October 1962 a Special Group (Augmented), whose membership was the same as the Special Group plus Attorney General Robert Kennedy and General Taylor (as Chairman), exercised responsibility for Operation Mongoose, a major covert action program aimed at overthrowing the Castro regime in Cuba. When President Kennedy authorized the program in November, he designated Brigadier General Edward G. Lansdale, Assistant for Special Operations to the Secretary of Defense, to act as chief of operations, and Lansdale coordinated the Mongoose activities among the CIA and the Departments of State and Defense. The CIA units in Washington and Miami had primary responsibility for implementing Mongoose operations, which included military, sabotage, and political propaganda programs.⁹

President Kennedy also established a Special Group (Counter-Insurgency) on January 18, 1962, when he signed NSAM No. 124. The Special Group (CI), set up to coordinate counter-insurgency activities separate from the mechanism for implementing NSC 5412/2, was to confine itself to establishing broad policies aimed at preventing and resisting subversive insurgency and other forms of indirect aggression in friendly countries. In early 1966, in NSAM No. 341, President Johnson assigned responsibility for the direction and coordination of counter-insurgency activities overseas to

⁷ Leary, *The Central Intelligence Agency: History and Documents*, p. 63.

⁸ *Ibid.*, p. 82.

⁹ See *Foreign Relations, 1961–1963*, volume X, Cuba, 1961–1962, Documents 270 and 278.

the Secretary of State, who established a Senior Interdepartmental Group to assist in discharging these responsibilities.¹⁰

NSAM No. 303, June 2, 1964, from Bundy to the Secretaries of State and Defense and the DCI, changed the name of “Special Group 5412” to “303 Committee” but did not alter its composition, functions, or responsibility. Bundy was the chairman of the 303 Committee.¹¹

The Special Group and the 303 Committee approved 163 covert actions during the Kennedy administration and 142 during the Johnson administration through February 1967. The 1976 Final Report of the Church Committee, however, estimated that of the several thousand projects undertaken by the CIA since 1961, only 14 percent were considered on a case-by-case basis by the 303 Committee and its predecessors (and successors). Those not reviewed by the 303 Committee were low-risk and low-cost operations. The Final Report also cited a February 1967 CIA memorandum that included a description of the mode of policy arbitration of decisions on covert actions within the 303 Committee system. The CIA presentations were questioned, amended, and even on occasion denied, despite protests from the DCI. Department of State objections modified or nullified proposed operations, and the 303 Committee sometimes decided that some agency other than the CIA should undertake an operation or that CIA actions requested by Ambassadors on the scene should be rejected.¹²

The effectiveness of covert action has always been difficult for any administration to gauge, given concerns about security and the difficulty of judging the impact of U.S. initiatives on events. In October 1969 the new Nixon administration required annual 303 Committee reviews for all covert actions that the Committee had approved and automatic termination of any operation not reviewed after 12 months. On February 17, 1970, President Nixon signed National Security Decision Memorandum 40,¹³ which superseded NSC 5412/2 and changed the name of the covert action approval group to the 40 Committee, in part because the 303 Committee had been named in the media. The Attorney General was also added to the membership of the Committee. NSDM 40 reaffirmed the DCI’s responsibility for the coordination, control, and conduct of covert operations and directed him to obtain policy approval from the 40 Committee for all major and “politically sensitive”

¹⁰ For text of NSAM No. 124, see *ibid.*, volume VIII, National Security Policy, Document 68. NSAM No. 341, March 2, 1966, is printed *ibid.*, 1964–1968, volume XXXIII, Organization and Management of U.S. Foreign Policy; United Nations, Document 56.

¹¹ For text of NSAM No. 303, see *ibid.*, Document 204.

¹² *Final Report of the Select Committee To Study Governmental Operations With Respect to Intelligence Activities, United States Senate*, Book I, *Foreign and Military Intelligence*, pp. 56–57.

¹³ For text of NSDM 40, see *Foreign Relations, 1969–1976*, volume II, Organization and Management of U.S. Foreign Policy, 1969–1972, Document 203.

covert operations. He was also made responsible for ensuring an annual review by the 40 Committee of all approved covert operations.

The 40 Committee met regularly early in the Nixon administration, but over time the number of formal meetings declined and business came to be conducted via couriers and telephone votes. The Committee actually met only for major new proposals. As required, the DCI submitted annual status reports to the 40 Committee for each approved operation. According to the 1976 Church Committee Final Report, the 40 Committee considered only about 25 percent of the CIA's individual covert action projects, concentrating on major projects that provided broad policy guidelines for all covert actions. Congress received briefings on only a few proposed projects. Not all major operations, moreover, were brought before the 40 Committee: President Nixon in 1970 instructed the DCI to promote a coup d'etat against Chilean President Salvador Allende without Committee coordination or approval.¹⁴

Presidential Findings Since 1974 and the Operations Advisory Group

The Hughes-Ryan amendment to the Foreign Assistance Act of 1974 brought about a major change in the way the U.S. Government approved covert actions, requiring explicit approval by the President for each action and expanding Congressional oversight and control of the CIA. The CIA was authorized to spend appropriated funds on covert actions only after the President had signed a "finding" and informed Congress that the proposed operation was important to national security.¹⁵

Executive Order 11905, issued by President Ford on February 18, 1976, in the wake of major Congressional investigations of CIA activities by the Church and Pike Committees, replaced the 40 Committee with the Operations Advisory Group, composed of the President's Assistant for National Security Affairs, the Secretaries of State and Defense, the Chairman of the Joint Chiefs of Staff, and the DCI, who retained responsibility for the planning and implementation of covert operations. The OAG was required to hold formal meetings to develop recommendations for the President regarding a covert action and to conduct periodic reviews of previously-approved operations. EO 11905 also banned all U.S. Government employees from involvement in political assassinations, a prohibition that was retained in succeeding executive orders, and prohibited involvement in domestic intelligence activities.¹⁶

¹⁴ *Final Report of the Select Committee To Study Governmental Operations With Respect to Intelligence Activities*, United States Senate, Book I, Foreign and Military Intelligence, pp. 54-55, 57.

¹⁵ Public Law 93-559.

¹⁶ Executive Order 11905, "United States Foreign Intelligence Activities," *Weekly Compilation of Presidential Documents*, Vol. 12, No. 8, February 23, 1976.

Chile, 1969–1973

A “Noisy Democracy”: The Decline of Eduardo Frei, January–December 1969

1. National Intelligence Estimate¹

NIE 94–69

Washington, January 28, 1969.

[Omitted here are the Table of Contents and a map of Chile.]

CHILE

The Problem

To examine the likely political and economic developments in Chile over the next year or so, with particular reference to the congressional election of March 1969, and to the general outlook for the presidential election in September 1970.

Conclusions²

A. Over the past four years the administration of Eduardo Frei has been endeavoring to carry out a social, economic, and political revolution by peaceful, constitutional means. He has made considerable progress in some important fields, but in others has fallen far short of his goals. An important faction of his Christian Democratic Party (PDC) is insisting that the scope of reform be widened and its tempo quickened.

B. Economic prospects for the short run are bleak, and we see little chance for much further progress on basic problems over the next year

¹Source: Central Intelligence Agency, National Intelligence Council, Job 79R01012A, NIE 94–69. Secret; Controlled Dissem. According to the covering sheet, the CIA and the intelligence organizations of the Departments of State and Defense, and the National Security Agency participated in the preparation of the estimate. All members of the U.S. Intelligence Board concurred in the estimate except the Atomic Energy Commission and the FBI, on the grounds that the subject was outside their jurisdiction. For the full text of the NIE, see *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973, Document 1.

²See footnote of dissent on page 3 following these Conclusions. [Footnote is in the original. See footnote 3 below.]

or so. There are a few favorable aspects, notably the new US investments under the copper expansion agreement and the likely continuation of substantial foreign assistance over the next year. But the Frei administration is already caught in a quandary of economic stagnation with rapid inflation. As the elections approach, pressures for government spending on wages and welfare will almost certainly intensify, and business confidence will probably reach a new low.

C. The outcome of the congressional elections of March 1969 will have an important bearing on the selection of candidates and the formation of political coalitions for the presidential election in 1970. The PDC has some chance of winning a majority in the Senate and is likely to retain a sizable plurality in the lower house. Nonetheless, factionalism within the PDC, the maneuvering of other parties for political advantage in the 1970 election, and Frei's lameduck status will weaken his influence over the new Congress.

D. Until the final choice of candidates and of political party alignments is made, it is not feasible to attempt to estimate the outcome of the presidential election in more than the most general terms. Among many possible outcomes, the current odds are that there will be three major candidates for the presidency in 1970, that no one of them will secure a majority, and that the Congress will select as president the candidate with the largest vote. If the Communist, Socialist, and Radical parties could set aside their differences to agree on a candidate, he would be a strong contender, especially in a three-man race.

E. Even if a Communist-supported candidate won in 1970 we do not believe that the Chilean Armed Forces would intervene to prevent his inauguration. They would maintain a constant surveillance over the new administration, but would plan to move against it only if Chilean institutions, particularly their own, were threatened.

F. The relations of any new Chilean administration with the US are likely to be under repeated strains. Whoever succeeds Frei in the presidency is likely to continue to stress Chilean independence; to be less cooperative with the US on many issues than Frei has been; and to explore somewhat broader relationships with Communist countries. An administration elected with Communist support almost certainly would take steps aimed at moving Chile away from the US and closer to the Communist countries. We believe, however, that for a variety of reasons, including fear of a reaction from the military, such an administration would be deterred from precipitate or drastic action.

G. Because Frei himself has gone on record as opposing outright expropriation of the US copper companies, we see it as unlikely while he is still in power. In our judgment, however, further steps toward greater government participation in or even outright nationalization of these holdings are inevitable. The manner, the terms, and the timetable

of such steps will depend heavily on the makeup of the next administration. Even under a rightist administration, or one of the center left such as Frei's has been, some additional "Chileanization," at least, is likely. Chile might assume high economic costs in the process, especially in case of abrupt nationalization; but in the long run nationalistic, political grounds—rather than economic—will almost certainly be the crucial factors in deciding this question.³

[Omitted here are the Discussion and Sections I–III.]

³ Mr. Thomas L. Hughes, the Director of Intelligence and Research, Department of State, believes that the Estimate overstates the criticality of the Chilean economic situation and the Frei government's responsibility for it, as well as the Christian Democratic Party's predicament in the forthcoming elections. He believes:

a) That copper prices and production are likely to be better and pressures for wage increases less disruptive than indicated;

b) That the agricultural difficulties are of a longstanding nature and, therefore, less attributable to President Frei and his policies than the Estimate leads one to believe;

c) That the Christian Democratic Party, especially its reformist but moderate elements, is stronger than the Estimate suggests; and

d) That whatever the short-run trends may be, the long-run direction is toward reform, even radicalism from the conventional point of view, and that the dissatisfaction of some important elements, which inevitably accompanies moves toward change, is counterbalanced, more than is shown, by favorable political reactions of elements that have benefited. [Footnote is in the original.]

2. Editorial Note

On December 24, 1968, Ambassador to Chile Edward Korry spoke at a Country Team meeting at length regarding National Intelligence Estimate 94–69 and criticized many of the findings of the NIE (Document 1). He based his discussion on a November draft he had read in Washington. Korry remarked, "it is troublesome to note the striking absence of any mention of the fact that Chile is one of the few surviving democracies in Latin America. This fact has important implications for the incoming Administration, and is central to any assessment of the success of our policies in Latin America, which are designed to promote and assist stable, democratic governments. The fact that Chile has maintained democratic stability under President [Eduardo] Frei is an achievement when one takes into account developments in recent months in Peru and Brazil. Chile has a noisy democracy which is not wholly effective but its maintenance of institutional order is not a minor achievement."

Korry went on to note: “The plaint of the writers of the NIE that the economic system has not functioned effectively is in some instances identical with the Embassy’s. But other superficial judgments, which tend to overlook the achievements within the context of Chilean history, are not helpful. The future of Chile is not exceedingly bright but it remains of value to the US to have some democratic friends in its orbit. This helps demonstrate the differences between US and Soviet objectives and purposes and this is overlooked in the NIE.”

The minutes concluded the following: “The NIE report is resplendent with hindsight views on economic developments which one need not be so smug about—they are easy enough to see. But why, asked the Ambassador, had the ‘estimators’ failed to alert us to the poor performance of the Chilean economy in 1967 until long after all the returns were in and the development was public knowledge. The NIE carries the disturbing implication that the US can walk away from it all in Chile now that the Frei Government is in trouble and the political horizon does not reveal any outstanding leaders to consolidate the positive accomplishments of the past four years. It is indeed difficult to justify economic assistance to a country in which the future is not bright on every front. But this is an overly simplistic perspective and tends to overlook our reasons for committing ourselves to Chile. Our policy has been basically successful (although President Frei was definitely oversold) and we have stopped or at least stalled Castroism in Latin America. If, for example in Chile, Allende had been successful in 1964 we would regard the hindsight criticism of the NIE about economic performance as irrelevant. As long as the democratic, constitutional system of Chile survives, as long as fundamental reforms are being carried forward, as long as the economy functions reasonably well, the USG investment is worthwhile.” (Department of State, ARA/AP/C Desk Files 1966–1968, Lot 71D18, Political 7—Country Team Minutes)

In airgram 60 from Santiago, February 22, Korry further criticized NIE 94–69 and took the unusual action of commenting on it “because of the possible influence it would have on a new Administration, because of the distorted view it could provide of the results of the nationwide Congressional elections in a week’s time and because, frankly, I am dismayed by the lack of attention to words and their significance.” Korry went on to say, “the document gives no importance to the constitutional and democratic nature of Chile; perhaps in strategic terms it does not merit any particular importance, but I for one do not share a view that perhaps involuntarily denigrates the significance of a still viable democracy.” He concluded: “since the quality of the referenced document is of such demonstrably dubious value, I would recommend that the authoring agency send some competent economists to Chile to study the facts. In view of the extraordinary gap between their views

and the views of this Mission (which was not consulted at any time), I would welcome such a visit. My second recommendation, and earnest hope, is that this airgram will be circulated to all who received the original document." In response to paragraph B of the NIE's Conclusion, Korry noted that the Santiago stock market had just reached its highest level ever, that a growth rate of 5 percent was expected, that the budget had grown 6 percent in real terms in spite of extraordinary drought-related expenditures, and that trade liberalization was increasing. (Airgram A-60, February 22; National Archives, Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I)

3. Memorandum for the 303 Committee¹

Washington, March 14, 1969.

SUBJECT

Final Report: March 1969 Chilean Congressional Election

1. Summary

On 12 July 1968 the 303 Committee approved a \$350,000 election program proposed by Ambassador Edward M. Korry to influence the outcome of the 2 March 1969 congressional election.² The program was approved with the stipulation that periodic progress reports be submitted and, in satisfaction of this requirement, such reports were made on 3 September and 27 December 1968.³ This is the final report. It describes our support to 12 moderate congressional candidates and the election of 10 of those supported—[1 line not declassified]. It also cites the effectiveness of support given to a splinter Socialist group in an ef-

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile through 1969. Secret; Eyes Only. No drafting information or attribution appears on the memorandum. A handwritten notation on the memorandum indicates it was noted by the Committee at its April 15 meeting. Embassy reports on the March 2 election are in telegrams 781 and 807 from Santiago, both March 3. (National Archives, RG 59, Central Files 1967-69, POL 14 CHILE)

² See *Foreign Relations, 1964-1968*, vol. XXXI, South and Central America; Mexico, Document 306.

³ The progress reports were memoranda to the 303 Committee, dated August 20 and December 5. (National Security Council, Nixon Intelligence Files, Subject Files, Chile through 1969)

fort to divide the left and the scope of election propaganda activities financed and guided by CIA.

2. *Background*

The first instance of major covert involvement by the U.S. Government in the Chilean electoral process occurred in the 1964 presidential election when the Special Group (5412) approved an election operation totaling [*dollar amount not declassified*] in support of Christian Democratic Party candidate Eduardo Frei. The operation was successful and contributed to Frei's election to the presidency of Chile on 4 September 1964 with an unprecedented 56 percent of the popular vote. In the next electoral contest, the March 1965 congressional election, Frei's party scored an outstanding victory by capturing a majority of seats in the Chamber of Deputies and about one-third of the Senate. There was a covert election program in the amount of \$175,000 approved by the 303 Committee for this election. There was no covert program for the April 1967 nation-wide municipal elections. In early 1968, however, it became clear that a difficult situation could confront the U.S. in the September 1970 presidential election (i.e., a popular front candidate might be elected) and that the 2 March 1969 congressional election would be important in setting the stage for that later contest. Ambassador Korry requested CIA to devise a covert support program to shore up the moderate forces of Chile through a very selective election program which is described below. It was estimated initially that the program would cost \$350,000.

3. *The Approved Program*

a. Objective and Rationale

The basic purpose of the election program was to influence the composition of the Chilean Congress and to strengthen Chile's moderate political forces in anticipation of the 1970 presidential election. During 1967 the Chilean left had scored a series of important victories and the moderate forces within the Christian Democratic (PDC), Radical (PR), and National (PN) parties were disorganized. Individuals strongly in favor of a popular front coalition had taken control of the pivotal Radical Party's National Executive Committee (CEN); in the two congressional bi-elections held in that year a pro-Castro Socialist and pro-Soviet Radical won; and within the PDC its most leftist, anti-Frei elements had gained control of the party's leadership. It was obvious, therefore, that if this trend were to remain unchecked the possibility of a strong Communist-Socialist-Radical alliance in 1970 would be very real. Against this background of a drift to the left, the election program was formulated.

b. Approach

A selective approach was needed in this election because in each of the three non-Marxist parties there were extremist elements for whom support should not be provided. It was decided not to support any of the parties, *per se*, where it would be impossible to control the ultimate destination of funds, and instead to direct our support to moderate individual candidates within the non-Marxist parties. An election team of key State/CIA personnel within the Embassy was assembled under the Ambassador's direction to make the candidate selections. The election team made extensive use of studies of voting patterns in the past three elections [2 lines not declassified]. These analyses made it possible to distinguish between contests in which outside support might make a difference and those in which little or nothing could be done to affect the outcome.

The second major aspect of the program involved (1) media operations to create a more favorable psychological climate for the moderate candidates, (2) support to farm, slumdweller, and women's organizations to mobilize the vote for the selected candidates, and (3) support to a splinter Socialist party (Popular Socialist Union—USP) in order to aggravate this split in Marxist ranks. The latter merits some elaboration.

The USP Socialists had split off in August 1967 from the regular, pro-Castro Socialist Party (PS) which participated with the Communists in the presidential elections of 1958 and 1964 under the Popular Front—FRAP—banner. The USP–PS differences were more personal than ideological, but it was quite clear that any division in the Socialist vote could seriously hurt the PS in this election. In addition, the Mission believed that an effort should be made to help the USP survive as a viable political entity and thus place an obstacle in the way of leftist unity for 1970.

c. Funding and Security

The risk of exposure is always present in an election operation, but to reduce it to the lowest possible level it was decided: a) to use [less than 1 line not declassified] intermediaries as channels of funds both to the candidates themselves and to all operational support mechanisms and b) [1 line not declassified]. A propaganda mechanism was established which provided some of the candidates with tailor-made campaign support (posters, radio time, hand-out materials) with no hint of U.S. involvement. [7½ lines not declassified].

4. Implementation

a. Chronology

Between 12 July 1968, when the program received the approval of the 303 Committee, and 2 March 1969, election day, the program moved through three distinct stages. The first encompassed the period

through 2 November, the day on which all party candidate nominees became finally and officially inscribed. During these weeks the operation was planned in the field under the Ambassador's direction. The first order of business was to review all of the electoral contests (all 150 deputy seats and 30 of the 50 Senate seats were to be filled) using the aforementioned voting pattern analyses. Additional biographic and political data were used which came principally from Embassy contacts. All selections were considered tentative before 2 November because of the maneuverings within the parties and the uncertainty as to the final electoral line-up until that date.

The second phase of the program took place in the months of November and December 1968 and January 1969. By early November almost all of the candidates to be supported had been selected and it was then a matter of opening the funding channels, creating a propaganda support capability, and activating the special interest groups and organizations in behalf of these moderate candidates.

The final stage of the program was in February 1969 when the campaign activity accelerated. This was due not only to the traditional last minute rush of any campaign, but also because of a new law which restricted newspaper, radio, and television campaign advertisements to the last two weeks of the campaign. [4 lines not declassified]

b. Problems

One of the problems in this operation involved the Radical Party candidates who initially were to be considered for support on an equal basis with the candidates of the other two non-Marxist parties. The criteria which applied in the selection process were quite precise; i.e., to be considered for support there had to be moral certitude that the candidate would oppose a popular front candidate in the 1970 election campaign or, if such a president should be elected, oppose his extremist policies in the congress. Applied to the Radicals, who participated in governing Chile from 1938 through 1964 first with the Marxists and later with the rightists, this meant that few of them indeed could qualify for support. With the exception of a select few individuals in that party with strong ideological ties, one could not be certain which way the average Radical would go when the chips are down in 1970, especially if a Radical were to be the popular front candidate. For practical purposes this reduced the operation to candidates of the Christian Democratic and National parties.

Another problem bears mention. Originally, when analyzing the statistical data on the 180 electoral contests, it appeared that thirty or forty such candidates might be identified as qualifying for support. When the field election team began to weigh the contests [1½ lines not declassified] only twelve such races were identified. Most of these in-

volved individuals with a chance of winning and our support was provided to give them an edge and assure their victory.

c. Costs

In this election program approximately [*dollar amount not declassified*] of the approved \$350,000 has been expended. Due to the reduced number of electoral possibilities discussed above, less funds were needed than originally anticipated.

A breakdown of total estimated expenditures is:

Support to dissident Socialist Party	[<i>dollar amount not declassified</i>]
Support to 12 individual candidates	[<i>dollar amount not declassified</i>]
Propaganda operations	[<i>dollar amount not declassified</i>]
Special interest groups (women, farmers, etc.)	[<i>dollar amount not declassified</i>]

[*dollar amount not declassified*]

d. Effectiveness

Within its limited concept, the election program was successful. Ten of the twelve candidates selected for support were elected: [1 line not declassified]. The most significant single victory was that of [4½ lines not declassified].

Support to the dissident Socialist USP was particularly worthwhile because its 52,000 votes deprived the PS Socialists of seven congressional seats (six in the Chamber and one in the Senate), all of which went to moderates within the Christian Democratic, Radical, and National parties. The Chamber losses occurred in Antofagasta (won by the PDC), Coquimbo (won by the PR), Aconcagua (won by the PDC), Santiago's fourth district (won by the PN), Curico (won by the PN), and Linares (won by the PDC). The Senate seat loss occurred in the first senatorial district; it was lost to the PDC. In addition, the USP vote played a great part in the PS failure to win two additional Senate seats, in the seventh senatorial district (won by Bulnes) and a second seat in the tenth district (won by anti-Communist Radical Raul Morales). Reporting from USP sources indicates that the [*dollar amount not declassified*] support provided by this program accounted for about one-half of the USP's election expenditures. The USP elected no candidate of its own, and although it has a carry-over seat in the Senate, it may not be able to continue as a meaningful political force in Chile. In any case, the regular PS has been badly damaged by the USP campaign and, instead of having between 26 and 30 seats in the new congress, which is what the total PS-USP vote would have produced, it now has only 19.

e. Security

In terms of security and public exposure the operation was tightly conducted and without compromise. There have been no charges of U.S. involvement in the usually vitriolic Marxist press.

5. *Conclusions*

The operation was a limited one and it largely achieved its limited objectives. In the total picture, however, it should be realized that Chile's political moderates suffered a clear setback in the 2 March 1969 elections. What happened was a movement toward political polarization, with the conservative right and the Marxist left coming out the greatest beneficiaries. In the present political climate the Communist-Socialist front would stand perhaps an even chance of victory for the presidency. (Much the same could be said of Alessandri on the right.) If President Frei and the moderate Christian Democrats plan on winning the presidential election, scheduled for September of next year, they must move rapidly to improve the economy and to plan their strategy for the elections.

4. **Telegram From the Embassy in Chile to the Department of State¹**

Santiago, March 25, 1969, 1700Z.

1160. Subj: Conversation with Frei (HQ—Foreign Policy).

1. This cable is one of three (Foreign Policy, Chilean Politics and Economic Policy) based on some three hours of private talk with President Frei March 24.

2. I deliberately provoked Frei into a discussion of foreign policy in order to exercise a restraining influence on Foreign Minister Valdes at the forthcoming CECLA meeting,² to rein some of the more free-wheeling spokesmen of the GOC here and abroad and to advise Frei to prepare and control personally the Chilean talking points to Governor Rockefeller.³

¹ Source: National Archives, RG 59, Central Files 1967–69, POL 1 CHILE–US. Confidential; Limdis. This is one of three cables Korry transmitted on March 25 reporting on the subjects of Foreign Policy, Chilean Politics, and Economic Policy. Telegram 1161 is Document 5. Telegram 1168 is published in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973, Document 2.

² A meeting of the Special Latin American Coordinating Committee (CECLA) was scheduled for May 16, 1969, at Viña del Mar, Chile.

³ Nixon announced on February 17 that Nelson Rockefeller, Governor of New York, would lead a Presidential mission to Latin America to consult leaders on “the development of common goals and joint programs of action, which will strengthen Western Hemisphere unity and accelerate the pace of economic and social development.” (*Public Papers: Nixon, 1969*, pp. 106–107) See also Document 122, *Foreign Relations, 1969–1976*, vol. IV, Foreign Assistance, International Development, Trade Policies, 1969–1972.

3. I said there seemed to be a push-pull dichotomy in GOC as well as other Latin governments with regard to US. At very moment when President was expressing over national TV-radio hookups his recognition and gratitude for US assistance, some of his spokesmen took quite an opposite tack. At Geneva, their Ambassador, whom I recognized had supported Socialist Allende for President in last election, attacked US rels with area; parts of his speech had been used a fortnight ago, in far less offensive but not less ill-informed manner, by Foreign Minister Valdes in public speech to UNDP meeting. If anyone could explain to me the incomprehensible performance of his Ambassador to the UN the past GA, I would be an eager auditor. Then last week his Foreign Minister in announcing the forthcoming meeting of CECLA here March 31 had gleefully announced that Latin America had always sought to have an all-Latino meeting "without the presence of the US."

4. After enumerating examples of push-pull phenomenon, I emphasized that I had no rpt no instructions of any kind to raise this subject with GOC. I was speaking with the same candor he had demonstrated in providing me earlier the most intimate details of Chilean politics and I was doing so because our joint efforts to strengthen democracy in Chile could not help but be damaged by some of the incautious unjustified language. With CECLA about to convene, this was especially important. I did not want to create the impression that I was seeking to strike some kind of bargain of aid in return for what Valdes called "servilismo." I did want him to know that there seemed to prevail in his Foreign Ministry and elsewhere the Gaullist-type logic that the US was the inevitable protector of the area and had no rpt no option but to support Chilean democracy therefore permitting Chileans a libertinism in action and in speech which the US would simply have to swallow. Such an assumption would be imprudent.

5. The President said that my point was well-taken although he denied that Chile had in any way been connected with the CECLA meeting taking place at this time. He had the same night of our dinner together in Vina (Feb. 26) told the Foreign Ministry to advise Valdes in Ecuador to seek a delay in CECLA since he was convinced that the coincidence of CECLA and IPC case would be inopportune.⁴ Instructions had gone the following day and Valdes had executed them. I noted to Frei that following Valdes' return he had in conversation with me referred to the then apparent delay of CECLA with great regret and that somehow Valdes' sentiment had been echoed by Chilean envoys

⁴ In October 1968, Peru expropriated certain assets of the International Petroleum Company. Documentation on the U.S. reaction to the expropriation is in *Foreign Relations, 1964–1968*, vol. XXXI, South and Central America; Mexico, and *ibid.*, 1969–1976, vol. E–10, Documents on American Republics, 1969–1972.

abroad. Frei said he found that hard to believe but would look into it. He still thought it was wrong to have CECLA now. However, it was his firm understanding that it was Brazil manipulating things very cleverly who had pushed the meeting to its present date.

6. As for Chile exercising prudence at CECLA, he agreed. He did so not rpt not to give pleasure to the US. Nor did he wish his references to US cooperation in his public speeches to be regarded in such light. His was no special virtue. He had done so and would continue to do so when justified because it was right. He knew that his view was not rpt not shared by all Chileans or even by many in his own party and that therefore it did not help him politically. But this was the way he was and he could not do otherwise. However, when I or other Americans noted the loose tonguedness of Chileans, which was probably a special trait of theirs, did we also recognize that he had been the most loyal friend of the US these past four years in South America? Again, this was no special virtue but did we still recognize the fact?

7. Valdes had an uncontrollable desire to show the party and others that he was active and accomplishing things. This characteristic was undoubtedly a weakness but Valdes truly appreciated the US and we should try to keep things in that perspective. He talked too much to newsmen—and so had Minister of Interior Perez Zujovic this past week; such things should not happen (he said it four times as he paced the floor).

8. It may have been true that a kind of Gaullist outlook permeated the Foreign Ministry in the past and perhaps elements of his party as well. But it was quite the contrary now. The widespread impression was that the US no longer considered Christian Democracy all that important as an alternative to Castroism or that even Latin America really mattered.

9. Frei said he understood fully the preoccupations of President Nixon. He could not imagine how a US President dealt with his enormous responsibilities. It was logical as Kissinger had written in *Agenda for a Nation* that the technological revolution in armaments had altered the nature of big and small power relationships. Kissinger was 100 percent European in his outlook; he was indeed a European intellectual who understood completely how Europeans calculated and perceived; he was correct in postulating that the basis for peace depended primarily on a US understanding with Europe. The US had to concentrate first on that goal; it had to deal urgently with such overriding problems as Viet-Nam, Middle East and so on. A human being, no matter how talented, could hardly handle such an array of external priorities not to mention the domestic problems and have even a moment to think of a place such as Chile. President Nixon had more grasp of the world situation than anyone in his government but facts were

facts. The days when Chile counted for something in Washington were gone. He wanted me to understand that he had expressed himself not rpt not in anger nor even sorrow but as a Chief Executive who had to deal with [garble—real needs?] to establish priorities in governments.

10. I stated the case for continuing US interest without denying the priorities. I emphasized that in raising some preoccupations, it was because of my concern that a constructive US interest be maintained. I did not wish him or his government to feel that I was seeking to impose any muzzle since I thought that it was his responsibility to his nation to state Chilean desires and preoccupations; if the US did not believe in this fundamental right, we would not be ideologically different from the Soviets. If the Chileans believed there should be a Latin structure without the US, it was their right and duty to make the case, but the arguments should be logical and the language serious; it could not be cemented by a coarse glue of anti-Americanism, leaving us to see the gaping holes of Latin disunity. Nothing would please the US more than the development of great Latin coherence.

11. Frei said it was his understanding of our fundamental sympathy that prompted him to talk to me freely; he did not go running to De Gaulle or whoever the Soviet Ambassador was (“what is that poor type’s name—I have only seen him once”) because they would not help Chile. Only the US could.

12. He would write Gov. Rockefeller shortly since he felt this was one very valuable opportunity to get through to President Nixon.

Korry

5. Telegram From the Embassy in Chile to the Department of State¹

Santiago, March 25, 1969, 1745Z.

1161. Subj: Conversation with Frei (#2—Chilean Politics). Ref: Santiago 1160.²

1. Frei’s interpretations of election results varies so little from our own that I will eschew repetition here to focus on current issues.

¹ Source: National Archives, RG 59, Central Files 1967–69, POL 1 CHILE–US. Confidential; Limdis.

² Document 4.

2. Frei and Tomic had a very long meeting in the Moneda³ the week following the elections. Tomic analyzed Chilean problems, emphasizing his conviction that control of inflation and therefore government was impossible without the willing cooperation of Chilean workers. The only way this cooperation and “discipline” could be attained was by a government of “Popular Forces”; the only manner by which such a government could be fashioned was the participation of all popular forces in the formulation of its program and the selection of its candidate. If there were not such a program, Alessandri might win or not win, but in any event no PDC candidate could govern effectively. Hence he argued in favor of the (Communist-planted) proposal that there be a national convention of all “Popular Forces” to select a common candidate and program. He would be the most likely candidate. (See Santiago’s 1075 paras 5 etc.)⁴

3. Frei told Tomic that such a tactic and strategy would be ruinous for both the PDC and Chile. It was an absurdity that he would oppose by every means. Aside from the dubious postulations, he told Tomic that the realities of Chilean politics overwhelmingly negated Tomic’s calculation of emerging as the “popular candidate.” In the event of such a convention were the following:

A. Loyal Democrats would propose Tomic, the FRAP would hold out for Allende and the Radicals would have the balance of power. They would never accept Tomic and would vote for Allende.

B. The Communists would divide from the Socialists and the Radicals would align with the anti-Tomic Socialists to which the Communists would adhere once they decomposed the PDC and destroyed Tomic.

C. The convention would nominate Tomic. Adonis Sepulveda (one of the most extremist Socialist powers) would become Director of Investigations; Castroite Senator Altimirano would become Minister of Foreign Affairs or even the Director of Social Security. Did Tomic really believe such a government could last more than a fortnight? Didn’t he know Chilean history?

4. After Frei analysed some of Tomic’s ideological and socio-economic assumptions, he told him he would oppose him by every possible means if he pursued this “cut rpt cut syndrome.” Tomic pleaded his case anew and Frei reiterated that although they would maintain friendly personal relations, he would fight him all-out unless he changed his mind. Tomic then asked what would Frei do in his place.

³ The Presidential Palace in Santiago.

⁴ Dated March 19. (National Archives, RG 59, Central Files 1969–69, POL 14 CHILE)

5. Frei replied that he would gather some of the 40 top PDC-ers of weight (“men like Hamilton, Carmona, Aylwin, Fuentealba”) and map a strategy whose tactic would be an independent PDC candidacy. He would tell the group that he wanted an independent PDC definition but that he would welcome support without conditions or commitments from left or right. He would then in harmony with evolving policies of the GOC under Frei (who would jib his sail to conform) launch a coordinated and united effort of the party for the elections. Tomic could win if there were party unity and between party and government, backed by dedication, some luck in the weather and continued support from the US.

6. Tomic’s comment was “Ah, Eduardo, that is the difference between us. You see things clearly always. I cannot. I have so many different pulls and tugs on my mind.”

7. Inter alia of note, Tomic argued that the US would accept gradual nationalization of copper, that the GOC should do so, paying out their normal remittances to the copper companies in the form of compensation. The US Ambassador had told him so. Of course, they would and of course he did, Frei said, but he also told you that such actions would free up other capital. Do you think that copper and mineral companies would invest after seeing Chile take some \$6,000,000,000 in investments from the copper companies and the US and then immediately nationalize?

8. Tomic also argued in favor of nationalization of foreign trade, saying such a measure would block flight of capital (a Tomic obsession). Frei said wealthy Americans and wealthy and not so wealthy Frenchmen invested abroad. If he were not President of Chile, he told Tomic, and if he suddenly had ten million escudos, didn’t he think he would invest one million [garble—down the?] road? He understood perfectly why the Augustin Edwardses and the Yarurs of Chile did so when the country had such a history of inflation and other unstabilizing elements. You could not decree against such export of capital and if you tried to do so, particularly when the amounts were not really significant, (as the black market stability of the past year shows) it would only accelerate the flight and decelerate investment and economic activity in Chile.

9. Frei showed me letter he had just written to Tomic to be delivered same night. In it he reiterates his implacable opposition. He decided to write following what he termed ridiculous spectacle of *Ercilla* and *Washington Post* Tomic Interviews. In any other country a politician would be utterly dismissed after such shenanigans. Tomic in effect had argued like a homeowner who said he would negotiate with the homeowners on either side of him but when questioned declared that he had never mentioned the word “neighbor.” Interviews and subsequent ex-

planations had persuaded Frei that Tomic was undeterred in his desire to be PDC candidate by means of the cut syndrome.

10. Frei also formed political action committee of eight to capture PDC Junta. He mentioned Senators Hamilton, Carmona, Aylwin and Deputy Sanhuza among them. They in turn had organized twenty teams of militants which had left Sunday to contact every PDC *asamblea*. He was confident that the “no more than 15 percent of the party which *Terceeristas* and *Rebeldes* comprise” would not impose their will again. He lamented that this minority exploited the casualness of the majority to such a degree it could dictate so easily in the past. A ministerial committee of three, (Valdes, Zaldivar and Castillo) were operating on his behalf in the Congress, with the *Directiva* and with others. *Ercilla's* report of a meeting in which a group of Ministers allegedly offered a blank check to Tomic on program if he steered clear of alliances with the Marxists was *Tomicista* propaganda.

11. Frei believes Tomic may still swing around to his view. In any event he will not leave anything to chance at the crucial junta in May. If Tomic were the candidate, and Frei said flatly he would be the strongest single man the party could present, and if Tomic's strategy were acceptable, then Frei would agree to change two or three Ministers to conform to the need for “unity.” (Min Interior Perez Zujovic would be the first to go, I suspect.) If Tomic did not play the game, then Frei did not know what might occur. He thought there was some possibility of a deal between Leighton and the *Radicales*. (Although he did not put much stock in in it. I reckon he harbors more hopes than he will admit.) He said he had talked with one time Vice-President of Chile (1946 following death of President Rios) Alfredo Duhalde (Radical) and that PR President Miranda had been sending out feelers for a meeting with Frei.

12. Frei said that he was not certain that Alessandri would win the 1970 elections. Between 30 and 35 percent of the electorate would be easy for the ex-President, but above 35 he would encounter strong resistance. If the PDC did not have a strong candidate and platform, Allende or some other FRAP candidate would make a very strong bid which might well be triumphant.

Korry

6. Telegram From the Embassy in Chile to the Department of State¹

Santiago, March 25, 1969, 2050Z.

1171. Subj: Military Postscript to Conversation with Frei. Refs: Santiago 1160; 1161; 1168.²

1. Frei told me there was a facile tendency to consider the Chilean military as frozen in its apolitical posture of decades. He was no longer so persuaded. He did not wish to over-dramatize nor overdraw the current situation but he did want me to know of some recent events which indicated a changing attitude.

2. On three separate recent occasions, different members of the very highest brass in the Armed Forces had approached close collaborators of Frei to inquire as to the President's probable reaction to a coup. The soundings were taken with subtlety and finesse, but the military's thinking had come through to the President loud and clear.

3. Frei said the military, as expressed in these probes, feared an Alessandri victory. The return of the right would provoke considerable reaction from the Marxists and would lead to increasing confrontations of the forces of law and order with the populace. They did not relish such a prospect. Equally, they did not wish to see Chile under a Marxist government. Hence, they were thinking about a brief military interregnum in which Frei would be sent to Europe before returning to resume democratic leadership (a very dubious eventuality indeed). The supposed advantage for the President would be the maintenance of his middle-of-the-road policies and the extension of his mandate; moreover his return would be accompanied by at least a temporary but severe diminution in Communist and other extremist leadership resources since the military would act during the inter-regnum against these elements.

4. In addition to the soundings, Frei "knew" that the three commanding officers of the three services had discussed this contingency among themselves recently. (The new Navy CINC Admiral Porta told me in private conversation recently that under no rpt no conditions would the Navy permit a Marxist government.)

5. Frei indicated that he would not go along with this kind of charade although he never so stated explicitly and I did not rpt not probe

¹ Source: National Archives, RG 59, Central Files 1967–69, POL 1 CHILE–US. Secret; Exdis.

² Telegrams 1160 and 1161 are printed as Documents 4 and 5. Telegram 1168 is published in *Foreign Relations*, 1969–1976, vol. E–16, Documents on Chile, 1969–1973, Document 2.

at this time nor did I make any comment of any kind. (We have been making more of an effort to know military thinking although severely hampered by the impact of the restraints imposed on US military assistance and other abrasive congressional attempts to control the level of armaments.)

6. For the moment I agree with Frei that the foregoing disclosures represent more an attitude than a plan, more speculation than action. Also related is the fact that the Chilean Armed Forces are very genuinely and greatly concerned with the almost daily news agency reports from Buenos Aires appearing in the press here for the past two months of new arms purchases by Argentina or new arms plants there for each of the services. The military here knows of Argentine anxieties over the possible election of a Marxist government in Chile and the possibility if not probability of an Argentine reaction. They are also concerned by Peruvian attitudes and Bolivian hostility. They are determined to have some arms modernization come hell, high water or the US Congress. Their pressure to this end on Frei is currently very great—and to a large extent, justifiable by any objective examination of the situation.

Korry

7. Memorandum for the Record¹

Washington, April 17, 1969.

SUBJECT

Minutes of the Meeting of the 303 Committee, 15 April 1969

PRESENT

Mr. Kissinger, Mr. Johnson, and Mr. Helms
Colonel Alexander Haig and Mr. William Trueheart were present for all items.
Mr. William Broe was present for Item 1.

1. *Final Report on March 1969 Chilean Congressional Election and Oral Briefing on Covert Action Operations in Latin America*

a. Mr. Broe briefed the members on covert activities in the Latin American area. In the discussion of the final report on the successful

¹Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile through 1969, 303 Committee Minutes. Secret; Eyes Only. Copies were sent to Mitchell, Packard, Johnson, and Helms.

limited Chilean congressional election operation of March 1969,² the Chairman raised the question of whether anything should be done with regard to the presidential election in Chile in September 1970. He stated that in a recent conversation a friend of higher authority had urged higher authority to provide assistance to rightist Alessandri in the 1970 presidential election. The members conceded that Alessandri's prospects are reasonably good but decided no immediate steps are necessary since the presidential candidates are not yet formally declared.

b. Mr. Helms noted that when the candidates are declared an early decision should be taken on whether or not there is to be covert support to any candidate. He observed that a great deal of preliminary work is necessary, and CIA has learned through experience that an election operation will not be effective unless an early enough start is made.

[Omitted here is discussion unrelated to Chile.]

Frank M. Chapin

² Document 3.

8. Telegram From the Embassy in Chile to the Department of State¹

Santiago, May 2, 1969, 2355Z.

1767. Subj: Imminent Copper Nationalization?

1. *Summary:* The Chilean Copper Accord of 1967 is, as the Dept. has been made aware by our reporting, coming under ever more serious assault from all sides in Chile, right as well as left and center. I am now persuaded that the pressures for a change in the relationship between the GOC and the Anaconda and Kennecott companies because of windfall profits to Americans as result of high copper price is so great that President Frei cannot possibly resist it. I am further persuaded that within the next two weeks a major development will occur. I believe Frei will make very effort to arrive at an amicable revision for the accord rather than consider expropriation, but if confronted with implacable company positions he will move unilaterally. I am utilizing the

¹ Source: National Archives, RG 59, Central Files 1967–69, INCO COPPER CHILE. Secret; Priority; Nodis.

“Nodis” priority because some of the opinions and information contained below are of such a sensitive commercial nature that they could, if circulated beyond a very restricted level, do serious damage to the legitimate interests of the US companies involved. I also believe that the probable Chilean action, which is in no way linked to the IPC case and the USG response will have direct impact on that problem as well as very significant implications for US relations with all Latin American countries. *End summary.*

2. The Copper Agreement or “Convenio” as it is known here was approved by Congress in late 1967 after two years of consideration by the Chilean Congress. The accord was in fulfillment of the Frei 1964 electoral promise to achieve “Chileanization” of the country’s greatest natural resource and national asset as opposed to the Marxist demand for nationalization. Anaconda which has a majority of its total raw materials in Chile went one direction while Kennecott, with less reliance on its Chilean operation, went a different route. A third US company Cerro de Pascua (now in merger talks with Standard Oil of Indiana) decided to enter Chile for the first time under the agreement. The salient points of the accord include:

A. Anaconda. It retained 100 percent ownership of its existing properties, the largest in Chile. It agreed to put in fresh expansion capital of some \$109 million to raise production by end of 1971 from 780 million pounds to at least one billion. It pledged another four year investment of \$38 million to start a new mine in which the GOC would have 25 percent of the equity. In return the effective tax rate on Anaconda was reduced about six percent to an average of about 54 percent (fluctuating slightly according to production) and given a 20 year guaranty against new discriminatory taxes. (Previous GOC had always hit the copper companies with taxes whenever they ran short of fiscal resources.)

B. Kennecott sold 51 percent of its sole interest to the GOC, with which it formed a new joint company (El Teniente) in which it also had an 11-year management contract. The new company is investing \$230 million to increase production from 360 million pounds to at least 560 million. The tax rate was reduced from quasi-confiscatory 87 percent to an average of about 53 percent with the same non-discriminatory tax provisions as Anaconda.

C. Cerro has a new mine under development in which the GOC has 30 percent and which will cost about 155 million to develop by end 1971. (It would not be affected by the subject treated in this cable.)

3. In all, including housing and other subsidiary works, the three companies and the GOC will expend about \$760 million in the four year period pending 1971. The programs are each running at least on

schedule and in the case of Kennecott about a half a year ahead of plan. The flow of investment is at its peak currently.

4. A large share of the expansion program was financed by the EX–IM Bank. Unlike the GOC negotiating team, the EX–IM tied the conditions of repayment indirectly to the price of copper and directly to the level of profits any year. For example, the joint Kennecott–GOC company received a 15-year \$100,000,000 loan with repayments to begin three months after the completion of the investment program. The normal annual repayment is to be some seven and a third million dollars. But EX–IM had a rider which said that one-half of the net income of the company above an annual yield to the GOC of \$51,250,000 in both taxes and profit-sharing would have to be repaid to the EX–IM in addition to the normal annual repayments.

5. The GOC's failure to protect its own interests in the same way as the EX–IM—that is, by linking the price of copper or profits to the tax rate on the US companies—has been the major motivation behind the current campaign to change the Copper Accord. When the GOC negotiated with the US companies, it based its projections on a price of copper of between 29 cents a pound and 35 cents. Copper for the last two years has averaged above 50 cents projection and the windfall profits to the companies have been very large indeed. A study done last year for CIAP by US Professor Malcom Griffin, currently at Magdalen College, Oxford, was so critical of the GOC's failure to protect Chilean interests at the 29 to 35 cent price level, that both the USG and GOC had to intervene last year to prevent circulation or publication of the report. Griffin predicted that the eventual Chilean reaction would envenom relations between our two countries. (What would he say about this year's average price so far of 58 cents?)

6. I do not have the relevant figures on US remittances and profits and they are going to be very hard to acquire since both company and government, for similar motivation, are treating them as the highest state secret since leakage would make the Frei government appear to be incredibly naive if not treacherous negotiators and would depict the US companies as callous profiteers. However, by the time I leave Santiago for Washington Sunday night, I intend to have them, one way or another.

7. What I do know is that if copper were to average 45 cents a pound, let us assume for the years 1970–73, the Kennecott–GOC joint company would have to repay the EX–IM, under the accelerated payment rider, 100 million of the \$110 million loan in four instead of the contemplated 15 years. (The EX–IM rider specified that the last ten million of the loan would be repaid over the 15 year period whatever the profit of the company might be.) This one hard piece of information

gives an idea of the current profits, all other conditions, of course, remaining equal.

8. The mood in Chile can be gauged from the unprecedented manner in which the Chilean Congress approved on Wednesday a minor piece of legislation directed against Anaconda (our 1729).² In five minutes without debate and with unanimity, all of the very complicated Chilean legislative conditions were fulfilled and the law passed. The businessman's party, the Nacionales, have been as vociferous in their criticism of the GOC on this issue in the congressional debates as any other—and, happily, none of the politicians have even a remote approximation of the true commercial facts in the situation.

9. There are several other significant factors which are worthy of mention:

A. It was a unilateral GOC decision to base the Chilean export price on the London metal exchange price rather than the US domestic price. This decision of a few years ago meant that the selling price (and hence profits) was considerably higher for the companies—e.g. in 1968, the spread was almost 12 cents a pound, with the US price averaging 40.54 cents and the Chilean selling price 52.47.

B. The GOC in December 1965 in secret negotiations with Gov. Harriman here agreed to help the US anti-inflationary effort by selling 90,000 tons of its copper to US at 36 cents a pound even though the average price for the delivery period averaged close to four cents more per pound.³ Despite steadily rising world prices, Frei held to his commitment.

C. The US taxpayer is hostage to the copper companies in the form of aid guaranties which have a theoretical payoff of more than \$1,500,000,000 (billions) in the event of nationalization but which in practical effect would require repayment of approximately \$600,000,000 (million) because of the concurrent guaranties. The guaranties might come into play in part even if GOC changed accords unilaterally without nationalizing.

10. What has provoked the urgency of the present situation is that Frei prior to the opening of the new Chilean Congress on May 21 will present an economic program for the remainder of his term (until Nov 1970). In that program he will propose a number of belt-tightening measures which will imply sacrifices for many. (There is some talk of a wage freeze.) He wants to leave office with a low rate of inflation—below 20 percent which is a very difficult target to achieve in a country which has the most powerful Communist party in the hemisphere and an equally large Socialist party to its left, the two controlling the majority of organized labor and comprising close to one third of the voters.

² Telegram 1729 from Santiago, May 1. (Ibid.)

³ See *Foreign Relations*, 1964–1968, vol. XXXI, South and Central America; Mexico, Documents 286–288.

The suggestion that Chileans sacrifice while US companies make wind-fall profits would be rejected by every sector of the political spectrum including Frei's own party, particularly at a time when the high prices and other copper issues are attracting increasing focus and mounting criticism.

11. Yesterday the government party, the Christian Democrats (PDC) began a four day meeting at a Junta Nacional to determine its new platform for the 1970 Presidential elections. Frei and his Ministers are maneuvering in every possible way to avoid a copper debate, but they are fully aware, as I have been for some time and have reported, that the copper issue can no longer be swept under the rug. In all my discussions with the GOC on copper since my arrival here some 18 months ago I have taken the position that (A) relations between the copper companies and the GOC should not involve the USG; (B) that revision of the Copper Accords would undermine the reputation of Frei's and Chile's good faith; and (C) that reopening the issue would frighten off the capital that Chile needs so badly for its own development.

12. These arguments just won't wash any longer. Indeed our own official negotiating position with respect to copper price—our justification for reduction of planned US assistance because of the high level of copper prices—has only served indirectly to remind the Chileans that they are not benefitting proportionately from the astronomical price level. Their tax take (including profit participation) for 1968 when the Chilean copper selling price averaged 52.47 cents a pound was actually lower than the fiscal revenue from US copper companies in 1966 when the price averaged only 43.32 (from a review of available US official data). So on the one hand they lose fiscal revenue and on the other they are penalized US aid support. Of course, it must be emphasized that Chile's dollar reserve position has benefitted considerably from the higher price.

13. I have not talked to Frei on this subject for some months since naturally I did not welcome the topic and since he did not want to raise what is for him a very distasteful decision. He has always defended the copper agreements. In his last TV-radio national speech on the drought and related matters a month ago he emphasized that it was the huge copper expansion investment and the influx of dollars which was fueling all Chilean development. But I do not see how he can avoid the issue any longer. If, as is his custom, he calls me before my departure, and if the subject comes up, I intend to listen carefully, to reiterate that this is a matter between the GOC and the companies, that anything he does must be based on international norms (prompt, fair, adequate payment), that there be no attempt at retroactivity, that he should avoid the emotionalism that pervades the IPC issue, that he disassociate him-

self from the Peruvian case, and that above all, he should demonstrate his understanding of US sensibilities. If this conversation is to occur, and if Frei were to act in a manner consistent with his past behavior, I have a feeling that whatever the problems between him and the companies here, he could indirectly aid US in the IPC case. That is, I admit, putting the best face on an unwelcome situation. But Frei's emphasis on fairness to the US investor and on non-retroactivity would pull the rug under the Peruvian position. Needless to say, lament adding still another burden in burdensome times to you in Washington, but I for one am not rpt not entirely pessimistic about this situation for reasons I can explain more appropriately during my Washington consultations.

Korry

9. Telegram From the Embassy in Chile to the Department of State¹

Santiago, May 4, 1969, 2140Z.

1768. Subj: Copper. Ref: Santiago 1767.²

1. As anticipated reftel President Frei invited me to his home last night (Saturday) for some three hours. Discussion followed almost precisely my expectations per reftel.

2. Major topic on his mind was copper. Minister of Mines Hales joined us for second half of talks when I asked for and Frei agreed to provide data I had been seeking which I will hand-carry and also transmit by Nodis rpt Nodis dispatch.

3. Specific points made by Frei were per reftel. He placed greatest stress on his desire to maintain best of relations with US. He emphasized distinction between his motivations and style and those pursued by Peru so far in IPC case. He explained he was informing me even before his Cabinet including Minister of Foreign Affairs because of his

¹ Source: National Archives, RG 59, Central Files 1967–69, INCO COPPER CHILE. Secret; Priority; Nodis. Attached to another copy of this telegram is a note from Haig to Kissinger that reads: "This has earmarks of a new crisis. Pete Vaky is preparing a memo for your sig to President today." (Ibid., Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I) A May 6 memorandum for the President summarizing telegrams 1767 and 1768 from Santiago was initiated by Kissinger, although there is no definitive indication that the President saw it. (Ibid.)

² Document 8.

concern for maintaining the best of terms with Washington and because of special friendship he has had with me. (I can confirm that no one in Foreign Ministry is aware of impending actions by Frei since very able Chilean DCM in Washington who very close to Minister gave me Thursday most categorical assurance that nothing will happen re copper prior to end of Frei term.) Frei said that only his Ministers of Finance and Mines were privy to his thoughts so far but he would inform Min Foreign Affairs Monday.

4. He said that if the figures which he would furnish me prior to my departure for Washington Sunday were to leak he would be made to appear a "traitor" to Chilean interests and that the pressure for outright expropriation would become irresistible. He said he had always defended the Copper Accords but that now he was both morally convinced and politically persuaded that the reaction against him and against the US would become overwhelming if he were not to rectify a situation that had changed radically since the signing of the agreements. These unexpected changes were the uncommonly high, sustained price of copper and the program he would present to the country in the next eight or nine days, a program which would involve very great sacrifices from the majority of the Chileans. (He gave me a good many of the details of the program; they will be difficult at best to push through Congress and the labor sector even with changes in the Copper Accord.)

5. He said he wanted two changes in copper. One was linking price to tax. Saying he might be misinterpreting the US, he likened his situation to that of the USG when it discovered that a number of US millionaires were not paying any taxes on their income. No one had done anything wrong; it was just that circumstances had changed. Second, he said that Anaconda was the target of every party for its failure to have "Chileanized" any of its original properties (that is not to have formed a joint company with Chileans as the others had done) and that the pressure for its expropriation had become so great that in its own interests, the company would have to sell some of its equity to the GOC. Neither Kennecott nor Cerro de Pasco would be affected in this respect.

6. The first problem demanded an immediate solution, prior to his announcing of his program. Therefore he was convoking separately to Santiago the heads of both Anaconda and Kennecott early next week, the invitations would probably be issued Monday. The Chileanization of Anaconda was equally pressing but obviously the final terms of any new agreement, assuming that the company was willing to negotiate such an agreement, could not be finalized in a week. However, if the company did not agree in principle, then Chile would have no recourse but to move forward with expropriation. In the discussion over terms of either Chileanization or expropriation, a difference emerged be-

tween his more exigent Minister and the President. The President finally agreed with me that the Minister's terms could not be considered within international norms. Frei's final thoughts on subject struck me, without wishing to prejudice any company view, as being within the ballpark, however Frei would far prefer avoidance of any expropriation measure. He agreed with every one of my positions (reftel).

7. The President is writing a personal letter to President Nixon which I will have prior to departure. He will not inform his Embassy in Washington of it nor any of the foregoing except for the invitation to the companies.

8. I too have maintained the most complete discretion despite qualms of conscience about the two companies with whom I have excellent relations. However, I would not wish to harm Chile's confidence in the USG by disclosure of governmental dealings nor could I take such a decision without instructions. In any event, the two companies will be apprised very shortly. Also, it has been their habit, in keeping with the principle of separation of business from government to apprise us of sensitive matters after they have taken decisions in their dealings with GOC.

Korry

10. Letter From Chilean President Frei to President Nixon¹

Santiago, May 4, 1969.

Dear Mr. President:

I have informed Ambassador Korry of the measures concerning copper that the Government of Chile will adopt.

At this moment I am preparing for presentation to my country a very complete program which will signify sacrifices by all sectors in order to deal efficiently with control of the inflationary process which

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I. Secret. This translation and a copy of the original letter in Spanish were sent to Washington in airgram A-146 from Santiago, May 8, along with data on the copper industry given by Frei to Korry. In the airgram, Korry wrote, "While I cannot vouch for the authenticity of all the figures, I did warn the President that if any errors were to be discovered later, it would not serve the good faith or reputation of his government. He assured me that they had been triple-checked and that the most sensitive ones had been taken from the balance sheets from the companies which must submit their accounts to the Chilean Copper Corporation." (Ibid.)

concerns me gravely and above all with measures designed to resolve the consequences of the drought which affected us all last year and which has constituted a catastrophe for this nation, having affected a zone more than one thousand kilometers long which includes the most productive agricultural provinces of this country, and the reduction of water which has signified a severe rationing of electricity for the industrial sector.

To present this plan and to exclude from these sacrifices the copper producing companies is politically and morally impossible. On the other hand, the conditions of the international market have changed fundamentally and have produced de facto situations which it is absolutely necessary to modify.

In adopting these measures in regard to copper I would like to make clear some facts which to me seem essential:

1. During my entire administration I have desired to maintain the best relations with the people and the Government of the United States. It is my desire and my decision that these good relations should be maintained forever and accentuated because I believe that cooperation between our two countries is fundamental;

2. In adopting these measures I am not motivated by any political interest. I take them because I believe that we have a fundamental moral obligation and because these existing objective conditions more than justify action on the part of my government.

Surely you will think that this is a problem concerning which intervention by the Government of the United States is not appropriate given that it concerns relations between my government and private companies. This is so, but it has appeared convenient to me that you know the reasons why I should proceed and the thinking which moves me and the objectives which I pursue.

I have had given to the Ambassador all the figures and antecedents in order that he can inform his government in a most complete and detailed manner.

May I reiterate to you, Mr. President, my sentiments of friendship and great esteem.

With cordial greetings,

Eduardo Frei²

² Printed from a translated letter that bears this typed signature.

11. Memorandum of Conversation¹

Washington, May 7, 1969, 3 p.m.

SUBJECT

President Frei's Proposed Actions Against the U.S. Copper Companies in Chile

PARTICIPANTS

Deputy Under Secretary Samuels
Ambassador Korry
Deputy Assistant Secretary Crimmins
A.I.D. Mission Director Weintraub
ARA—Mr. Szabo
AID: AA/PRR—Mr. Salzman
E/ORF—Mr. Katz
ARA/BC—Mr. Chapin
D—Mr. Baker

(1) *A.I.D. Guaranty Program and American Copper Companies in Chile*

Mr. Salzman began by giving the background of A.I.D.'s expropriation coverage in Chile, particularly with respect to the investment of the American copper companies. A cardinal principle is that the A.I.D. definition of expropriation in the guaranty contracts is in *general* terms, rather than exact and specific terms, so that precise opinions cannot be given in advance. Many hypothetical situations will fall into a grey area, where there could be a reasonable difference of opinion. In the mining field, it is clear that a breach of the concession agreement per se is not expropriation, although it could be if the breach comes under the definition in the contract of guaranty. An across-the-board raising of taxes would also not be expropriation, as long as the increase allows the business to operate at a reasonably profitable rate. Reducing a company to the break-even point poses a moot question under law, although confiscatory taxation would probably be nationalization under another label.

With specific regard to the Anaconda copper companies, there are three political risk or expropriation guarantees, all of which are currently on a binder or "standby" basis. These total \$279 million, but none of the coverage is in effect or "current." An investor, in his sole discretion, may elect only each year how much coverage he will have in effect during the contract year and how much will be on binder or standby. The critical date for all three Anaconda contracts is December 29 of each year, and, on that date in 1968, Anaconda did not elect to place any

¹ Source: National Archives, RG 59, Central Files 1967–69, INCO COPPER CHILE. Secret. Drafted by Chapin; cleared by Crimmins, Feldman, Salzman (AA/PRR), and Korry; and approved in D on May 13. The meeting took place in Samuels's office.

coverage in effect. The amount invested by Anaconda as of December 1968 under the three contracts and which would be reimbursable by the United States Government, *if* Anaconda had elected to go current, was \$206 million, and it is almost certainly higher today.

Kennecott, which is 51% owned by the Government of Chile and is therefore not a candidate for expropriation and would not involve the application of the Hickenlooper Amendment,² has a total expropriation guaranty coverage of \$84.6 million, all of it current. Similarly, the Cerro Corporation, 30% owned by the Chilean Government but which could pose a theoretical Hickenlooper Amendment contingency, had \$14.2 million in total coverage, all of it current. Continental Copper, 30% owned by the Chilean Government, had a total coverage of \$25 million, of which only \$10 million was current. Thus the total political risk guaranty exposure of the American copper companies in Chile is \$110 million with an additional \$101 million in full effect in non-copper industries.

Finally, the question of compensation offered by the country, which is relevant to the Hickenlooper Amendment, is irrelevant for A.I.D. guarantees. Under a guaranty, the investor turns over compensation or rights to compensation to A.I.D., which is subrogated. Such subrogation does not affect the expropriated companies' rights to seek compensation from the expropriating government for other parts of the companies' assets or rights not covered by A.I.D. investment guarantees. If the factual situation were clear, an American company with an A.I.D. expropriation guaranty could walk in one day and ask to be paid the next. In practice, in order to maintain the credibility of the A.I.D. investment guaranty program in the American investing community, it has been A.I.D.'s policy to pay off promptly, where fact of expropriation was clear; a Biafran case was cited in this regard.

(2) *General Outline of President Frei's Intentions Toward the Copper Companies*

Ambassador Korry outlined the nature of President Frei's proposed course of action as follows:

At present copper prices, the Chilean Government hopes to obtain \$40 million in CY-1969 from the American copper producing companies and has tentatively calculated this as \$36 million from Anaconda and \$4 million from Kennecott. While the precise basis for the increased tax receipts is not known at this time, it is understood that President Frei was considering a formula which would permit the copper companies to retain as profits, subject to current Chilean tax rates, 50% of their receipts in excess of the cost of production in Chile.

² The 1961 Hickenlooper Amendment required the cessation of aid to countries that expropriated property owned by U.S. citizens and failed to provide adequate and timely compensation.

The discussion and rough calculations have taken as a point of departure production costs currently estimated to average 26¢ a pound. The copper companies would currently be allowed to keep an additional 13¢ as profits but subject to current taxes on profits, which average about 54%. The remaining difference between 39¢ and the price received by the copper companies would redound almost totally to the Chilean Government. President Frei was considering the possibility of “incentive” payments to the copper companies if they reduced the cost of production and certain unspecified but relatively small payments to the copper companies if the London Metal Exchange price of copper should exceed present levels. Presumably, present sales commissions (such as the \$4 a ton charged by the Anaconda sales company) would be deducted from the price received by the American companies and not be absorbed into costs in Chile.

In addition, President Frei would request the Anaconda Copper Company to turn over 51% of the shares of its two wholly-owned companies operating in Chile (exclusive of the new, not yet on-stream Exotica Company of which 25% is owned by the Chilean Government), but the timing and precise payment arrangements for this share of the companies’ stock have not been determined. President Frei told the Ambassador that payment would be on international norms, i.e., prompt, fair and adequate payment, and without any element of retroactivity with regard to sales or profits. While there would be time to work out this arrangement, provided Anaconda agreed in principle to sale of 51%, President Frei wishes an immediate answer from the companies on the tax issue, because he wishes to incorporate the new measures imposed on the copper companies in the program which he is preparing to present to the Chilean nation before May 21, when the new Chilean Congress convenes. President Frei has stated that this program will mean sacrifices by all, and the copper companies cannot be excluded.

It was Ambassador Korry’s assessment that President Frei could not be dissuaded from proposing the above demands on the copper companies and that he had probably in fact already approached Anaconda, possibly within the last 24 hours. Mr. Samuels commented that he had sat next to the President of Kennecott, and the latter had seemed entirely relaxed and had not mentioned the Chilean situation at all.

(3) *U.S. Government Attitude and Action*

Ambassador Korry said that, in his view, the biggest stick was in the hands of the American copper companies, who could decide not to continue their five-year investment program, scheduled to reach a total of approximately \$750 million, including local currency expenditures, by 1970 or 71. A cutoff of the investment program was a particularly effective weapon at the moment because the flow of investment from the American companies was currently at its peak.

(a) *Effect of Hickenlooper Amendment*

With regard to the specific applicability of a cutoff of aid under the Hickenlooper Amendment, Ambassador Korry outlined the relatively modest educational sector loan currently being disbursed, the technical assistance program, the proposed \$10 million agricultural sector loan, and possible project loans and concluded that in the event that the Hickenlooper Amendment was invoked, there would not be much to lose from the Chilean Government's point of view. The Ambassador believed that the Government would have been more interested in this possibility had the \$20 million program loan negotiations conducted since January 20, 1969 resulted in a program loan. He expressed his opinion that there was a correlation between the \$20 million program loan under negotiation, the additional \$20 million which had been tentatively discussed as coming from FY-70 A.I.D. appropriations, and the total amount of \$40 million which President Frei was seeking to obtain from the copper companies. Had the first program loan been forthcoming, he believed that the Chilean Government would only have sought to impose additional forced loans on the American copper companies in Chile, as the Government had in 1968.

Ambassador Korry and others noted, however, that a cut-off of aid under the Hickenlooper Amendment was not really now at issue because (a) the Chilean Government would almost certainly propose compensation for any expropriation, (b) the compensation would probably be effective, (c) the six months provided by the Hickenlooper Amendment as well as the legal process in Chile would take a considerable period of time, (d) the Hickenlooper Amendment could not be invoked until such time as the legal procedure was exhausted, and (e) the Hickenlooper Amendment did not apply to Kennecott, which was already 51% owned by the Chilean Government. It was also noted that even if there was no specific Hickenlooper Amendment problem, there would be a general tendency to link this with the Peruvian case.

(b) *Program Loan Negotiations*

Mr. Chapin summarized the history of the program loan negotiations, the difficulty in obtaining final approval of the authority to negotiate in January,³ the initial and continued opposition by Treasury and the Bureau of the Budget, and the profound change in the factual situation underlying the program loan. The program loan had been predicated inter alia on an average annual copper price of 45¢ compared to

³ See *Foreign Relations*, 1964–1968, vol. XXXI, South and Central America; Mexico, Document 309. Telegrams 183 and 184 from Santiago, January 15, 1969, contain additional information. (National Archives, Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I)

the current 60¢, and a prospective Chilean balance of payments deficit of \$70–\$90 million.

(c) *Impact of Chilean Action on U.S. Investment Guaranty Program*

Mr. Samuels commented that action against one of the companies causing a payment under the A.I.D. guaranty agreement would have a very serious adverse effect on the President's whole program for investment guarantees and promotion of private American investment abroad. Mr. Salzman noted that there might be an adverse influence on the general investment climate and public opinion about American investment overseas, even if a payment did not have to be made. He also noted that informed investors who were aware of the narrow limitations and definitions in some cases of the A.I.D. guaranty program would be understanding, should there be a pay out, but this would not be true for the general public, which was not aware of the subtleties and limitations in the program.

(d) *Bearing on U.S. Government Policy on Joint Ventures*

Mr. Samuels said that the President was generally well disposed toward joint participation by foreigners with American companies in overseas investment, that the question of foreign government participation with American capital was a special case, and that in any event each situation must be considered on its own merits. Ambassador Korry noted that the *New York Times* story May 7 of Mr. Meyer's remarks before the Council for Latin America on May 6 indicated that we were opposed to joint ventures. Mr. Salzman commented that the official policy of the United States had been to be neither opposed nor publicly in favor of joint ventures, although we were able to discreetly encourage joint ventures on a case-by-case basis when approached by investors.

Ambassador Korry added that there was no question in Chile of private participation in the American copper companies or purchase by private individuals of a substantial amount of the stock. There simply wasn't yet that kind of private capital available. There were a number of people in Chile, including former Ambassador Tomic, who had long been enamored of the possibility of, in effect, purchasing a share of the American companies by using the amounts now being remitted each year to the parent companies. The proposal was that the Chilean Government would take over all or part of the operating companies, continue their operation by the American management, but deduct the annual remittances from some stated purchase price.

(e) *Initial U.S. Government Position with the Copper Companies*

Ambassador Korry proposed, and Mr. Samuels concurred, in an initial United States Government reaction to the American copper companies, when and if they approached the United States Government, which would emphasize that it was the companies' own decision

whether they could work out a suitable arrangement on taxes which would permit them to continue to operate in Chile. The primary responsibility for decision and action should not be assumed by the United States Government, which should seek to place this burden first on the companies.

With regard to the 51% Anaconda stock, the company should be informed of the extremely limited ability of the United States Government in the very short time frame to exert leverage on the Chilean Government, either through moral suasion or in the event that action was taken which would eventually involve the Hickenlooper Amendment. Furthermore, the United States Government should point out to Anaconda that the basic decision was theirs, whether they wished to stay in Chile and continue operations or whether they wanted to, in effect, pull out. Anaconda was, of course, free to terminate its further investment, but this might only trigger an uncontrollable chain reaction. In any case, the decision to withhold further investment was undoubtedly the biggest stick, much bigger than anything which the United States Government could use. The question was whether the stick should be used if Anaconda wished to remain in the country.

(4) *Timing Factors in Chile*

Mr. Crimmins inquired whether President Frei could actually control the situation once the proposals were put to the company and became public. Would there not be a series of events which he could no longer control, if the present tax decrees were opened up? Ambassador Korry said that President Frei had veto powers. Moreover, he was hoping to obtain enactment of a whole series of draconian measures by the lower house of the outgoing Congress in which his Christian Democratic Party still had a majority and then have them enacted after May 21 by the new Senate in which the PDC has almost a majority. Such a strategy (which Mr. Chapin noted was unsuccessful with regard to constitutional amendments) obviously required a very tight timetable in these waning days of the old Congress. It was unfortunate but imperative that the companies decide whether they wanted to stay in Chile or not within the next week to ten days.

(5) *President Frei's Letter to President Nixon*⁴

A further time pressure was that President Frei had given Ambassador Korry a letter to deliver to President Nixon which is very general and does not contain the specific proposals which President Frei intends to make to the companies. It does assert that the President had given the Ambassador all the figures and background data so that he

⁴ Document 10.

would be able to inform the President and the United States Government of all the background to his decision and the general nature of the proposals he planned to make to the companies. (The data that the Chilean Government is using was given to Ambassador Korry, and the proposals that will be made to the company were also conveyed orally.)⁵

President Frei had expected this information to be conveyed to President Nixon orally by Ambassador Korry, who would be able to answer any of the President's questions. It was agreed as the meeting broke up that the President would need a more comprehensive memorandum on the options available to him and the background provided than the data now immediately at hand. It would be well to know exactly what was presented to the companies, and perhaps their initial reaction. In any event, President Nixon was leaving for Key Biscayne later that evening and would not be back until Monday.

(6) Timing and Nature of Export-Import Bank Involvement

An additional factor of considerable importance was whether the United States Government would request the Export-Import Bank to reschedule the repayment of its loans and eliminate the rapid acceleration feature. Mr. Samuels agreed to undertake this task, if necessary, but it was agreed that the Export-Import Bank should not be approached at least until after the American copper companies had been informed of President Frei's intentions. Mr. Samuels asked to see Ambassador Korry again on May 8. (The Export-Import Bank loan papers are being sought from AID/PRA.)

(7) Implications for A.I.D. Loans

Ambassador Korry said that under the present circumstances he could see no reason to proceed with the program loan, but he did recommend that nothing be done to interfere with other A.I.D. activities, notably the \$10 million agricultural sector loan, which is in final stages of preparation and could be authorized within a month or certainly by the end of the fiscal year. There is also a \$20 million petrochemical project loan in advanced stage of preparation.

(8) Implications of the Critical Date for Investment Guaranty Coverage

The foregoing time frame concerning the 51% equity in the Anaconda companies should be read in the context of the critical date of the Anaconda investment guaranty contracts, December 29. It is conceivable that Anaconda could decide to stall the flow of capital until the end of the year by slowly negotiating the sale of 51%, and then balk after

⁵ See Document 9.

electing full guaranty coverage at year end. This would strengthen their bargaining position and perhaps signify a decision to cash out under the guaranty.

It should also be noted that, notwithstanding a declared Chilean intention to pay for the 51% interest in dollars, Anaconda knows, and it is possible that the Chilean Government might know or come to know, that a payment in escudos for the 51% could well come under the A.I.D. inconvertibility guaranty contract. Anaconda has binder coverage against inconvertibility for the full extent of its new investment. Anaconda could opt on December 29 to make this coverage effective. Hence, the negotiations could shift to an escudo one, with A.I.D. being called upon to pay dollars and acquiring the corresponding escudos, any time after December 29.

12. Telegram From the Embassy in Chile to the Department of State¹

Santiago, May 12, 1969, 2325Z.

1917. Subj: Copper. Ref: State 073583.²

1. Chargé and Weintraub transmitted points reftel to President Frei today. Frei received us alone for about one hour.

2. Main point Frei made in response to our presentation was that alternatives he believes he faces are not between doing nothing or taking some action in respect to copper companies, but rather extent to which action regarding copper can be delimited in its severity. Frei said for past four years he has regularly defended Chileanization arrangements, and it is this type of accord (a Kennecott type) that he would like to reach with Anaconda. The alternative he sees is expropriation.

3. Frei stated that sentiment in Congress for outright expropriation included, as one might expect, Socialists and Communists, but also the bulk of the Nationals and probably the Radicals. (Frei stated that PDC Deputy and Senator-elect Irureta received call from Patricio Phillips, a National Deputy, which implied that Jorge Alessandri supported Irureta's earlier proposal to nationalize Anaconda holdings, especially Chuquicamata.) Frei also argued that the bulk of his own party, not

¹ Source: National Archives, RG 59, Central Files 1967–69, INCO COPPER CHILE. Secret; Priority; Limited Distribution.

² Not found.

only those who recently left PDC, but also who have remained, support nationalization. His conclusion, therefore, was that unless he submitted or had in hand an alternative proposal, he would be faced with nationalization legislation within a few days after Congress convened, and that he could not control this process if this were to be the scenario. It was this kind of irrevocable process which he hoped to avoid.

4. Frei said he had the impression from his conversation with them that Parkinson and Brinkerhof of Anaconda appreciated this political pressure. He also said he had the impression from Brinkerhof that if the issue were merely some alteration of the tax arrangement, such as the GOC has proposed, this would not present insuperable problems.³ Frei said, however, he is convinced that only altering tax arrangements no longer sufficient and that he needs some general acceptance from Anaconda of the Chileanization scheme similar to that with Kennecott, under which GOC would own percentage of Anaconda mines, to head off outright expropriation and nationalization. Frei said he has asked for a response from Anaconda by May 21, at latest.

5. With regard to present tax arrangements (Santiago 1891) Frei emphasized that agreements were signed on the basis of copper at 29 cents per pound, even though the price had gone up to about 36 cents by the time agreements were concluded. He noted that company tax positions would be no different than now under his proposed formula at a price fairly close to 45 cents per pound (assuming cost of production would be about 30 cents per pound). He therefore did not believe that what was being proposed was confiscatory. If prices dropped back to 40–45 cents per pound, surtax would not apply. Frei recognized that there was some perverse incentive to increase production costs as long as surtax was based on some percentage of these costs of production, but he said formula was sought which would be equitable to companies and government alike, both when prices were high and when they dropped. Frei also made clear that his precise tax proposal not unchangeable, but the best they were able to come up with to meet the situation. He said they would consider any better formula if one could be found, but time was of the essence. Frei said that he did not believe that this tax aspect alone frightened Anaconda but rather it was the combination of taxation plus equity changes.

6. Frei also gave some categorical assurances:

A. He said that as long as he is President, no matter what the Congress might vote, he would never consent to any retroactivity.

³ Reports of Frei's conversations with officials of Kennecott and Anaconda are in telegrams 1891 and 1905 from Santiago, May 9 and May 12. (National Archives, RG 59, Central Files 1967–69, INCO COPPER CHILE)

B. Any compensation would fall within internationally accepted standards, and he emphasized that Chilean law was in conformity with these. He explicitly made the point that an acceptable standard was not thirty year bonds (a point he probably made because of rumors floating in Santiago that the copper companies should be recompensed in the same way that land owners are being compensated under agrarian reform, i. e. with as little as 1 percent down and bonds for as long as 30 years).

C. He wishes the entire matter to proceed in such a way as to not damage US-Chilean relations. He said his preferred formula is a negotiated Chileanization. But even if the issue came to expropriation, which he hoped it would not, he understands that the US would accept this as long as compensation is just and adequate, and if other internationally accepted standards are followed, and he said he absolutely intends to follow these in the event it came to expropriation.

7. Frei told us that he has ordered that Finance Minister Zaldivar be included in negotiations with the copper companies along with Minister of Mines Hales since he knew that copper companies had a certain resistance to Hales. He said that if a third person were needed, he would probably nominate Carlos Massad, President of the Central Bank.

8. Frei commented that the worst thing he thought the companies could do, in response to the GOC's proposal was to cease the expansion program, since he was sure this would inevitably lead to expropriation which he hoped to avoid. When he was reminded that the companies might not wish to continue the program when faced by an expropriation threat by the Congress, he said this was the reason he wished to have something in hand before the Congress beat him to the draw.

9. *Comment:* Frei's perception of reaction of the Anaconda officials may or may not be accurate. The reaction of the local Anaconda representative, Richard Sims, in private conversation with Chargé tended to be negative on all points, although he did not speak for Parkinson or Brinkerhof. With respect to Kennecott, Frei said that what was involved in the surtax, based on present prices, might involve only an additional \$5 million from the company. The picture we have from the local Kennecott representative, Robert Haldeman, is less reassuring, at least as it might affect the operations of El Teniente. These are points which we will follow up on.

10. Our reaction is that we are well down an irreversible path to some major changes in the relations between Anaconda and Chile which could involve as a minimum Anaconda's tax structure, as a maximum complete expropriation, and possibly something between the two.

13. Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 19, 1969.

SUBJECT

Your Meeting with Ambassador Korry and Assistant Secretary Meyer on the Chilean Copper Situation—May 20, 5:00 p.m.

You have agreed to see Ambassador Korry and Assistant Secretary Meyer on behalf of the President so they can brief you on the Chile copper situation. A brief biographic sketch on Ambassador Korry is attached (Tab A).²

Briefly the situation is as follows:

—On May 9 the GOC informed the American copper companies that it wished to renegotiate the terms established in 1967 under which the firms now operate. Specifically, it seeks:

(1) to increase the tax rate on profits in excess of a “normal” level of 50% over production costs, and

(2) to buy part of the equity of Anaconda's two operating companies, as it did in 1967 with Kennecott. (Anaconda is now 100% US-owned copper producer in Chile; Kennecott has a 49% ownership).

—Frei argued that there is urgency in reaching such an agreement because (1) it is the only way to head off rising political pressure for outright nationalization and (2) it is necessary to the success of the stiff anti-inflation program he must present to the Congress May 21.

—The political pressures for nationalization are rising fast and this may be an issue in the 1970 presidential elections; Frei probably is trying to keep the initiative, head off a politically difficult problem of a nationalization bill in Congress, and defend his 1964 decision to Chileanize the industry rather than nationalize. The agitation to nationalize

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I. Confidential. On May 10, Rogers sent a memorandum to Nixon discussing developments in Chilean copper, recommending that Nixon meet with Meyer and Korry to receive Frei's letter and that the initial U.S. Government reaction be to let the copper companies decide whether to seek an accommodation with the Chilean Government. On May 16, Kissinger submitted a memorandum to Nixon echoing Rogers's recommendations. Nixon declined to meet with Meyer and Korry, authorized Kissinger to see them on his behalf, and approved Rogers's policy recommendation. (Ibid.)

² Attached but not printed. No record of Kissinger's conversation has been found.

and the desire to revise the agreements are both fed by unusually high prices which have given the companies windfall profits in the last few years.

—Frei has indicated that if a satisfactory negotiation of the proposals is not achieved, he will seek legislation to the same effect; and in those circumstances he may not politically be able to resist or avoid a move in the Congress to expropriate.

The Companies have so far reacted calmly. Anaconda indicates it will negotiate; Kennecott indicates it will talk but that it can agree to no tax rise and will stand on the contractual nature of the investment decree authorizing the expansion plans. So far, neither have asked the US Government to intervene. If, however, agreement with the GOC cannot be reached, or the companies decide to resist the GOC action, they may seek to get us to use pressure and leverage on their behalf. We will then be faced with the question of whether we should try to prevent or react against the GOC's actions.

There appears to be no causal relationship with the Peruvian IPC problem. Greater Chilean control of the copper industry has been a major political issue for years, and what happens will almost surely be the result of internal Chilean political and economic imperatives.

There is no immediate Hickenlooper problem, and possibly none likely over the longer run. Expropriation is not impossible, but *uncompensated* expropriation is unlikely in Chile. Kennecott's investment in any case is not covered by Hickenlooper since it has a minority interest.

Some immediate problems are the following:

—Is the tax proposal confiscatory? Not enough details have been made known to the companies for them to judge the impact fully. Our calculations indicate the proposals are not confiscatory, but that they would result in a sizeable decrease in net income. Thus, future investment in expansion may be jeopardized.

—Would legislation changing the tax base which in turn changes the agreement under which the companies undertook expansion mean a violation of a *contractual* agreement? The legal status of the present operating conditions is unclear in this sense. Sanctity of contract may be involved, and if so, local judicial remedy—which in Chile is a respected system—is available.

A more fundamental issue, however, is what the status of foreign investments should be and how much a foreign government may intervene to promote or protect the interests of its investors. This touches on Latin American sensitivities to the "Big stick", to growing fear of foreign control of economic sectors through "conglomerates" (the

Servan-Schreiber thesis),³ and to Latin American concepts of international law and the limitations on diplomatic protection of foreign investors (the Calvo doctrine).⁴

Coming on the heels of IPC, the Chilean action may well discourage US investors at a time when development requires greater capital flow; it may encourage other governments to squeeze foreign investment for advantage. On the other hand, it is not clear that reduced aid or diplomatic pressure are effective deterrents. Moreover, diplomatic intervention and pressure by us could actually inhibit the companies from an otherwise acceptable accommodation to local political conditions, i.e., they might feel they could use the USG and do not have to compromise.

A basic issue we must consider, therefore, is to what extent the US should officially involve itself in this situation, and, if it should, when and for what purpose.

It is very unlikely that Frei can be dissuaded from some move to increase the tax take and buy some equity in Anaconda. We almost certainly could not prevent him from doing so by economic pressure. To try to do so would provoke a nationalistic reaction that could well sweep the radical left into power in the 1970 elections and kill moderate Conservative Alessandri's chances (now the front-runner). It would also surely stimulate support for nationalization and almost make it inevitable.

The US thus has three options:

—Actively pressure Frei to drop all plans and be prepared to use our aid leverage to do so; this seems counter-productive as noted above.

—Stay aloof and let the companies try to work it out. This is our present policy. It is reasonable, but runs the risk that negotiations will fail, that the companies may not seriously seek to compromise, figuring we will in the crunch have to bail them out if they force a confrontation. In any case, developments are difficult to control and there is some possibility that we will still be faced with difficult "protection" problems later.

—Actively use our influence with both sides to persuade (1) the companies to find an accommodation, and (2) the GOC to be reason-

³ In his book, *The American Challenge*, Jean-Jacques Servan-Schreiber addressed the overwhelming influence of American investment on postwar European economies, but advocated integration, innovation, and emulation, rather than autarky and protectionism. (Servan-Schreiber, *The American Challenge*)

⁴ The Calvo Doctrine, named for the 19th century Argentine jurist and diplomat, held that the laws of the host country, rather than international law or the law of the home country, governed foreign investors and investments. (Calvo, *International Law*)

able in its demands. This may not work either, and may appear to domestic US interests to sacrifice private investment. But it makes an effort, and may give us the best chance of coming out of the present situation with the fewest losses.

You may wish to discuss these general policy lines with Korry and Meyer, and ask for their thoughts.

14. Letter From President Nixon to Chilean President Frei¹

Washington, May 21, 1969.

Dear Mr. President:

Ambassador Korry has delivered your letter of May 4² and explained the nature and background of your proposals with respect to the copper industry in Chile. I am grateful, Mr. President, for your special effort to inform me of the situation.

I understand that officials of your Government have now conferred with senior representatives of Anaconda and Kennecott. Ambassador Korry has also told me of your desire that any new arrangements your Government may negotiate with these companies should be of a mutually satisfactory nature, and of your determination to maintain the traditional respect for legal rights for which Chile is so well known. I know that, given the complex and technical nature of the economics of the copper industry, careful and patient study will be given by all sides to the problem. I share your hope that it will be possible to reach mutually satisfactory arrangements. I am certain, also, Mr. President, that you share my belief in the great importance of maintaining an environment in which private as well as public capital can continue to play a constructive role in economic development.

I was interested to hear of your energetic efforts to control inflation, and can well understand the additional burden placed on the Chilean economy by the continued drought in your country. I know

¹ Source: National Archives, RG 59, Central Files 1967–69, INCO COPPER CHILE. Unclassified. President Nixon signed the letter based on Kissinger's recommendation in a May 19 memorandum. (Ibid., Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I) Vaky informed Kissinger that he revised the Department of State draft of the letter "to express at least some mild words of caution to Frei." (Memorandum from Vaky to Kissinger, May 17; *ibid.*)

² Document 10.

how much suffering and destruction a severe drought can cause, and I was therefore pleased to hear of the recent rains.

I have asked Ambassador Korry to keep me closely informed of developments in Chile, for I share with you a profound desire to maintain and strengthen the good relations which exist between our two countries.

Sincerely,

Richard Nixon

15. Telegram From the Embassy in Chile to the Department of State¹

Santiago, May 29, 1969, 1708Z.

2192. Subj: Talk with Frei on Copper.

1. Although Frei had telephoned me from Vina immediately after my return here last weekend to suggest an early meeting, I did not see him until last night (May 28) because of his concern for his dying mother and cluster of problems. By then, he had received full report of my lengthy conversations in Washington May 22 and 23 with the two special reps he had sent (Carlos Massad President of Central Bank and Pepe Claro, Head of Chile Copper Corporation). Massad returned May 27 to Santiago after four day stay in US. He had reported to him my suggestion that rather than openly break copper agreement with some price-profit formula, they draft a non-discriminatory excess profits law which might also bag some Chilean companies. I suggested that they could even show their draft of such a law to Kennecott and to Anaconda and suggest the companies might wish to make a better deal by direct friendly negotiation. He also reported to him on their conversations with EX-IM, with IMF, with IBRD and on their impressions of the very favorable views the key elements in US society were taking of Frei's moderation. It was against this background that I discussed copper with Frei and delivered the response from President Nixon to his letter.²

¹ Source: National Archives, RG 59, Central Files 1967–69, INCO COPPER CHILE. Secret; Priority; Exdis.

² Document 14.

2. Frei read the Nixon letter slowly and attentively and pronounced it “very good, very good, verrrrry good.” I explained that while the letter was dated the same day as his State of the Union speech to the new Congress it was signed prior to that speech and was in response to his original letter only.

3. Frei said he liked the excess profits idea. He urged me to stay in closest possible contact with the five Chileans who would deal with this problem. He would instruct all five to meet with me and not to take any decisions without first sounding me. He said that while he recognized that Minister of Mines Hales was anathema to the companies, he wanted me to know that Hales, because of his “Arab audacity,” had been the most effective in jamming the Frei moderation line down the politicians’ throats. He said that Hales and Min Finance Zaldívar, his two designated negotiators with the companies, had his fullest confidence and that since both trusted me totally, it was important that I not mirror any of the companies’ prejudices towards Hales. He added that he understood the essential need for me to maintain total objectivity since without it, I could neither influence his people nor the companies, nor retain the confidence of the USG. (I had made this point repeatedly to Chilean Amb and to special envoys in Washington and thus was encouraged to know that my views were reported accurately to Frei.) He said that my role would be crucial to success of negotiations, that he was extremely grateful for efforts this far, that he was ashamed for Chile for political attacks I and US suffered here, and that he hoped we would not be discouraged. (He was very pleased with *Washington Post* editorial May 24.)

4. He said that he would not yield to political pressures come what may. He knew that his line was the only morally justifiable one. Moreover it was in the best economic interests of the country. Inter alia, he noted that no politician calling for nationalization (aside from Marxists and not all of them) was thinking of such action without compensation and that his PDC cohorts were not urging compensation by trickery of 30 year bonds as had been rumored in press.

5. He said that earlier this week he had met separately with PDC Deputies and all of PDC Senators (except for Fuentealba on which septel).³ They had arrived to urge full nationalization immediately of Anaconda. Frei said he had told them they shouted slogans without understanding their import, that they were manipulated like trained seals by the Communists without reading anything, without demonstrating any intellectual or moral right to represent the Chilean people. He asked them who would pay for nationalization? He asked them if

³ Not further identified.

they know the value of Anaconda? He asked if they understood that the productivity of the mines would have to be maintained by new people? And even if such a management miracle were to be achieved, did they understand that the operating costs of these enterprises ran into the tens of millions of dollars and that from date of nationalization to the date of some effective earnings, there would be a period of five months while new stocks were accumulated. And did they know that it takes a marketing organization to sell and that it was possible for copper prices to go down in the near future and that the technology of the US could make aluminum very much a substitute? He said these arguments had had their effect. He added that Hales had been very tough and loyal and successful with both PDC and others. Frei said he had no illusions about the political sickness of Chile and that arguments based on fact and reason were slim dikes against the flood of malice, ambition and sloganeering of an election period. But he said that firmness was the best weapon—that he had told the PDCers that if they yielded to the extremists, the Marxists, on copper that there would be another more extreme demand immediately thereafter.

6. Frei said that he did not worry terribly about Kennecott since Chile with 51 percent of El Teniente could defend its interests by various measures. The tough nut was Anaconda. I suggested that there were formulae to enable the GOC to buy out Anaconda over an extended period of time which would give the company time to readjust to its new situation and which would link the time-frame to the earnings of both parties. After all, prices could go down and Chile could discover it wished to use its resources for purposes other than a buyout. The crucial issue might become semantical and since all Chileans were Philadelphia lawyers, they surely could surmount the mere obstacle of words.

Korry

16. **Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, July 10, 1969.

SUBJECT

Ambassador Edward Korry

Ambassador Edward Korry has been our Ambassador in Chile since the beginning of 1968. He has done an excellent job and is probably the best Ambassador we have in Latin America. He has won the friendship and confidence of Chilean government and civic leaders of all parties and in all realms of activity. In this sense, he has done a really extraordinary job. Added to that is a very perceptive understanding of the Chilean situation, and an ability to analyze and articulate it usefully and graphically. You will recall that the Chilean Foreign Minister, in his talk with you, asked that Korry be left in Santiago.

He has just played an important and key role in the Chile negotiations with Anaconda, for which Korry was personally congratulated by Secretary Rogers (see attached cable).²

With Chile entering a very crucial electoral period, which will culminate in the Presidential elections in September 1970, Korry's knowledge of the scene, the actors, and his perceptive understanding of the situation and the US interest will be invaluable. Chilean leaders and politicians have such remarkable confidence in him, that he is in a position to be very persuasive and influential during a period when we will need influence.

I therefore believe that it is very much in our foreign policy interest to have Korry remain as Ambassador through the election period and I hope no change will be made. No matter how capable any replacement

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I. Confidential; Exdis. Attached is a note from Vaky to Kissinger: "Per our conversation this memo is for you to use with Flanigan. I now understand that a tentative decision has been made to send Hurd to Chile. Korry has been queried by wire as to whether he sees any problem in Hurd's going to Chile. I hope you can raise this with Flanigan soonest." In telegram 2995 from Santiago, July 14, Korry noted that John Hurd would face insuperable obstacles to effective performance given his close ties to the oil industry and the bad publicity surrounding his nomination as Ambassador to Venezuela. Korry also criticized the suggestion that he be nominated as Ambassador to Venezuela, noting that he would be viewed as a specialist in massaging Christian Democrats, and that the idea that he could be promoted from Chile to Venezuela would be taken in Chile as an insult. (Ibid., RG 59, Central Files 1967–69, POL 17 US–CHILE)

² Attached but not printed is telegram 109522 to Santiago, July 2.

was he could not be immediately effective until he becomes familiar with the situation and until the Chileans get to know him. For a great part of this delicate pre-election period then, a replacement would not be markedly effective.

17. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, July 11, 1969.

SUBJECT

Chile–Anaconda Copper Agreement

On June 26, President Frei announced that the Government of Chile and the Anaconda Corporation had reached agreement on a “negotiated nationalization” of Anaconda’s copper holdings. The agreement climaxed several weeks of negotiations and of steadily rising political pressures, and has significance as a possible model for future foreign investment problems in Latin America.

Background

Chile is the world’s third largest copper producer. Copper earnings provide about 75% of Chile’s foreign exchange receipts and about 10–15% of its revenues. Expansion plans now underway will sharply increase those earnings in the next two or three years.

Subsidiaries of Anaconda and Kennecott have produced three-fourths of Chile’s copper output. Cooperation between Chile and the U.S. on copper arrangements has been effective since World War II. However, a rising tide of sentiment in Chile for greater national control and even outright nationalization made copper a key campaign issue in the 1964 presidential campaign. Frei and the Christian Democrats espoused “Chileanization” to counter the Marxists’ support of nationalization.

Frei’s victory led to the “Chileanization” agreements of December 1964 in which Chile acquired 51% of Kennecott’s Braden subsidiary, 25% of a new Anaconda (Exotica) mine, and 25% of the mines to be de-

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I. Confidential. Sent for information. A stamped notation on the memorandum indicates the President saw it.

veloped by Cerro and Continental Copper. The copper companies agreed to increase and improve their refining capacities with a total investment of at least \$750 million, of which Export-Import Bank agreed to provide \$225 million. Virtually confiscatory taxes were reduced and the companies were guaranteed 20-years non-discriminatory tax treatment. A.I.D. issued investment guarantee insurance for the investments. (Ironically, Anaconda chose to give up its expropriation guarantee during 1969 in order to save the insurance fees; thus, regardless of the outcome of the negotiations, Anaconda would not have been eligible to make a claim for expropriation based on Chilean action in 1969.)

However, several factors developed which led to the Chilean decision to proceed against the copper companies in May 1969, only two years after the earlier agreements had come into effect:

—The Christian Democrats (PDC) lost badly in the March Congressional elections and faced a Presidential election in September 1970 divided into quarreling factions and aware that nationalization would again be an important Marxist issue.

—Anaconda aroused the Government and public opinion by feuding over customs duties on capital imports, suing against Government-established sales prices to domestic processors, and staking out extensive non-copper mineral claims while failing to establish an earlier agreed-upon joint exploration company. These acts led on April 30 to unprecedented, unanimous and rapid Congressional action depriving Anaconda of its new claims.

—Copper prices have risen steadily since 1964 and have been at extraordinarily high levels for the third year in a row, averaging over 60¢ a pound this year. Chile believed it had provided the American companies with windfall profits and cheated itself of its proper share in the Chileanization program by agreeing to lower taxes guaranteed for twenty years with no escalation clause pegged to copper prices.

—Peru's expropriation of IPC, although not a major factor, probably contributed to pressures against Anaconda.

The Negotiations

You may recall that President Frei sent a letter to you on May 4,² assuring you that he wished to maintain good relations and would abide by international norms in obtaining greater tax revenue and Chilean participation in the American companies. Anaconda and Kennecott were approached on May 9, primarily on the tax issue.³ Ana-

² Document 10.

³ See footnote 3, Document 12.

conda was forthcoming on taxes but balked at allowing more than 25% participation in its wholly owned subsidiaries. Kennecott was intransigent, citing its earlier sale of 51% equity. Frei's State of the Nation speech on May 21 publicly stated the goals previously set forth to the companies and the U.S.⁴ His proposals for a negotiated settlement, rather than outright nationalization, and his defense of Chileanization were received coldly in Congress. By early June, even the PDC had formally called for full recovery of minerals from Anaconda's subsidiaries.

Serious high-level negotiations with Anaconda began on June 2.⁵ They continued virtually uninterrupted until agreement was reached on all major issues on June 26. Ambassador Korry played a brilliant, imaginative and essential role throughout as a behind-the-scenes go-between. His contribution was highly praised by both sides. He achieved the essential U.S. objective: a negotiated, mutually acceptable settlement, without any public attacks on the United States or any indication of the U.S. role.

Main Points of Agreement

Although no documents are available, Chilean and Anaconda sources indicate the following points of agreement:

—Chile acquires 51% interest in two new Chilean companies which will receive the assets and liabilities of Anaconda's Chile Exploration and Andes Copper companies on January 1, 1970. Chile will start receiving substantially higher taxes beginning June 1, 1969, and preferential dividends after September 1.

—The purchase price of \$197 million will be based on book value.

—Anaconda will receive 6% tax-free dollar denominated Chilean Government agency bonds payable in 24 equal semi-annual installments. The agency, CORFO, has a good international financial reputation and was preferred by Anaconda as the issuer.

—Chile will purchase the remaining shares of the new companies after it has completed payment for at least 60% of the first 51%, not before January 1973 but not later than December 31, 1981. The purchase price will be determined by multiplying the average annual net earnings from January 1, 1970, to the date of purchase by a varying multiplier which declines from eight for 1973 to six for 1977 and thereafter. The value of the 49% will be approximately twice that of the initial 51%, or about \$400 million.

⁴ Frei's speech was reported in telegram 2080 from Santiago, May 22. (National Archives, RG 59, Central Files 1967–69, INCO COPPER CHILE)

⁵ The beginning of the negotiations was reported in telegram 2228 from Santiago, June 2. (Ibid.)

—The administration, sales and management of the new companies will be in accordance with policy determined by the Boards of Directors, on which Chile will have majorities. Anaconda will have an “assistance contract” for a minimum of three years for which it will receive 1% of gross sales, or about \$5 million annually.

—Higher Chilean taxes up to an effective rate of about 80% on profits from Anaconda’s retained interest will be calculated on a complicated sliding scale based on copper prices over 40¢ a pound.

—Similar taxes must be applied to other large copper companies by the end of 1970 or Anaconda’s paid-in taxes will be refunded over time.

—Present investment programs will be completed and existing, Chilean-approved copper sales agreements will be honored.

Significance of The Agreement

The achievement of a negotiated agreement has removed the immediate threat of outright expropriation and the possibility of a U.S.–Chile confrontation à la IPC. The Marxist parties will continue to press for nationalization, but Frei now has them on the defensive.

If the agreement holds, Frei will have deprived the leftist opposition of an important election issue in the 1970 Presidential elections. The agreement has also done much to strengthen and unify the fragmented Christian Democratic Party, which now has a platform around which it can rally.

From a psychological point of view, the agreement removes the abrasive historical legacy of Anaconda’s dominant position in Chile’s economic life. Anaconda has symbolized to Chileans their inferiority and dependence on the United States. For the Chileans, the agreement ends the pervasive influence in their affairs of a “foreign state within a state.”

The significance of the agreement over the longer term is uncertain. However, it is clear that this kind of negotiated settlement is preferable to outright nationalization. Although Anaconda obviously would have preferred a more favorable arrangement, the agreement was acceptable to its Board of Directors. It is also significant that while the U.S. Government played an essential part through Ambassador Korry in achieving agreement, there has been no public awareness of U.S. involvement. Thus, the issue has remained one between Chile and a U.S. private company, not between the two governments.

18. Telegram From the Embassy in Chile to the Department of State¹

Santiago, July 24, 1969, 1830Z.

3165. Ref: Santiago 1171.²

1. MinDef General Marambio at lunch with me July 21 at ARMA's home said that he and his fellow chiefs in the Armed Services were determined not to permit a government significantly influenced by the Communists to gain power in Chile.³

2. Under questioning (but with no rpt no comments from me of any kind) Marambio confessed that there was no clear plan to implement this determination. He explained the historic reasons for the apolitical attitude of the Army and its almost total unpreparedness for the assumption of power as well as the lack of any desire to have the reins of government. He said the Armed Forces would need someone to put into power and a large team of experts to run the government under that person. He lamented that aside from President Frei there was no such person and that Frei was not prepared to have an "auto-golpe." But he qualified that remark at another point by saying that Frei was equally committed to the proposition that Chile cannot be permitted to have a government dominated by Communist influence. Marambio specifically described such a possible government as being led by a radical such as Senator Baltra or by a Socialist. In other words, he was talking about a Popular Front government. Needless to say, he does not include in his definition of unacceptability any government led by a Christian Democrat, whether it was one of "Popular Unity" or not.

3. Marambio identified PCCh as the true threat. He said that only the Communists had the organization and the discipline to benefit

¹ Source: National Archives, RG 59, Central Files 1967–69, POL 15 CHILE. Secret; Exdis.

² Document 6.

³ On August 15, the CIA issued a Weekly Review Special Report on "The Chilean Military Establishment" (SC No. 0073/6A) which predicted, "As the presidential election nears, reports of military plotting against the Chilean Government are certain to increase. To some extent the military will simply be indulging in the time-honored Latin American practice of keeping an eye on the civilian politicians. It seems probable, however, that widespread public disorder coupled with a strong leftist candidacy could provide the spark that would impel the military to move into the government." The report indicated that the military might form a junta or, more likely, would find a prominent civilian to run the government, drawing on technical expertise to undertake the necessary reforms. It concluded that "the provocation for a coup in Chile would have to be relatively grave, considering the weight of tradition that is on the side of constitutionality. Nevertheless, the apolitical nature of the Chilean armed forces can no longer be taken for granted." The complete report is Document 8, *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

from the incoherence of the other parties. He mentioned that Socialist extremists were lying low for the moment but would seek further provocative tests as they expanded their activities into other universities and sought links with workers.

4. He said that the Argentine military and the Argentine Government on two separate occasions had delivered to him what he could only interpret as clear messages calling for preemptive Chilean military action to forestall an Argentine initiative to eliminate any Marxist government that might come to power here. He disclosed that these messages were couched in the form of pointed statements to the effect that Argentina could not stand by idly if Communist-dominated governments were to assume power in Paraguay or Uruguay, and that in the case of Bolivia it had helped to prevent such an eventuality. When I asked Marambio if all this signified a requirement in his mind to act before the election preemptively or afterward when an unwanted government took office, he simply reverted to his lament about Frei and the absence of alternatives to the President.

5. As in reftel, Marambio enumerated the well known reasons for Chilean military discontent (wages, loss of prestige, poor equipment, etc.) and coupled this with the observation that junior officers and noncoms are increasingly susceptible to non-traditional propaganda and impulses. He noted what has happened in Peru.

6. This led of course to some rather modest requests, notably an insistence on the F-5's, a new request for two C-30's and arrangements to send junior grade Chilean officers (one each from the three services) to the US for one year as integral parts of an active unit. He thanked me for the total of \$11 million in MAP the past fiscal year and stressed the importance of radio equipment and other counter-insurgency items.

7. Our comments and recommendations re foregoing para follow in septel.⁴

Korry

⁴ In telegram 3198 from Santiago, July 25, the Embassy reported that Korry, in a July 24 call on Frei, referred to reports that the Chiefs of the Armed Forces were determined not to permit a government under Communist influence to come to power in 1970. Frei agreed and considered February–March 1970 to be the crucial period, especially if FRAP or another popular front-type candidate were clearly out in front at that time. Korry and the Embassy were not as certain as Frei that the military chiefs were completely resolute and sure of their ground, and were inclined to believe it might take a signal from Frei himself to get the military to move. Korry did not consider it totally impossible that Frei would give such a signal if Allende or another Communist-backed candidate appeared victorious. (National Archives, RG 59, Central Files 1967–69, POL 15 CHILE)

19. Intelligence Note Prepared in the Bureau of Intelligence and Research¹

No. 707

Washington, October 3, 1969.

SUBJECT

Chile: Military Unrest Serious, But Frei Administration Should Survive

Widespread discontent and some serious plotting within the Chilean armed forces have presented the Frei administration with a grave problem and belie the traditional concept of the Chilean military as apolitical. Concern over professional conditions, especially low pay, has found increasingly organized and vigorous expression at certain levels, and while an overthrow of the civilian government does not appear likely at this time, the possibility of an attempt by some portion of the army cannot be ruled out.

Increased military politicization. Chileans are understandably proud of the traditional noninvolvement of their military in politics, and public esteem has both boosted military morale and reinforced the armed forces' strict professionalism. While as recently as last year some 400 officers threatened to resign unless a pay raise were forthcoming, the supremacy of the civilian branch was not placed in question, and there was never any danger of a coup. Since then, however, there have been signs of increasing politicization within the armed forces. The Peruvian example² does not seem to have stirred any thoughts of emulation, but other factors, such as general Chilean concern over the country's position as a democracy surrounded by military regimes, and speculation over whether the armed forces might either remove or preclude a Marxist government in Chile, may have heightened the military's awareness of politics. It appears, nevertheless, that the preponderant preoccupations have been professional: low pay, poor training, inadequate equipment.

Plotting in the army. In the past several weeks, while coup rumors in Chile were flatly denied in public by the government, clandestine reporting began to reveal the existence of a group, composed of some 40 field-grade army officers headed by a general, which felt strongly that both the civilian government and the top echelon of military leaders had gravely neglected the armed forces. The general is Roberto Viaux,

¹ Source: National Archives, RG 59, Central Files 1967–69, POL 23–9 CHILE. Secret; No Foreign Dissem; Controlled Dissem; Background Use Only. Drafted by Denney.

² Reference is to the "Revolutionary Government of the Armed Forces of Peru," led by General Juan Velasco Alvarado, who staged a bloodless coup against President Fernando Belaúnde on October 3, 1968.

commander of the First Division in Antofagasta, who is known for his opposition to the Christian Democratic Party and to President Frei. He has a reputation for competence and dynamism, and early this year was linked to a plan to seize top-level military leaders in order to compel an improvement in the economic conditions of the military. According to the most recent reporting, he now plans to depose Frei unless the President agrees to replace Defense Minister Marambio with Viaux.

Viaux' scheming is known to the government and may be connected with an urgent request by Frei on September 29 for heavy protection for his residence by the Carabineros, the paramilitary national police force. Marambio is reportedly planning to remove Viaux from command in early October.³

Coup difficult—but might occur anyway. Viaux thus seems slated either to accept defeat or make his move. We do not know the extent of his following in terms of troops commanded, but any coup attempt would seem certain to encounter serious difficulties. We assume that the Chilean public and political parties would react negatively, and widespread and violent acts of opposition would have to be anticipated, particularly from leftists. Viaux may be deluding himself about the lengths to which his military colleagues are prepared to go in pursuit of a pay raise, and some splitting within the armed forces appears likely.

The position of the crack Carabineros⁴ is not known, but there is no evidence that they have been involved in the plotting, and their commander is considered loyal to Frei. They could play a decisive role, for although they do not have the army's heavy equipment, they are its equal in manpower; and defense of the president is one of their responsibilities. Finally, the dissidents' ability to obtain support could easily be severely undercut by a pay raise for the military, and apparently Frei's administration is planning such a raise, although not very soon.

On balance, then, we do not feel that Viaux' chances of a successful coup are very good. Nevertheless, there always remains a chance that Viaux will make his move, in desperation or based on a mistaken calculation of his strength. Thus Marambio's acting to remove Viaux could trigger a coup attempt in the coming week.

³ These reports were contained in two October 2 Central Intelligence Agency Intelligence Information Cables, TDCS DB 315/04158–69 and TDCS DB 315/04159–69. (National Archives, Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I) Additional Embassy updates and commentary on the growing crisis within the military are in telegrams 4196 and 4197 from Santiago, October 6. (National Archives, RG 59, Central Files 1967–69, POL 2 CHILE)

⁴ National Police. [Footnote is in the original.]

20. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, October 21, 1969, 11:15 a.m.

SUBJECT

Reported Military Revolt in Chile

Press reports from Santiago indicate that two army regiments are involved in a move against the government. [*less than 1 line not declassified*] was informed by the Commander of the National Police (Carabineros) that fighting erupted in Santiago at 9:00 a.m. Eastern Daylight Time.² The Associated Press reports that officers who tried to seize command of the Yungay Regiment located just north of Santiago were blocked by loyal troops and were arrested. However, rebellious officers reportedly have taken command of the Tacna Regiment in Santiago. The dissident officers are led by General Robert Viaux, who was commander of the First Army Division in Antofagasta until last week when he was forced to retire. Viaux had demanded the resignation of the Defense Minister and pressed for higher pay and a greater political role for the military before his forced retirement. Viaux reportedly is with the Tacna Regiment. Thus, the apparent immediate cause of the insurrection involves the Army's discontent with inadequate pay scales and growing dissatisfaction with lagging professionalism within the ranks.

The Government has reported the military insurrection and urged the people to remain calm. The Government said that the army command "has taken the necessary measures to subdue the mutineers," who are reportedly led by recently retired officers. The Government has set up a nation-wide radio and TV hookup but has given no further details of the revolt at this time.

We do not have a clear picture of the seriousness of the revolt or the extent of the fighting in Santiago. We do not know whether other Army units and the well-armed Carabineros will support the government. Embassy Santiago believes that the Army is not yet united behind Viaux. Any military insurrection by the normally a-political

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I. Confidential. Sent for information. A notation on the memorandum indicates it was returned on October 23.

² The CIA report was disseminated in Intelligence Information Cable TDCS 314/15023-69, October 21. (Ibid.)

Chilean military must be considered serious. I will forward to you shortly a more detailed analysis of the implications of the situation.³

³The collapse of the Viaux mutiny was reported the following morning in CIA's October 22 OCI No. 2219/69. (Ibid.) On October 22, Vaky submitted to Kissinger a 2-page memorandum for the President on the mutiny. Kissinger requested that it be shortened to one page and updated. On Vaky's covering memorandum to Kissinger is written "OBE 10/28/69." (Ibid.) No known updated memorandum for the President was submitted.

21. Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, October 22, 1969.

SUBJECT

CIA Press Comments on Chilean Situation

In the morning's *Washington Post* account of the Chilean events, a CIA spokesman was cited as saying that "CIA was aware of the situation for six weeks."² Yesterday's AP dispatches also carried the same statement.

The Chilean Embassy has already reacted and asked what this means.

This kind of statement is bound to create severe problems for us in Chile. It is fair to assume that the Communists at least will use this statement to charge U.S. connivance with General Viaux. The Chilean Government may also become suspicious of CIA involvement.

I have already expressed my concern to Bill Broe, the Western Hemisphere Office Director, over the CIA's commenting to the press on events such as this. I think this is a very bad policy and will give us nothing but headaches.

You may wish to speak to Helms about the practice of CIA comments to the press on foreign events.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I. Confidential. Sent for information.

² See Josh Goshko, "2 Units Revolt in Chile: Frei Claims Army Support Against Rebels," *Washington Post*, October 22, 1969, p. A1.

22. Telegram From the Embassy in Chile to the Department of State¹

Santiago, October 23, 1969, 0055Z.

4449. Subject: Statement of CIA Spokesman. Ref: State 178765.²

1. Under Secretary Patricio Silva called me to Ministry this evening to register sharp protest on subject. (AP story on spokesman's statement has so far appeared only in *Ultimas Noticias* but it takes little imagination visualize what *El Siglo's* front page will probably look like tomorrow.)

2. Silva said he speaking officially and formally for President Frei and GOC. Asked that USG take immediate steps prevent further statements this kind and use influence with wire service agencies to put an end to additional stories about subject.

3. Again emphasizing that he speaking officially, Silva said he wished to communicate to me that "suspicions" exist among "high officials" GOC re possible involvement CIA in events of last few days. He did not specify who these officials might be but remarked that there were certain indications which had raised "suspicions."

4. Silva concluded with statement that Chilean media coverage of story might provoke popular anger directed against USG and its installations here. Said that measures had been taken to assure adequate protection available for our buildings.

5. In reply, I made following points: (1) Could not testify to accuracy of quotation but I would regret any such imprudent statement by U.S. official. (2) USG has no influence with wire services and does not attempt exert any. Story is now a fact, in any case, and we have no means influence how it is played here. (3) I felt safe in assuring GOC without consulting Washington that there would be no further statement of this type from any USG spokesman.

6. As for "suspicions," I said that I simply could not believe this was serious matter. Policy of USG friendship and support for Frei administration and Chilean democracy too clearly established over long years to allow responsible govt. officials entertain such notions. CIA is part of USG, responsible to the President and my government assumes responsibility for its actions.

¹ Source: National Archives, RG 59, Central Files 1967–69, POL 23–9 CHILE. Confidential; Priority; Exdis.

² Dated October 22, telegram 178765 transmitted the paragraph from the October 22 *Washington Post* article that contained the statement of the CIA spokesman. (Ibid.) See footnote 2, Document 21.

7. Silva said that he was entirely serious, reiterating that remarks were official. I said in that case I could only express deepest personal disappointment, an attitude I was sure Department would share.

8. Silva hastened to say that he did not mean suggest there were any doubts whatsoever in GOC about friendly, cooperative policy of USG—a policy for which Frei and Christian Democrats most grateful. However, “past experiences”—which he refused elucidate—indicated that there not always full “coordination” of actions USG agencies and thus “suspicions” not illogical.

9. I rejected his explanation, and said I still found such “suspicions” unimaginable. There is only one USG policy and all agencies follow it. We would not be surprised find this sort of thing among the hostile and uninformed, but the GOC is another matter. I ended by saying that what he had said went down badly with me, as it surely would in Washington.

10. Silva told me that Ministry had not and would not inform Chilean Embassy in Washington of this matter. I replied merely that I would, of course, report conversation in full to Department. (My own strong preference, however, would be to keep Santa Maria and friends in the dark.)

11. *Comment:* This rather nasty business reflects nervousness and intemperance with which GOC has treated various aspects of its current troubles. I am still uninclined treat “suspicions” seriously, except as indication of considerably less than friendly attitude toward USG in some circles of GOC.

12. At same time, I have to say that we made this particular trouble for ourselves. CIA spokesman’s remarks were injudicious, inane and completely uncalled for. We have pointed out that up to this time no one has attempted connect Embassy or USG with General Viaux’s adventure—a unique experience for me. But now, that old familiar scapegoat is again available.

Shlaudeman

23. Telegram From the Embassy in Chile to the Department of State¹

Santiago, November 20, 1969, 2005Z.

4870. Subj: CIA and the Golpe. Ref: Santiago 4449 and 4488.²

1. Fon Min Valdes called me in today for what was virtual re-run of my sessions with Silva last month (reftels). Said he was speaking for President Frei and on his instructions.

2. According Valdes, Frei increasingly concerned by large volume of reports from reliable sources re CIA involvement in golpe plotting. Sources allegedly include unspecified Embassies of “friendly countries.” (Perhaps as result look I gave him at that point Valdes hastened to say he was not repeat not referring to Soviets.) Understandably, CIA must be diligent in keeping USG informed and many of these reports probably arise from those efforts. Nevertheless, enough information is at hand to give “impression” that CIA could be involved in promoting a coup.

3. Valdes elaborated in his usual devious manner by quoting unnamed persons as believing that USG has decided on military solution because of Alessandri’s age and unacceptability either Tomic or any candidate of the left. Said such “people” saw golpe instigators as being of two types: Socialists who are stirring up lower military ranks and extreme rightists working at higher levels. Both can be handled, but danger comes from “foreign instigation”—presumably of latter.

4. Valdes went on to note that GOC keeping a sharp eye on which Chileans are visiting Washington these days. Said that while he had heard of absolutely nothing improper re our reception of these travelers, comings and goings of certain types had added to “impression” that something was afoot. In this context, Fon Min referred to meetings of Senators and Deputies last night in which grave concern expressed re CIA, Washington visitors, Rockefeller recommendations on security matters³ and the like.

¹ Source: National Archives, RG 59, Central Files 1967–69, POL 23–9 CHILE. Confidential; Immediate; Exdis.

² Telegram 4449 from Santiago, October 23, is Document 22. Telegram 4448 from Santiago, October 24, incorrectly identified as 4488, is in the National Archives, RG 59, Central Files 1967–69, POL 23–9 CHILE.

³ The report of the Rockefeller Mission to Latin America is in the Department of State *Bulletin*, December 8, 1969, pp. 495–540. The section on hemisphere security is on pp. 515–518. A summary of the Rockefeller report recommendations is in *Foreign Relations, 1969–1976*, vol. E–10, Documents on American Republics, 1969–1972, Document 18.

5. In response, I reminded Valdes of my two lengthy interviews with Silva and of Ambassador's letter to President Frei.⁴ Said I was going to repeat our previous response to these incredible charges, and did so point by point (reftels). Emphasized that I took full responsibility in Ambassador's absence for all USG personnel in this country and if GOC had any specific persons or actions in mind they should let me know.

6. Re efforts keep ourselves informed—which I conceded is exactly our intention—said we know who are spreading these unfounded CIA rumors that individuals involved are by no means all Communists, and that some, motivated by intense anti-Americanism, are “well-placed.” I also dwelt at some length on irrationality of thesis that USG desires “military solution” here or anywhere in Latin America.

7. Valdes did not offer usual protestations of faith in USG policy but agreed that what I said made sense. He declined present any specific charges and said he wanted avoid “scandal” which would come with request for expulsion of any particular individual. Concluded with request purportedly from President Frei, that I “restrain” those involved in this matter.

8. I reiterated my acceptance of responsibility for our people's actions, past, present or future. Told him he had my categoric assurance that there was simply nothing to these accusations. Warned him this would go down badly in Washington, as it did with me. Re Washington travelers bit, said that as old Dominican hand I knew that game backward and forward. Recounted story of one Lajara Burgos who returned from such a trip to announce to Santo Domingo press that he had blessings of Pentagon and State Department as prospective PRD Presidential candidate.

9. Valdes and I concluded this latest round on polite but somewhat less than cordial terms. Fon Ministry Director General Pablo Valdes, who is both a lackey and a cipher, sat in on meeting. His only contribution was a sad and baleful countenance.

10. *Comment:* One of principal culprits in spreading CIA stories is Fon Ministry Political Advisor Eduardo Palma. I had him in mind in making Valdes aware that we have identified tale-bearers. Also had Valdes himself in mind when I remarked on irrationality of theory re USG's new pro-military policy—a theory Valdes has reportedly been vigorously propagating.

11. We have had numerous reports last few days of buzzing in PDC circles about CIA and golpe. In part this reflects familiar tendency to externalize problems—to seek scapegoat for difficulties of gov-

⁴ Not found.

ernment's own making. Also demonstrates Party's well-known susceptibility to Communist ploys. Finally, Party and government are feeling unloved, especially by USG. This is ridiculous in view of insistence on Chilean "independence" but Department will understand characteristic ambivalence involved.

12. We know of no specific activities on our part here which could be interpreted in any rational fashion as involvement in coup plotting. I have asked appropriate elements of our Mission to pursue information on military situation with due discretion but vigorously, and do not believe we should change that course of action. Real golpe, which I do not expect at least in immediate future, would be very much against our interests here. We should be in position to use whatever influence we have to counter such a threat.

13. I recommend that I be instructed to go back hard at Valdes with frank message that USG finds these continuing accusations intolerable.⁵

Shlaudeman

⁵ Shlaudeman received instructions to renew Korry's earlier assurances that the United States played no role in Chilean military unrest. (Telegram 196050 to Santiago, November 21; National Archives, RG 59, Central Files 1967–69, POL 23–9 CHILE) Korry and Meyer also informed Shlaudeman that the "Department endorses your vigorous rebuttal of Valdes's accusation of CIA involvement in recent events. Minister's renewal of charges already denied by President himself has caused us much anguish. It would seem, however, both prudent and responsive to our real needs to cut far back on information gathering activities by both CIA and DAO for the time being." (Telegram 196120 to Santiago, November 21; *ibid.*) Shlaudeman delivered the message on November 28, at which point Valdes replied that the Chilean Government wanted to deflate the entire issue. (Telegram 4968 from Santiago, November 28; *ibid.*)

24. Telegram From the Embassy in Chile to the Embassy in Venezuela¹

Santiago, November 24, 1969, 1531Z.

4905. Subj: Military Unrest in Chile. Ref: Caracas 5744.²

1. President Frei declared state of emergency in Santiago Province Nov. 19 during period of considerable tension brought on by rumors of impending military action against GOC. Rumors were occasioned in large part by open discontent in Armed Forces over long-festering problem of low military pay scale. State of emergency seems designed principally to permit GOC pressure news media and thus inhibit spread of alarming stories.

2. Also on Nov. 19, GOC announced new military pay schedule with generous increases at all levels. Our best info is that Armed Forces are satisfied at least for time being. Ex-General Roberto Viaux, leader of Oct. 21 Tacna regiment "sit-in" and self-appointed spokesman for the discontented, has continued stir things up through gratuitous comments to press on method of financing pay raise and other issues. Nevertheless his consistent denial of golpe intentions should be noted.

3. Civilian support for "military solution" appears confined to a few fringe elements such as extremist faction of Socialist Party and inveterate rightist plotters. More importantly, military have so far concentrated exclusively on institutional grievances—pay, equipment and make-up of high command—and have yet to demonstrate any concern for broader political issues. Although a few officers may harbor political ambitions, there is not hard evidence to date of a concerted movement in Armed Forces to overthrow GOC.

¹ Source: National Archives, RG 59, Central Files 1967–69, POL 23–9 CHILE. Confidential; Immediate. Repeated priority to the Department, USCINCSO, and DIA. Rumors concerning plans for coups continued to surface through the end of the year and were reported in CIA Intelligence Information Cables TDCS DB–315/04881–69, November 18; TDCS 314/16272–69, November 21; TDCS 314/17198–69, December 11; and TDCS 314/17358–69, December 14; all are *ibid.*, Nixon Presidential Materials, NSC Files, Box 773, Country Files, Latin America, Chile, Vol. I.

² In telegram 5744 from Caracas, November 22, the Embassy reported the strong concern expressed by the Government of Venezuela regarding Chile. Venezuelan President Rafael Caldera informed the Embassy that his government was "preoccupied by the Chilean crisis and the danger that forces, both of the left and of the extreme right, may be stimulating a coup in Chile." Caldera continued, "a coup in Chile, in the GOV's view would be most serious (de suma gravedad) because of Chile's strong democratic tradition, and would have unforeseen consequences (repercusiones imprevisibles) in Latin America." The Embassy commented that "the Caldera government is fearful that shock waves resulting from a Chilean coup would weaken faith in and support for the democratic system in Venezuela. The GOV, we believe, also would be similarly apprehensive about the effect of a Chilean coup on neighboring Colombia." (*Ibid.*, RG 59, Central Files 1967–69, POL 23–9 CHILE)

4. Tensions have abated markedly since Nov. 19 and we do not believe GOC is in any immediate danger. At same time, malaise among military is likely persist as long more fundamental problems remain unsolved. These relate to the institutional mission of the Armed Forces and to their place and role in a rapidly changing Chilean society. Key figures in GOC, including new civilian Min Def Sergio Ossa, seem to understand nature of such problems and to be looking for solution.

5. In discussion foregoing with GOV, you will wish bear in mind that some in GOC evidence doubts re true attitude of USG. Defamatory campaign of rumors and public speculation re CIA involvement in golpe plotting coupled with distorted reporting of Rockefeller recommendations have clearly had their effect in these quarters. Subject Department's concurrence, I would recommend that you emphasize to GOV our unaltered support for Chilean democracy and our rejection of notion that "military solution" here would be anything but harmful to interests of USG and its hemisphere partners.

Shlaudeman

A Spoiling Operation: The 1970 Chilean Presidential Election, January 1–September 4, 1970

25. Telegram From the Embassy in Chile to the Department of State¹

Santiago, January 2, 1970, 2025Z.

10. Subj: When Klatch Means Country. (Part I of Two Parts).

1. *Summary*: If the US is as much an idea as a community then Chile is as much a klatch as a country. I return to this first impression of 27 months ago to reaffirm my convictions that Chile is one of the calmer and more decent places on Earth, that its democracy, like our own, has an extraordinary resilience and that the high decibel count of Santiago is mostly the sound of open safety valves and not the hiss of suppressed furies. This new year will be noisier than ever; those who feast on conspiratorial crumbs will have rich fare for the next nine months before a new President is elected. For my part, I see little that will endanger US real interests in the country, in the area or in the hemisphere. Rather, as a result of the unburdening of the historical hand-me-down (the copper ownership issue) that placed our relations with Chile in permanent imbalance, I foresee gradually improving opportunities for both countries to arrive at a healthier relationship consonant with President Nixon's partnership policy and Chile's search for self-sustaining independence. *End summary.*

2. On Christmas night, the Marxist-dominated TV Channel 9 offered General Viaux as its journalistic scoop of the year. The central figure of the October 21 military "uprising" here responded to more than a dozen respectfully-worded questions from practically all of Chile's top politicians (among them the Marxists' Allende, Teitelboim, Baltra and Tarud, the POC's Tomic and Fuentealba and the Nacionales' Jarpa) which were read by one of Castro's most active supporters in Santiago. To put this event in American terms, one would have to imagine General MacArthur shortly after his removal from active duty appearing on Peking radio to answer questions from our leading politicians read by Stokely Carmichael. That Viaux spent the best part of an hour repeating with all the spontaneity of a pneumatic drill his dis-

¹ Source: National Archives, RG 59, Central Files 1970-73, POL CHILE. Confidential. Repeated to Asunción, Bogotá, Buenos Aires, Caracas, La Paz, Lima, Guatemala City, Managua, Mexico City, Montevideo, Panama City, Quito, Rio de Janeiro, Santo Domingo, Tegucigalpa, and San José.

claimers of any political ambitions is less relevant to an understanding of Chile than that this TV happening took place.

3. Similarly on Christmas day, the most serious and widely read of all newspapers in Chile, *El Mercurio*, published a two-column front-page top-head as the day's biggest news an inviting story on how to emigrate to Australia. The article blurbed the local Australian Embassy's efforts to promote an exodus and noted rather sadly that the Chilean colony down under numbered only one thousand. It added cheerfully that business was definitely picking up. Other Latin lands would surely condemn such journalism as treasonable; Anglo-Saxons might view an equivalent article in the *Times* as a put on. In Chile it was recognized as *El Mercurio's* manner of making a political argument.

4. For the past week the parties of the Left have been staging a marathon debate on who should carry their popular front standard in the elections of next September. No literate Chilean could possibly swallow Marxist proposition that such unity exists or that the "program" adopted earlier by the parties was more important than the candidate chosen to carry it out. But the masquerade is played out as if there were a genuine hold-your-breath public interest in the chances of each of the five declared runners. Hardly anyone in the media says the obvious—that the Communists' Neruda is anxious to return to his poems and his peregrinations in dollar lands, that Tarud is a soul with slick hair and that the Radicals' Baltra, despite his "front-running" position, was left at the gate. The play is the thing and the players take their roles so earnestly that the charade becomes captivating to them.

5. So it was too with the military effervescence of October. No coup in South America could be carried out in the farcical manner of General Viaux. The people of Santiago rightly remained on the sidelines, not because they have little commitment to their democracy, but because they have had too much experience with how political affairs are conducted here. Drama, sensation and noise are the essential elements; violence, turmoil and repression are extraneous. That is why Chileans take rumors of earthquakes seriously; what is truly threatening is not predictable, it not acted out in the open, is not an extension of the coffee-house klatch.

6. These observations are not intended to be read as indifference to what most successful Communist Party in the hemisphere is seeking to accomplish nor to where an aimless military may go nor to how democracy can be sapped by egocentric posturings of politicians. Nor are they designed to present a rosier-than-reality view of Chile and its government. I would only seek to restore balance to a perspective whose headliner hues are more superficial than real. (End Part I)

26. Telegram From the Embassy in Chile to the Department of State¹

Santiago, January 7, 1970, 1758Z.

54. Subj: When Klatch Means Country. (Part II of Two Parts). Ref: Santiago 10.²

7. With the announcement that the arthritic Alessandri will leave next week for his one and only campaign trip to the south (he has such a phobia about feeling cold that it is now or never), the campaign for the Presidency has begun in earnest. Of course, the Leftist unity bedlam has not been stilled but by the end of the week there should be a sufficient residue of cohesion to fashion a candidate. The Communists will accept anyone agreeable to the Socialists since their first preoccupation is not to be outflanked from the Left. As for Tomic, he has restored a larynx that could only produce a croak on Christmas Day (when he telephoned before going on a brief recuperative leave) after 180 speaking engagements in 60 days.

8. Thus, we can now look forward, the military willing, to nine months of interminable babble, time enough for the full venting of passions and of programs, of cudgels and of cure-all, and of pasts and presents enfolded in the tenses of the future. To seek to distinguish the apparent from the real in this ambiente is to prove Orwell's dictum that all political writing is indefensible. With that injunction in mind, here is one observer's assessment.

9. There is no longer in Chile any national issue of over-riding import except for the perennial one of inflation. The country has a degree of independence today that it has not enjoyed for many decades. This comparative freedom has been largely the result of the two most important accomplishments of the Frei regime and partly good luck. What Frei has achieved is a transfer of income and of effort which has provided an outlet for the discontents and frustrations that are alienating so many in Latin America. The dollar and cents transfer of income to the wage sector combined with the social transfer of very extensive educational, agrarian and other popular reforms stole the growing thunder from the Left. The second major achievement was the two-step process of copper Chileanization by which large amounts of capital for expansion were first attracted and then ownership was gradually taken

¹ Source: National Archives, RG 59, Central Files 1970–73, POL CHILE. Confidential. Repeated to Asunción, Bogotá, Buenos Aires, Caracas, La Paz, Lima, Guatemala City, Managua, Mexico City, Montevideo, Panama City, Quito, Rio de Janeiro, Santo Domingo, Tegucigalpa, and San José. Part I of the telegram is Document 25.

² Document 25.

over. The good luck that permitted this change to be relatively painless was the very high price of copper that has prevailed for three years; the bonanza enabled the U.S. companies to have returns on investment far in excess of their original calculations and permitted Chile to buy them out with less effort than anticipated.

10. Frei may well have matched these two attainments with a third advance in the first week of the year. Passage by Congress of the Constitutional Reform Bill after five years of debate will give the next President of Chile an opportunity to deal with inflation and other economic matters with muscle and presumably with effect. It is to Frei's and his PDC's credit that although Alessandri is the current betting favorite to be the next President that they kept their 1964 campaign pledge and pushed through the kind of reform that Alessandri had also promised as President but never managed to effect.

11. My visceral instincts and my cognitive assessments persuade me for one that these three accomplishments of the Frei government are sufficient to keep Chile more or less on center and compatible in form and direction with our own system. Almost all else that could be said about Chile is, to my mind, cud for the bureaucratic Talmudists who, as I, must chew for survival.

12. The military falls into that category. Doubtless an unexpected conjuncture of events (such as Frei's abysmal handling of the Army's problems in 1969) could impel the Armed Forces into some outrageous if easy grab for power. But with the GOC committed to buying arms and raising pay and with more opportunities for promotions, there is no overriding impulse for the Army to move. There is no party like the Peruvian APRA that concerns the military except the Communists and there is no chance of a Communist President in Chile. There is no issue like the IPC. There is no desire to deal with inflation and all the other complex problems of modern government. And although Viaux and his ambitious wife may harbor political ambitions, I doubt that the Leftist parties would have indulged in their unseemly jostling the past fortnight if they took the chances of a military coup or a Viaux very seriously at this time. Viaux in his TV appearance looked and sounded like an Easter Island Moai. (So in the beginning did Barrientos whom he resembles but Chile is not rpt not Bolivia and the Santiago citizenry is sophisticated and knowledgeable about politics.)

13. Discussion about whether agrarian reform is efficient, whether private enterprise will survive and whether Chile's growth rate is sufficiently dynamic is of interest, but I submit that the process of development is far more complex than the measurement of growth and that the historical particularisms of each country are still so foreign to us that such debate is usually more an indulgence in personal prejudice than an exercise in useful analysis. The Frei govt has spent an uneconomic

amount of money for land redistribution in a political effort to prove there is no loss of production and to gain mass sympathy. Similarly I would guess that if agricultural production is therefore over-stated, then industrial production is usually well under-stated. What is important is whether enough is happening in a country to give it a sense of forward movement yet not be so frenetic as to be bewildering. My judgement is that Chile has managed a kind of equilibrium. That is why the Chilean public opinion polls reveal that Chileans regard inflation as the uniquely significant preoccupation, why they have little political interest in all other problems and why they overwhelmingly favor a future President who represents Chilean middle of the road stability.

14. Another Talmudic issue is whether Frei can take decisive action. My answer would be more than his predecessor and less than a Peron, a General Velasco or a General Ovando. Frei has kept within the spirit of Chile and has taken those decisions (transfer of income, copper, and constitutional reform) which are transcendental in importance to Chile. I feel that politically his nose has served him well but that as the leader of a party he has permitted an extraordinary amount of dissent and of divisiveness and that in dealing with strong personalities such as the military, the Communists, or his own Gabriel Valdes, he is inclined to temporize and to let events take their course. But who ever ran a well disciplined coffee klatch?

Korry

27. **Telegram From the Embassy in Chile to the Department of State¹**

Santiago, January 16, 1970, 2055Z.

204. 1. Had long relaxed talk with President January 15 main purpose of which was to cap an effort designed to make GOC and its party (PDC) more responsive to US sensitivities about manner in which pertinent foreign policy issues are handled. There is some reason to hope that "confrontation" tactics of FonMin Valdes will be toned down for a while.

¹ Source: National Archives, RG 59, Central Files 1970-73, POL CHILE. Confidential; Limdis.

2. Frei believes that Alessandri will win elections, is convinced that General Viaux is no longer a significant army or political factor, is delighted at current disarray in Marxist camp, and is still distrustful of Tomić's grasp of Chilean situation but persuaded that he will do better than most anticipate.

3. He is currently preoccupied by possible adverse consequences of imminent liberalization of imports. Chileans will always buy imported goods no matter how much more expensive than domestic products if they have opportunity. President is obviously under strong anti-liberalization pressures but believes it essential to make Chile more efficient producer over longer run and to hold down inflation in 1970.

4. He agreed that while Viaux appears to be much diminished factor, problem of Armed Forces by no means resolved. Frei said US made enormous error when it ended "military pact" (US military aid) and that definition of Armed Services role in society will be continuing problem.

5. He supports President Nixon's policies towards Latin America, is very perceptive in his understanding of US worldwide policies and is realistic in his expectations for Latin America and Chile.

6. In connection para 1 above, I do very much hope that Assistant Secretary Meyer will consent to see Enrique Krauss in Washington January 28 or 29 (when I too will be in Washington) per what we understand to have been his written request last month to Meyer for appointment.

Korry

28. Memorandum for the Record¹

Washington, January 19, 1970.

SUBJECT

Discussion of U.S. Government Activities Leading Up to the Chilean Election in September 1970. Held at State Department on 19 January 1970

PRESENT

Mr. John H. Crimmins
Mr. Frederic L. Chapin
Ambassador Wymberley Coerr
Mr. James R. Gardner
Ambassador Edward M. Korry

Mr. William V. Broe
[Name not declassified]
[Name not declassified]
[Name not declassified]

1. Mr. Crimmins started the meeting by saying that the purpose of getting together was to discuss the proposal to be made to the 303 Committee on U.S. Government activities in connection with the September 1970 election in Chile. He expressed his concern over the draft of the paper for the 303 Committee which the agency had sent over to State in December 1969. He described as his controlling concern the sensitization in Chile to U.S. "involvement" following General Viaux' dramatic uprising at the Tacna regiment. This concern is intensified because of the particular sensitivity in Chile now to the CIA; another particular concern is the assumption in Chile that the U.S. would be pro-Alessandri and that, if the U.S. intervened in any way in the election, it would be to promote Alessandri. Mr. Crimmins went on to say that from the beginning he and Secretary Meyer have questioned the need for the U.S. to be involved in this election at all.

2. Ambassador Korry thought that Mr. Crimmins' concerns were natural and useful, for the proposals to the 303 Committee needed this sort of examination and occasional review. Both the help to the Democratic Radical Party (PDR) and the propaganda work to be carried on through Mr. [name not declassified] "mechanism" could be interpreted as pro-Alessandri, which is bothersome, said Ambassador Korry. Ambassador Korry went on to define the interest he sees for the U.S. in Chile:

¹Source: Central Intelligence Agency, Job 79-01440A, File AA-7, WH Division 1970. Secret. Drafted in DDP/WH on January 30. A March 19 memorandum of this meeting, prepared from notes by James Gardner (INR), is in the Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Documents on Chile to the Department of Justice.

are we going to have a popular front or Marxist government in Latin America? Noting his own reluctance to engage in an operation that might have the effect of being pro-Alessandri, Ambassador Korry nevertheless felt that anything that serves to keep the left split is worthwhile. There was a discussion of how the help to the PDR would serve to take votes away from Allende, the presumed sole candidate of the left.

3. Mr. Crimmins defined the maximum objective of the U.S. as the collapse of the popular front effort and the splitting of this group into six different parties. Less than that would be the Socialist Party (PS) and the Communist Party (PCCh) splitting off together and losing the support of the other four. Secondly, said Mr. Crimmins, the objective is to have the appeal of the popular front lessened, if there is to be one. Ambassador Korry offered a third objective: that of isolating the PCCh. In response to Mr. Crimmins' question of the current judgment on the voting, Ambassador Korry put their chances for winning as Alessandri, first, Allende, second, and Tomic, third. Noting that this can change, he thought that Alessandri would start with some 35% of the vote, Tomic with some 25%, leaving some 30% then to Allende and the front. Mr. Crimmins noted that this leaves some 10% undecided and Ambassador Korry agreed that some 10–15% of the vote is floating and crucial. Mr. Broe said that this is what made the proposal to the 303 Committee important.²

4. Ambassador Coerr asked how Ambassador Korry would view an Allende victory. Ambassador Korry and Mr. [name not declassified] agreed that the Chilean military would accept this victory.³ The victory, Ambassador Korry continued, would weaken the Christian Democrats (PDC) and there would be serious internal divisions in the new government because of traditional Socialist and Communist rivalry for contact with the masses. A part of the PDC would then be attracted to the PS and would support Allende against the Communists. Ambassador Coerr commented that an Allende victory appears to be not the same as a Communist victory, in that case. Ambassador Korry agreed with this, but said that operationally one must treat an Allende victory as the same thing. At least, thought Ambassador Korry, it would be very imprudent to act as if an Allende government would be anything but another Castro government: it might be worse. When they say they

² The INR memorandum noted, "The Ambassador then said that he did not expect the left to win in any event, short of the death or disablement of Alessandri." (Ibid.)

³ The INR memorandum contains the following addition to this part of the discussion: "The Ambassador said that an Alessandri victory would be very, very bad. It could easily produce a military government in reaction that would fall under left-wing influence." (Ibid.)

will preserve personal liberty, for example, he doubts it. At least the press would be muzzled, he would predict.

5. Mr. Crimmins asked what difference it would make if we did not become involved, seeing how sensitive our involvement may be versus what we may gain from this involvement. Ambassador Korry noted that we can easily do nothing but we may have to ask ourselves, if Allende were to win, especially by a few votes, whether we might not better have become involved.⁴ Mr. Broe noted that if the CIA withdraws from what little the U.S. is doing now politically in Chile, this in itself would leave the impression that the U.S. Government is not interested in the fate of Chile. Mr. Crimmins suggested that this be explained to contacts in Chile as being on the basis of prudence rather than of indifference. Mr. Crimmins attempted to sum up the discussion at that point by saying that there is a chance that our efforts would influence a small but crucial margin of voters; that this operation can be conducted with justified expectations of considerable security; and that if we do not take this relatively secure opportunity to get this small margin of votes, we are vulnerable to the charge that we are not taking even marginal steps to prevent an Allende victory. Ambassador Korry noted that our negative decisions on military assistance and on a program loan have led to the belief in Chile that the U.S. is out of the picture and, while Chileans of all sectors welcome this disengagement by the U.S. in their affairs, we are nevertheless left with only this action to take: we are left “with a minimal action to be taken to minimize the minimal possibility.”

6. There was considerable discussion of the security of the PDR arrangements and of the propaganda mechanism. While it was agreed that the PDR arrangements seem to be reasonably secure, and that the same could be said of the propaganda mechanism, which was described in some detail, concern was expressed by Mr. Crimmins and others that a pro-Alessandri content of the propaganda might overshadow the anti-popular front motive. Recognizing this as a legitimate concern, it was agreed that the product of this group must be monitored. Mr. [name not declassified] said that the terms of the engagement with this mechanism, which he himself directs through two key people,

⁴ The INR memorandum contains the following account of this segment of the conversation: “Mr. Crimmins asked what would happen if we just sat on our hands. Ambassador Korry replied that it perhaps would make a difference of only 10–15 thousand votes. As a matter of fact, he said, he did not believe that our major effort in the 1964 presidential elections actually made a difference of over 1 percent in the popular returns. As far as he was concerned, Ambassador Korry said, he would not be unhappy if we decided to do nothing. But if we did do nothing, and Allende won, he did not know how we could respond to the naturally ensuing inquiries about what we had done to prevent a Communist victory in Chile. To this Mr. Crimmins responded that such concerns were not really the best foundation for building policy.” (Ibid.)

are that the purpose is to maintain tension in the left camp, *not* to support Alessandri. Mr. [name not declassified] never “threatened” these people with the withdrawal of support, for he feels this threat to be unnecessary. It was agreed that our support would be withdrawn if a pro-Alessandri tone develops and becomes crucial.⁵

7. The specific proposals to the 303 Committee were then discussed as (a) support to a [less than 1 line not declassified], (b) support to a PDR staff member, (c) support to the propaganda mechanism, (d) additional activity carried on from within the station [less than 1 line not declassified], such as the production of leaflets, a [less than 1 line not declassified], and the production of posters. These last activities have been going on for some time and will continue after the elections are over, noted Mr. Broe. Ambassador Korry felt that the one-shot opportunity approach should allow the embassy to make its decision to follow these up without having to come back for permission every time, and this was agreed to. Mr. Crimmins wanted the points concerning the agreement to cut off support to the PDR and support to the propaganda mechanism, if either becomes simply an Alessandri weapon, to be reflected in the 303 paper.

[name not declassified]

⁵ The INR memorandum contains the following version of this part of the discussion: “Mr. Crimmins then shifted the emphasis of the discussion slightly to ask at what point would our operation become less of an anti-UP exercise and more of a pro-Alessandri one. Ambassador Korry said that the operations would have to be carefully monitored to see that this would not happen. Such monitoring, Mr. [name not declassified] said in response to Ambassador Korry’s query, was quite possible. Ambassador Korry joined in saying that if the newsletter, for example, became pro-Alessandri in its tone, our financial help to it would cease immediately. Mr. Crimmins asked if he therefore could assume that the rules of engagement were such that if our instruments moved into a pro-Alessandri attitude, our help would stop.

“Mr. Gardner wanted to know why, if Allende would be bad for us and if Alessandri in the long run would be almost as bad, why it was that we were not considering assistance to Tomic. The Ambassador replied that in the first place Tomic did not want our aid and that in the second place he was so far behind that no assistance we could give would be in any way useful to him or our own objectives.” (Ibid.)

29. Memorandum for the 40 Committee¹

Washington, March 5, 1970.

SUBJECT

Political Action Related to 1970 Chilean Presidential Election

1. *Purpose of the Memorandum*

A. This memorandum will bring the members of the Committee up to date on the political developments which have taken place since the March 1969 congressional election and recommend that the Committee endorse certain covert activities designed to reduce the possibility of a victory by a Popular Unity (UP) candidate in the September 1970 presidential election. The UP is a coalition of Communists, Socialists and other leftists, and is similar to the Popular Action Front (FRAP) which supported leftist coalition candidates in past elections. This memorandum also discusses the leading presidential candidates, the major campaign issues and the political climate. The recommended covert activities involve support [*less than 1 line not declassified*] in the Democratic Radical Party (PDR) and the use of a propaganda mechanism.

B. The most reliable political surveys indicate that the presidential contest will be a close race with an estimated 10–15% of the vote still undecided or floating, and, therefore, crucial. The Embassy in Santiago, the Department of State and the CIA have agreed that the election of the UP candidate would be detrimental to the U.S. and that spoiling operations should be undertaken to influence a portion of the uncommitted vote away from the UP. It has also been agreed that the U.S. Government should not support either of the other two presidential candidates in the sensitive political environment currently found in Chile, since there is little to choose between them.

2. *Political Developments and Candidates*

A. The months following the March 1969 election have been marked by intense political activity. The six parties which currently make up the UP agreed to nominate the Socialist Senator Salvador Allende in January 1970 after a bitter and prolonged struggle involving intense ideological and personality differences. The other two announced candidates are Jorge Alessandri, an independent, and Rado-

¹ Source: National Security Council, Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only. A notation in an unknown hand at the bottom of the first page reads, "On 25 March 1970 the 40 Committee approved this proposal as stated, including the funding level."

miro Tomic, the former Ambassador to the U.S. who bears the Christian Democratic Party (PDC) standard.

(1) Tomic's attempts to form a coalition of leftists in support of his candidacy not only were rebuffed by the Communist Party of Chile (PCCh) but also succeeded in alienating the political right. He is running on a progressive platform, basing his campaign appeal on the continuation and intensification of the "revolution in liberty" theme begun by President Frei in 1964. Although the PDC won 30% of the popular vote in March 1969, Tomic cannot count on this percentage and recent polls indicate that he is presently running third. The PDC also has been weakened since March 1969 by the defection of some of its best-known revolutionary figures who left the party to form the opposition United Popular Action Movement (MAPU) in mid-1969. The MAPU since has allied with the PCCh and the Socialist Party of Chile (PS) in a series of university elections and is now counted upon in the UP camp.

(2) The Radical Party (PR), whose leadership led it into the UP, at first fought to have its own candidate, Senator Alberto Baltra, chosen as the leftist unity candidate. The PCCh (and later the UP) rejection of Baltra was a blow to the PR, which in March 1969 held 13% of the vote. In addition, the PR was weakened by the expulsion of its more moderate members who formed the Democratic Radical Party (PDR) after the July 1969 PR party convention.

(3) The National Party, which attracted 20% of the March vote, is supporting former President Jorge Alessandri. Current voting surveys indicate that Alessandri, whose support crosses party lines, is the early leader in the presidential race. Ambassador Edward M. Korry believes, however, that Alessandri's strength may be at its peak and will weaken before election day.

(4) The Communists and Socialists had difficulty in forming an electoral alliance similar to the FRAP. They disagreed on which political parties should be included in the front and on the election issues. The PCCh, for example, wanted a broad alliance (including elements which the Socialists viewed as bourgeois) and it objected to Socialist encouragement of violence and support to ultra-revolutionary groups. The selection of Senator Allende came after five months of political bargaining, and the intense bitterness which became increasingly evident during the writing of the UP platform will linger on. At the same time, the PCCh, which is one of the best-organized and most pro-Soviet Communist parties in the hemisphere, was successful in forging a broad-based electoral machine which it will support with its experienced campaign organization. If the UP partners retain the votes they polled in March 1969, their September 1970 aggregate will amount to approximately 40% of the total popular vote. The split within the PR will, however, reduce its contribution to the Allende campaign.

B. On 21 October 1969 a recently-retired Chilean general led a limited military protest designed to exploit the Army's discontent over the failure of its high command to respond to requests for higher pay and more modern military equipment.² Although the protest was short-lived and confined to two Santiago regiments, the fact that it occurred at all is significant because of the military's traditionally apolitical behavior and its support of the constitution. The Frei Government acceded to many demands by the disgruntled officers, including the granting of a wage increase which it was ill-equipped to finance. Military pay raises have sparked similar demands by other public sector employees thereby adding to the already serious inflation.

Another serious consequence of the military unrest, and the handling of it by the Frei administration, was a public charge that the U.S. Government was involved in the protest's origins. Although the Chilean Government eventually stopped its participation in the anti-U.S. campaign, other voices in the Chilean Congress and the press continued, for a time, in their attacks. The end result was that Chile was made unusually sensitive to the presence of the U.S. Government and CIA.

3. *Campaign Issues*

The issues at stake during this presidential campaign center around Chile's economic problems—chronic inflation, housing shortages and unemployment. The need for agrarian reform is treated as a vital problem as is the general concern over the rising tide of violence. Now aware that the traditional apolitical stance of the military can no longer be taken for granted, the candidates are under mounting pressure to be more responsive to the increasing social, economic and political demands of the electorate.

4. *Covert Activities*

On 19 January 1970 representatives of State and CIA, including Deputy Assistant Secretary of State John H. Crimmins, Ambassador Wymberley Coerr and Ambassador Korry, met to discuss the current political situation in Chile and the covert action operations which were being conducted or proposed to reduce the chance of a UP victory.³

A. One covert activity involves the continued and expanded use of the propaganda mechanism established during the March congressional election period. The mechanism's effectiveness and security were tested during the March election operation when it performed the dual role of providing propaganda support [1 line not declassified], and disseminating anti-Marxist propaganda via press, poster and radio outlets.

² See Document 20.

³ See Document 28.

(1) The propaganda mechanism was created [5 lines not declassified]. The security of the mechanism, plus its proven talents in the propaganda field, permit the mounting of an anti-UP campaign on a countrywide basis in which the U.S. hand will not show. In addition to producing posters, radio and newspaper ads, and leaflets directed against the UP, a [less than 1 line not declassified] will be mailed to [less than 1 line not declassified]. The [less than 1 line not declassified] will discuss and reveal the tactics and strategy of Communism and popular fronts, and will suggest courses of action for those interested in countering UP election efforts.

(2) [less than 1 line not declassified] the propaganda mechanism may attempt to use it to further the candidacy of Alessandri. With this possibility in mind it has been made clear [less than 1 line not declassified] that our interest in the mechanism is solely to draw votes away from the UP and to divide the coalition. Although a conflict of interest is not expected to arise, the propaganda will be monitored closely and should the tone or content become pro-Alessandri rather than anti-UP, our support will cease.

B. The second covert activity supports the PDR in its efforts to reduce the number of votes which the Radical Party can deliver to the UP.

(1) Historically the Radical Party has been an important party in Chilean politics. From 1938–1952 it ruled essentially alone by outmaneuvering its Marxist allies. From 1952–1964 it remained the largest single political party but suffered defeats in the congressional elections of 1965 and 1969, and in the latter case fell to fourth place in voter popularity. Its opportunistic leaders now view alliance with the UP as the only avenue to regain a measure of power. Although the PR currently represents only about 13% of the vote, it could play a decisive part in a close presidential race and it is therefore necessary to work against the present leaders thereby reducing the number of votes they can deliver to Allende.

(2) The Special Group first authorized covert contacts with [less than 1 line not declassified] the PR in 1962 when approval was given to assist moderate Radicals in their efforts to gain influence within the party. In December 1963, the Special Group approved financial support to [3 lines not declassified]. On 28 April 1967, the 303 Committee approved [less than 1 line not declassified] to assist moderate Radicals in their contest with pro-FRAP leaders for control of the June 1967 party convention.⁴ Failing that, the moderates were encouraged to gain suf-

⁴ For the text of the initial proposal, see *Foreign Relations, 1964–1968*, vol. XXXI, South and Central America; Mexico, Document 294.

ficient strength to restrict the policy control then being exercised by Marxist-oriented PR leaders. The PR moderates failed to gain sufficient control and the party moved closer to an alliance with the Communists and Socialists. This trend was confirmed during the July 1969 convention when dissident moderates were purged from the PR hierarchy. The dissidents then organized the PDR in opposition to the parent party and its proposed alliance with the PCCh and the Socialists.

(3) With the approval of Ambassador Korry, we continued to work with dissident PR leaders to establish the PDR as a political base. Assistance during the July–December 1969 period amounted to approximately [4 lines not declassified]. The PDR acquired 14,000 signatures and was registered as a legal party in December 1969.

(4) Ambassador Korry has agreed to two recent proposals to assist the PDR in its efforts to undercut PR and UP strength. The first involves [6 lines not declassified].

(5) Our interest in the PDR is in its ability to reduce the electoral support which the PR can deliver to Allende. This spoiling operation will be monitored closely by the Ambassador and the CIA Station in Chile and will be discontinued should it become more of a vehicle for promoting Alessandri's candidacy than an anti-UP weapon.

C. There are other existing political action capabilities available to the CIA Station which are being used to attack and weaken the UP. [6 lines not declassified]

5. Recommendations

A. There is a State/CIA consensus that the 1970 presidential election will be a close race in which no candidate is likely to win an absolute majority. No U.S. Government support is planned for Tomic or Alessandri. Tomic is now running a distant third and it is unlikely that external support could swing a sufficiently large number of votes to make him a serious contender. Even if this were a possibility, Tomic's views on economic and political matters would indicate that a government led by him would be apt to take some actions not consonant with U.S. interests. Alessandri's advanced age (he is now 73 years old), and the undistinguished record of his 1958–1964 administration, are factors which argue against support of his candidacy. In addition, the present political climate in Chile is very sensitive to the presence of the U.S. and the CIA, and it is not conducive to the mounting of a large-scale election operation.

B. The UP candidate, Allende, running as the standard-bearer of a broad leftist coalition and benefiting from the extensive organization talents of the strong PCCh, is a formidable contender; he is presently running second, according to an October 1969 public opinion survey. Intelligence indicates that the Chilean military would probably not prevent him from assuming office. Based on Allende's own views plus the

public platform of the UP, we must assume that an Allende victory would mean the emergence of a Castro-type government in Chile.

C. Since the race is expected to be close, in which 10–15% of the vote is floating and crucial, there is a reasonable chance that the spoiling operations, involving the PDR and the propaganda mechanism, could influence a small but critical number of votes away from the UP. It is therefore considered advisable to attack and attempt to divide the UP by means of these two spoiling operations. There is also the justified expectation that these operations will be conducted without the U.S. hand showing.

D. The estimated costs of these two activities through September 1970 are: (1) [*dollar amount not declassified*] for assistance to the PDR and (2) [*dollar amount not declassified*] for the propaganda mechanism. It is recommended that the 40 Committee endorse these activities at the funding level mentioned above. Funds are available within the Agency.

30. Memorandum by Viron P. Vaky of the National Security Council Staff¹

Washington, March 25, 1970.

I have the following comments on Chile:

1. The plan proposed² is designed in part upon a given estimate of how the three candidates will perform—Alessandri first, but declining; Allende strong second and possibly rising; and Tomic a distant third. I believe, however, that this estimate is dated. According to latest reports Tomic is rising, and the prospect is that all three will be bunched together in an almost dead heat. This suggests possibly different options. It also suggests that the “readings” ought to be reviewed frequently between now and September to determine if shifts in our support are indicated.

2. If Allende is the threat the paper posits, should we not do more than we propose to insure his defeat?

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only. Although the memorandum bears no addressee, it was most likely written for Kissinger in preparation for the 40 Committee meeting scheduled for March 25.

² See Document 29.

3. The present tactic is to reduce Radical votes for Allende. Presumably, these will shift to Alessandri, but if they divide between Alessandri and Tomic, all we may be doing is insuring a three-way split.

4. Why would not a complementary tactic be to strengthen Tomic's appeal? He has to contend with Allende for the same sector of votes. By dividing the left vote between them, there is a good chance of increasing Alessandri's percentage.

5. If we have in the past sought to strengthen the moderates in the Radical Party, should we not think of strengthening the moderates in the Christian Democratic Party? Would it not be good insurance? A moderate left-wing alliance may be needed to confront Allende.

6. The paper posits merely spoiling Allende's chances, but refuses to formulate a plan to support an alternative. It points out that we could live with either, and that either has problems which may not merit our support (page 13). But is this wise? If Alessandri wins at 73 and Allende shows up strong, might we not have a difficult situation for the long haul. This might polarize the society by offering strong political forces at the extremes and destroy the relatively moderate left force that might contend with the Communists/Socialists for leadership of the political left.

Viron P. Vaky³

³ Printed from a copy that bears this typed signature.

31. Memorandum for the Record¹

Washington, March 25, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee 25 March 1970

PRESENT

Mr. Kissinger, Mr. Packard, Mr. Johnson, and General Cushman.
Mr. Mitchell was out of the city; his views on the agenda items were obtained prior to his departure.

Mr. William Broe was present for Items 1 and 2.
Mr. Archibald Roosevelt was present for Item 3.
Mr. [name not declassified] was present for Item 4.
Mr. Wymberley Coerr was present for Items 1 through 4.
Mr. Thomas Karamessines was present for Items 1 through 5.

1. *Chile—Political Action Related to 1970 Presidential Election*

a. Mr. Broe briefed the Committee in detail on the close three-way presidential election race in Chile between Alessandri, Allende, and Tomic. He noted that the joint State/CIA consensus is that the U.S. should not provide direct support to any presidential candidate. Rather, the covert effort should be confined to spoiling operations undertaken against the Popular Unity (UP) electoral front, a coalition of Communists, Socialists and leftists supporting Allende. Mr. Broe described the operations, mechanisms and secure funding methods to be used and noted that total estimated costs of these efforts through September 1970 would be \$125,000.

b. In the ensuing discussion, cognizance was taken of the fact that following an electoral poll to be conducted in Chile in April, the Ambassador and the CIA Station Chief might recommend additional action, possibly even including direct support to one candidate.

c. The members were unanimous in approving the proposal as described in the CIA paper dated 5 March 1970,² including the funding level.

[Omitted here is discussion unrelated to Chile.]

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only. Drafted by Chapin on March 30. Copies were sent to Mitchell, Packard, Johnson, and Helms.

² Document 29.

32. Memorandum of Conversation¹

Washington, April 10, 1970.

SUBJECT

Anaconda Requests U.S. Government Financial Assistance for the Alessandri Election Campaign

PARTICIPANTS

Mr. Charles A. Meyer, Assistant Secretary, ARA
Mr. Jay Parkinson, Anaconda
Mr. Jose de Cubas, Westinghouse
Mr. Enno Hobbing, Council for Latin America
Mr. William P. Stedman, Jr., Director, ARA/APA

Mr. de Cubas, President of the Council for Latin America (CLA), indicated that he and Parkinson had requested the appointment with Mr. Meyer to discuss their concern about the presidential election campaign in Chile. Mr. de Cubas indicated that since his company had no detailed information about Chilean developments, the presentation would be made by Mr. Parkinson. Mr. de Cubas said that Mr. Parkinson's views on U.S. participation in the Chilean election had not been discussed with any other company executives in the CLA and that CLA did not have a policy on member companies' participation in elections.

Mr. Parkinson stated that although present information shows that Alessandri is ahead in the Chilean presidential election, Tomich and Alleñde are waging very active campaigns. He indicated that Alessandri has very little financial backing and that his opponents are both very well supported; Tomich receiving funds indirectly from Government of Chile operations and Alleñde receiving funds from Communist sources outside of Chile.

He indicated that Alessandri has designated one specific individual as his intermediary to receive funds from private foreign companies for his campaign, and he has made a request to Anaconda for help.

Parkinson said that Anaconda will contribute, as it has before, and that he believes other U.S. companies will also participate. He said that unfortunately there is extremely little money in Chile for Alessandri's campaign, even from those sectors most interested in his election. He

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Limited Distribution. Drafted by Stedman. Copies were sent to the Secretary, Richardson, Johnson, Samuels, Meyer, and Ambassador Korry. No meeting time appears on the memorandum.

observed that political campaigning now requires large amounts of money for the use of television, radio, and newspapers. According to Mr. Parkinson, the Alessandri group expects to receive about \$200,000, whereas it estimates it needs about \$3 million for the campaign. Credit from media outlets is not available to Alessandri and there is no single source of large funds open to him such as to each of his opponents.

Mr. Parkinson, in a very direct and hard fashion, put it to Mr. Meyer that the Government of the United States must make a large financial contribution to the Alessandri presidential campaign. He indicated that if either Tomich or Allende win, private enterprise in Chile is finished. Alessandri must have funds for his campaign and if contributions are not made by the Government of the United States, it (and Mr. Meyer) will have ensured a Castroite situation in Chile with adverse effects in other neighboring countries and throughout the hemisphere. Mr. Parkinson said that the U.S. Government has made donations before in Chilean elections and it is widely known that we gave major support to President Frei in 1964. He said that he fully approved of "low profile" as a policy for the U.S. Government, which he interpreted to mean fewer U.S. Government personnel abroad and less AID loan projects. When it comes to key political issues such as the survival of private investment, low profile should not mean leaving a vacuum in the Chilean election campaign, according to Parkinson.

He said that the Alessandri group now suspects that the U.S. Government is helping Tomich, inasmuch as Alessandri is not receiving anything from us. Furthermore, he said that many people believe that the U.S. is retaining Ambassador Korry in Santiago because President Frei requested it and we have agreed.

Mr. Parkinson said that he knows full well that the U.S. Government has mechanisms for putting funds into Alessandri's hands in a secure fashion, so that he cannot accept an argument that there is danger or risk in U.S. involvement becoming an issue in Chile.

He said that he did not expect Mr. Meyer to respond to his approach, either positively or negatively. He said he knows that such operations as he is pressing for are not ones which we will own up to, either to him or to the Chileans. He is anxious, however, that the highest levels of the U.S. Government be aware of the need and the urgency for direct U.S. Government financial help so that Alessandri can become President of Chile. Parkinson noted that he expects to make an equally hard presentation at higher levels in the U.S. Government and hoped that Mr. Meyer would pave the way for such presentation, but that it will be made in any case. He expressed the point that the survival of his corporation was at stake; that political contributions are made everywhere in the world, including in the U.S.; and that it was in U.S. national interest to help save major U.S. investors in Chile. Parkinson said

he intends to report back to the Alessandri group that Anaconda has done everything it can to get help for him from the USG, and he cannot therefore just confine his approach to Mr. Meyer.

Mr. Meyer said that he understood the presentation made to him. He stated that he would not respond to it, but commented that he was saddened that situations materialize which bring a U.S. company to suggest that the U.S. Government consider gross intervention in the political affairs of another country. He said that it was a pity that wealthy and concerned Chileans did not make adequate financial contributions to enable Mr. Alessandri to have all of the media coverage he needs in the campaign. Mr. Meyer denied that the U.S. Government was helping Tomich or that there was any reason or need for President Frei to intercede with us to retain Ambassador Korry in Chile.

Mr. Parkinson said he hoped to discuss the matter again with Mr. Meyer in a couple of weeks.

33. Telegram From the Embassy in Chile to the Department of State¹

Santiago, April 28, 1970, 2000Z.

1538. Subj: The Electoral Stakes, the Pot and the Jockey With the Money. Ref: Memcon April 10 Anaconda–Meyer.²

1. (*Summary*) The following comments are designed for those assessing the case for USG electoral intervention made to Dept by Anaconda Board Chairman Parkinson in presence of Council for Latin America executives April 10. Whatever other judgments may be in-

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 14 CHILE. Secret; Exdis.

² Document 32. In an April 23 telegram to Headquarters, the Chief of Station remarked: “On 22 Apr, Amb read to COS Santiago from recent memo of conversation between Asst Secy Meyer and Parkinson of Anaconda, accompanied by [name not declassified] and [less than 1 line not declassified], Parkinson made plea for campaign support for Alessandri to tune of 3 (sic) million dollars and was told ‘No’. Amb sending Limdis [Exdis] and (we gather) may make point that Alessandri’s campaign management in such disarray that any money would be wasted. Presumably other considerations will be adduced in support of hands-off posture. COS position with Amb that no useful purpose served by direct funding of Alessandri. Beyond shadow of doubt, Alessandri campaign suffering from severe budgetary stringencies. Only if Dep State abandons non-involvement stance (and Sta[tion] not recommending it do so) would it be logical to entertain some funding.” (National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977)

volved there is one overwhelming practical obstacle: the impossibility of maintaining a cover of discretion for any such suggested US action. Parkinson has many of his facts wrong too about Alessandri's campaign finances, particularly the lack of any evidence of media advertising shortage in Alessandri's behalf and the easy capacity of his Chilean supporters to provide the necessary cash instead of engaging in flight of capital. Also US opposition to candidate of Christian Democrats who control govt and largest single party would doubtless produce a negative reaction that would do harm to immediate and longer-term US interests. Thus I remain persuaded that it is to our benefit that we remain uninvolved in the campaign of any aspirants to the Chilean Presidency and to prolong the current total lack of any mention of the US in the campaign. I recognize that it will not make the US "popular" with the parties (as distinct from the mass) and I am deliberately focusing responsibility on me for the decision in response to the soliciting of Alessandri and Tomic camps so that animosities will not be directed against Washington. It is not a very comfortable position to be a jockey without a seat or pot but as King Victor Emmanuel the First said just before expiring from an assassin's bullet, these are the risks of the job. (*End summary*)

2. Anaconda is right to be alarmed about its future if Alessandri is elected. Tomic and Allende would nationalize copper. Tomic would seek to maintain some acceptable relationship with the US; Allende would not. Hence negotiation would still be involved with Tomic while expropriation without compensation would follow an Allende victory. The point is that I sympathize with Mr. Parkinson's concerns for the interest of his company.

3. At the same time, I would offer these observations about Anaconda's track record here:

A. It was Kennecott who surprised both the US and Chile in 1964 by offering to sell 51 percent of its properties to the GOC without being requested. Anaconda refused to follow suit.

B. It is Kennecott who is currently maneuvering to take over the management contract of Anaconda (as we reported last month). Anaconda has no rpt no apparent knowledge of this action although Kennecott has probably contributed to current Anaconda problem. (Embtel 1501).³

C. At the very time that Parkinson was making his case to the Dept., one of his Vice Presidents came here (Embtel 1299)⁴ to urge my

³ Dated April 24. (National Archives, RG 59, Central Files 1970–73, INCO COPPER CHILE)

⁴ Dated April 10. (*Ibid.*)

intervention with the GOC to save the extant copper arrangement. It is reasonable to ask how we can maintain any restraining influence with a govt and a party—that of the Christian Democrats—to save that arrangement if the US were to be involved in an effort to defeat the Presidential candidate of that party.

D. Mr. Parkinson states that it is “widely known” the US helped to elect Frei in 1964 yet goes on to assert we could become involved in the current campaign without risk of exposure. To this contradiction could be added the facts that the GOC and the PDC are very alert to the mechanisms for transference of funds from US sources to Chile since they were engaged in such an operation on behalf of Frei in 1964, that there is not a Chilean of any stripe in the political arena who is unaware of Anaconda’s current intentions and commitments and that all of the politicians supported by Anaconda in recent years in one way or another were widely known and without exception proved either bad political bets or disappeared into the woodwork when the critical showdown on Anaconda’s future occurred last year.

E. It was the US who saved Anaconda in 1969 by my intervention in a negotiation that met the Anaconda objective of a total price of some \$800 million. Contrary to Parkinson’s assertions that Frei asked the US to keep me on the job, it was Charles Brinkerhoff (Anaconda’s ex-Chairman of the Board) who went to the Dept following last year’s negotiations to make that kind of request. I have since monitored that agreement with the GOC.

F. It would be also imprudent to accept the political astuteness of one who decided at the end of 1968 to permit the lapsing of aid expropriation insurance for 1969 on the grounds that there was no rpt no danger of any GOC move in that direction despite my best efforts in the previous 15 months to alert his company to an eventuality I felt was inevitable.

4. Parkinson is correct in stating Alessandri’s camp is complaining of little money. He is incorrect in asserting the other two candidates have ample funds. The following is pertinent:

A. In addition to the \$200,000 Alessandri is supposed to have raised for his electoral kitty, an enormous sum is probably being provided in kind by leading publishers and radio station owners in the form of hidden yet very large kickbacks on Alessandri advertising. The net cost would then be a fraction of what appears on any books. Moreover the leading publishers of the country are stacking news and photos to support their commitment to Alessandri. There is no dearth of Alessandri “paid” propaganda in the media.

B. Parkinson seems to be ignorant of the Chilean law that prohibits any electoral advertising on TV. Therefore there is no rpt no possible TV cost.

C. Alessandri could use more money without any question, yet our most careful judgement is that the amount that could be usefully employed in the remaining four months would be at the very maximum one million dollars. (Half the sum honestly and expertly used would probably be enough.) One thousand Chileans each donating one thousand dollars could supply that sum without any contribution from any US quarter. Alessandri's camp includes the overwhelming majority of the high income group in Chile. There are literally thousands of such Chileans in a position to make contributions of one thousand dollars. Reasonable questions to ask are why they are not, why many are instead currently engaged in flight of capital and therefore why the USG should seek to substitute for their lack of commitment and of national interest. This situation is the very antithesis of what I understand to be the Nixon Doctrine.⁵

D. One possible key to the so-called lack of money has been provided us in confidence by Gustavo Alessandri and other high-level Alessandristas. They say there is a danger of over-confidence that could lead to complacency by businessmen. Hence they told us some time ago that they would launch vigorous "poor mouthing" campaign to "scare" contributors and to keep their supporters interested.

E. Alessandri's people have so far not given the slightest indication of any awareness that they must buttress their candidate's household name and his zest with some kind of electoral organization. The tensions between groups of his supporters, the desire of each faction to be commanders without concern for troops is blatantly obvious in Santiago where one-third the electorate is located. Money cannot substitute totally for will and effort.

F. Any significant sum arriving from the US would be as discreet as a moon launch. Not only does the GOC have the advantage of its 1964 experience and knowledge, but I have had too many painful experiences in the past two years with supporters of Alessandri who believe that discretion signifies only telling their five closest friends. To cite an example, it was Foreign Minister Valdes who informed me in February that Nacional Senator Pedro Ibañez had been to US agencies in Washington seeking funds for Alessandri and had been turned down.

5. Nonetheless in answer to a direct question from Anaconda President Hall in the presence of Brinkerhoff and Vice President for Chile Krest Cyr on April 14 (Embtel 1386),⁶ I said I was not rpt not advising Anaconda to abstain from any contribution it or other US companies

⁵ For background on the Nixon Doctrine, see *Foreign Relations, 1969–1976*, vol. I, Foundations of Foreign Policy, 1969–1972, Document 29.

⁶ Dated April 16. (National Archives, RG 59, Central Files 1970–73, INCO COPPER CHILE)

wished to make. The question came after I had told them that in my last monthly meeting with the US business community I had observed that open allegiance to Alessandri had its inherent risks to their futures and that in their own self-interest, they should be discreet in expression and action. I told Hall, as I have said to the US business community from the outset of my stay here, that it was the function of US business to be profitable, that I would not presume to intervene in their pursuit of that goal, that I would protect their legitimate interests to the extent that I could at their request but in turn they could not expect me to intervene beyond US or Chilean law to guarantee their profits or to seek to have US sacrifice broad US goals for any narrow interest. I explained to both groups that in my view the one relevant restraining influence we still had on the PDC (in the absence of any significant economic or mil aid) was the fear that we would intervene on Alessandri's behalf in the electoral process and that as long as we did not we had a reasonable hope of maintaining decent rels with this GOC and, if Tomic won, with the next govt. I had asked the US business community if anyone disagreed to let me know. Anaconda, it appears from ref memcon is the only company to have made an approach.

6. In the interim I have taken soundings with those Chilean and US businessmen who want Alessandri to be President and whose judgement I most respect; they are without exception agreed that USG intervention (A) could not be hidden and (B) would hurt Alessandri. Moreover, Alessandri is infuriated with Anaconda and with those Chileans acting as intermediaries as reported in Embtel 1299.

7. I recognize of course that once the US business community makes its contributions to the Alessandri kitty (and Anaconda has good reason to contribute alone the aforementioned maximum of \$500,000) it will be difficult to maintain a USG posture of neutrality and non-involvement. Anaconda would argue that therefore an attempt to sustain a distinction is in practical terms meaningless. I disagree. The past fortnight I have sought out Tomic's campaign leaders who, incidentally, also want very much a USG commitment to their candidate, to explain why we are going to maintain complete neutrality, why we believe such neutrality is the most effective weapon against the possibility of an Allende victory. When they have talked of Anaconda's intentions to support Alessandri, I have admitted that the USG cannot control the private actions of its citizens and that we agree with Tomic's public electoral affirmations that distinction must be made between the USG and the actions of private Americans. I remain persuaded that as long as the USG can honestly attend to its electoral neutrality with respect to Alessandri and Tomic, it will be substantiated and accepted by Tomic and his closest advisors despite their unhappiness with our non-commitment to them. So far they admit to no contrary knowledge. They state that so far no US funding from any source has occurred.

8. As for the future of private enterprise in Chile, it could be argued that Henry Ford has done more the past two weeks to affect the future direction of US investment in Latin America than anything Anaconda or the USG does in Chile. The announcement of a Ford deal with Yugoslavia by which trucks will be produced by a company in which Ford will have only 49 percent interest and the Yugoslav state agency 51 percent followed by the Ford discussions with the Soviets will make it very difficult if not impossible for US companies to insist on classical control. This is particularly true in a Chilean environment in which local private enterprise has been for the most part a partner of govt in this century and in which statist theories of one kind or another dominate all three Presidential candidates. Ford is demonstrating that US business is dynamic and that even Socialist countries need US know-how. Anaconda placed its money on Frei to insure its future—and what happened? In putting money on Alessandri, it will not stem an ever more apparent tendency there where profound historical distortions have created an unpropitious climate for classic capitalism. We intend to do our best with an Alessandri administration to support better incentives and structures for a more modern private sector but it will be an uphill struggle.

9. A word about the elections. Alessandri is still in front and Tomic appears to be gaining strength although still well behind. From a US long-term interest point of view, the ideal finish would be Alessandri and Tomic ahead of Allende. This would be a crushing blow for the Marxists. Greater strength for Alessandri can come above all at the expense of Tomic. It is our view that Allende will be a much stronger second if Tomic (he started behind the other two) loses ground. This in turn raises two unpalatable possibilities—that the Chilean Congress might elect Allende President and that the Christian Democrats would become so weak a force in Chile that they could no longer act in the future as the effective buffer to the steadily growing Communist and other Leninist forces. This same analysis has been made by the very astute Communist Party which would prefer Alessandri to Tomic and by the Cardinal of Chile who recently intervened indirectly to weaken Alessandri and to help Tomic. (More on these two subjects in airgrams.)

10. One final thought about commitment. None other than Foreign Minister Valdes in a conversation last week accused the USG of not even caring if Allende were elected. In the exchange that followed my denial Valdes referred to our lack of electoral support for Tomic and he wove his resentment into his general argument that there no longer was any material reason to sustain a belief of any special relationship between Chile and the US. Valdes has his own well-known reasons for wishing to normalize rels with Cuba (to keep Chile immune from terrorism, to emulate Mexican neutrality and to make South America an

independent force in world affairs). We have fewer and fewer tangible assets to employ to retain influence but if the US were to commit itself to an anti-PDC electoral position, the short and long term consequences with respect to what is still the largest single political party in Chile and the government could have very serious consequences here.

11. *Conclusion*: I would understand a theoretical case to help both Alessandri and Tomic to defeat the Castroist Allende and to demonstrate a hedging US sympathy to each. I cannot see any theoretical advantage in helping one to fight the other with indirect benefits to Allende particularly when such a commitment could not be “discreet” and when such USG intervention would lead to the further indirect “commitment” to bail out the new government whenever it got into trouble. This longer-term implication of “commitment” is of very great interest to both the Alessandri and Tomic camps in both psychological and material terms.

Korry

34. **Memorandum From Director of Central Intelligence Helms to the President’s Assistant for National Security Affairs (Kissinger)¹**

Washington, June 16, 1970.

SUBJECT

Chilean Election

1. [*name not declassified*] telephoned me this afternoon from the [*1½ lines not declassified*]. He plans to be in Washington on Thursday for a meeting and may head himself in your direction to voice his concern about the upcoming Chilean presidential election scheduled for the fourth of September. He is advocating that the United States Government give a lot of financial help to the Alessandri campaign.

2. As you will recall, this election has been dicey and difficult to figure for a whole variety of reasons going back many months. [*1½ lines not declassified*] We in the Agency are worried about pouring money into the Alessandri campaign, because his political organization ap-

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret.

pears to be so diffuse that we are afraid it will have little impact. On the other hand, we recognize that Allende has been coming on pretty strong despite what was alleged to be a heart attack some weeks ago.

3. The purpose of this note is to give you time to consider this problem in the event you hear from [*name not declassified*]. The Agency is following this matter closely, but it is only fair to say that we are in a quandary as to what action is wise.

Richard Helms²

² Helms signed "Dick" above his typed signature.

35. Backchannel Message From the Ambassador to Chile (Korry) to the 40 Committee¹

Santiago, June 18, 1970.

1. Santiago 2212 of June 12² reported the very strong race Marxist Allende is making in the presidential campaign. Despite the striking similarity with our unscientific analysis of two and a half years ago, the percentage cited in that cable as our reckoning of the respective current strengths of the three candidates are in fact based on the almost complete results of the latest poll [*1 line not declassified*]. Those results reveal a spread of only four percent between Alessandri and Allende and about the same distance between the latter and Tomic.

2. More significant are the trend lines for the past month: continued decline of Alessandri, stagnation of Tomic and gathering strength of Allende. Moreover the latest poll does not fully reflect the impact of Allende's recently unwrapped package of giveaway pledges. What it does show is a shift of women from Alessandri to Allende.

3. Unless altered, these trends could well culminate in the election of Allende as President and, as a consequence, the inevitable imposition of a Leninist state in South America. An Allende presidency would result either from his winning the first plurality in the September 4 bal-

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret.

² This reference is most likely to telegram 2210 from Santiago, June 12, which is a lengthy summary of the Presidential campaign and contains a paragraph on Allende's surging campaign. (National Archives, RG 59, Central Files 1970-73, POL 14 CHILE)

loting or finishing such a strong second that the Congress might in the runoff prefer his election in preference to that of Alessandri's.

4. My position has rested on these assumptions:

a. No candidate would receive an absolute majority.

b. The critical period would occur in the period between September 4th and October 24th when the Congress would have to choose between the top two contenders.

c. President Frei would re-emerge in that period as the most influential anti-Allende force in the country and in his Christian Democratic Party (PDC).

d. U.S. interests were uniquely concerned with the defeat of Allende.

e. U.S. support of any candidate would be counter-productive.

5. Tactics adopted to suit these assumptions were:

a. A major effort to convince all here, in Washington and elsewhere of our total non-involvement in the campaign. Unless everyone believed it, no one would. Unless the cover of aloofness were firmly established, our relatively modest ongoing program to divide the leftist camp and to finance anti-Allende propaganda might not have been as securely established as it is. This endeavor has been successful if the current Marxist campaign to blame Anaconda and other private organizations for electoral intervention is any gauge.

b. A major effort to cater to Frei by personal inflation of his ego, by repeated messages through his most trusted lieutenants that he would be the key man come September 5 in the presidential decision and by abstention from any interim conversation with him on the election. This message has been heard and fully understood by Frei.

c. An effort to maintain good contacts with the Army and other services despite the lack of MAP hardware by personal contact and by responding to their minimal needs. (Our ability to satisfy promptly the armed services' request to buy emergency equipment is critical in this regard.)

d. A coordinated effort to exploit on appropriate occasions our much-respected fame here as unmatched electoral seers to propagate the view that Allende is running strong and if his two opponents did not modify their fixation of mutual destruction, Allende would win.

e. A funding of Radical Party dissidence designed to weaken that reed of Allende strength.

6. The Aristotelian injunction that political wisdom consists in the ability to make distinctions prompts me to seek now to reinforce very substantially our ongoing anti-Allende effort. It is the Marxists strength not the weaknesses of their opponents with which we must deal. I say "must" because of our unanimous conviction that the consequences of an impressive Allende polling would be very grave for Chile and South

America, sufficiently serious to undermine totally the new Latin policy launched by the October 31 speech of President Nixon³ and implemented in many subsequent actions. I am also persuaded that it would sap U.S. will to implement our policies in Asia and elsewhere.

7. What we recommend is consistent with our previous submission, with our original assumptions and with our ongoing tactics. We have been awaiting the May opinion poll for six months and have been utilizing that interim time in order to prepare a base for subsequent greater effort if required. The poll simply confirms our original analysis sufficiently to mobilize our latent resources.

8. Our three principal targets in the remaining short time should be Frei, women and Radical Party members. Of these the most critical and immediate are the women who as a group remain least responsive to Allende and most sensitive to the implications of a Leninist state. The Radical Party clientele comprises the largest single “swing” potential in the Chilean electorate; totalling at least twelve percent of the voters, they are not Leninists and despite the inclusion of their party in the Popular Front most have misgivings about the implications of an Allende Government.

9. Recently because of the failure of anyone to launch a nationwide anti-Allende campaign a group of [*less than 1 line not declassified*] resuscitated a 1964 anti-Allende organism. [*1 line not declassified*] Contrary to my original assumption, this operation is *not* known to the Council for Latin America (CLA) and one of [*less than 1 line not declassified*] ground rules is that the CLA which has a reputation for indiscretion in such matters be kept ignorant. Another ground rule is that [*less than 1 line not declassified*] will not utilize these [*less than 1 line not declassified*] private funds for electoral propaganda in favor of a candidate. The private [*less than 1 line not declassified*] group has pledged [*dollar amount not declassified*] for the anti-Allende propaganda campaign and their [*less than 1 line not declassified*] counterparts has promised [*dollar amount not declassified*]. It is clear to us that a good deal more—in excess of [*dollar amount not declassified*] according to our calculations—will be required to make this effort, which has begun, successful in the last two months of the campaign.

10. Another effort to subsidize orthodox Radical Party senators and deputies in their underground campaign of disloyalty to Allende has been launched. To name only one likely target of opportunity, [*2 lines not declassified*]. About [*dollar amount not declassified*] are required for this undertaking.

³ Nixon outlined “new directions toward a more balanced relationship” with Latin America in his remarks to the Inter American Press Association on October 31, 1969. See *Public Papers: Nixon, 1969*, pp. 893–901.

11. The Radical Party is being targeted now to produce votes for Alessandri as we recognized would also be the consequence of the political action program approved by the 40 Committee. It has another facet as well. If Allende is to be prevented from gaining the presidency via the congressional vote, ample funds may well be required to dissuade hesitant Radical or Christian Democratic congressmen from indulging their credulity. You will recall that nominally, 82 of the 200 senators and deputies who will decide the runoff in October are pledged to Allende, 75 to Tomic and 43 to Alessandri. Hence the Radical Party operation is the precursor to a second phase for which there is a maximum contingency fund need now of some [*dollar amount not declassified*].

12. Other pertinent factors include:

a. The Alessandri campaign which projects a deficit (covered by credits) of at least \$700,000 by September 4 is sopping all local available funds so that the three operations outlined in paragraphs 9–11 above are out of their ken and their capacity to handle. I anticipate that the Alessandri forces will begin to target more on Allende in the coming weeks but the confusion that reigns in that camp precludes any inclusion of their efforts in our calculations.

b. The Anaconda Company, from indications we have here, has been having second thoughts about contributing directly to Alessandri. Anaconda is a company that has the biggest stake in these elections and could well invest far more than the [*dollar amount not declassified*] they had in mind only a few weeks ago. However they are *not* involved in [*less than 1 line not declassified*] endeavor and their negotiations with Alessandri lieutenants appear to be less than harmonious. Anaconda is so perilously indiscreet and so insistent on the recipient's awareness of the benefactor that no one is anxious to receive its embrace.

c. [*7 lines not declassified*]

13. In sum, I am requesting approval for funding of three activities, two during the electoral period requiring a total of what we calculate to be [*less than 1 line not declassified*] and a third for the immediate post-electoral period of [*dollar amount not declassified*]. I do so in calm pursuit of unchanged goals and in cold calculation that less than [*dollar amount not declassified*] is a very small insurance policy to pay when Chile is indebted to the Ex-Im Bank alone for roughly \$500,000,000 (M), when Anaconda is counting on receiving at least an equivalent sum, when AID has provided almost that much in loans to the Frei Government prior to FY 69, when U.S. expropriation guarantees are well over \$100,000,000, and when we have not signed any loans worth mentioning (total \$2,500,000) for almost two years.

14. I am, of course, fully aware that our anti-Allende program might result in benefitting one candidate more than another. But I am persuaded that there are so many extraneous factors beyond our ca-

capacity to influence or to manipulate (Alessandri's physical condition to mention one glaring factor) that the final beneficiary is beyond accurate prediction. Allende and he alone is our target.

15. I am also personally satisfied that there is an absolute minimum risk of exposure in the expanded program we are proposing—a problem which contemplates use of existing mechanism and relationships. [*1½ lines not declassified*]

16. Finally, the time factor is critical. If our funding is to be used efficiently and effectively with the essential advance preparation, we must have an early decision, at the very latest by July 1.

17. I suppose that one should always apologize for doing the right thing since “nothing wounds people more” but “it is not at all the wicked who do the most harm in this world,” as Paul Valery wrote. “It is the maladroït, the negligent and the credulous.”

36. Backchannel Message From the Deputy Assistant Secretary of State for Inter-American Affairs (Crimmins) to the Ambassador to Chile (Korry)¹

Washington, June 20, 1970.

SUBJECT

Increased USG Activity in Chilean Election

1. We need your comments on following points by no later than 9:00 AM Monday morning June 22 since your important proposal to be examined at high level on Tuesday June 23.²

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 128, Country Files, Latin America, Chile Wrap-Up and Post Mortem. Secret; Immediate; Sensitive. According to an October 9 CIA memorandum summarizing policy decisions related to the covert action involvement in the Chilean election, this message was sent following a June 19 meeting between representatives of the Department of State and the CIA. At the meeting, Crimmins raised the following objections to the expanded program proposed in Document 35: “(a) he doubted the need for this activity; (b) he was disturbed at the pro-Alessandri cast it took; (c) the risk was greatly heightened by the magnitude of the funds; (d) he was concerned by the vagueness of the arrangements; and (e) about the risk, he noted that what the U.S. Government was trying to avoid might be avoided by natural causes, and, furthermore, an Allende victory may not be the end of the world.” (National Archives, RG 59, Chile-ITT-CIA 1963-1977, Lot 81D121, Chile-CIA 1970) No memorandum of conversation of this meeting has been found.

² The proposal referred to here generally and in specific paragraphs later in this message is in Document 35. The high-level meeting of June 23 was held on June 27; see Document 41.

2. It would appear that May poll used as an element of judgment in your analysis reflected results in greater Santiago area only and that you had not yet had benefit of country-wide results. We note that in the Santiago poll Allende is second with 32.1 percent following Alessandri with 35.1 percent, but that in the later national results Allende is in third place with 28.4 percent and Tomic is in second with 29.6 percent. In the latter poll Alessandri still leads with 35.6 percent. Assuming you now have results of both polls, do you believe any modification in your proposal is warranted?

3. We are not clear about the composition and role of [*less than 1 line not declassified*]. Who are the [*less than 1 line not declassified*] elements in the [*less than 1 line not declassified*]. What is the [*less than 1 line not declassified*] front? What did [*less than 1 line not declassified*] do in 1964 election? What activity, if any, would [*less than 1 line not declassified*] carry out as an institution in the expanded program funded by us? Are you completely satisfied that [*less than 1 line not declassified*] activity is not known to Council for Latin America (whose activity, as you have noted, is fraught with risk)?

4. We are not clear about the intended future role of President Frei. We assume that what you have in mind is in no way related to proposed post-election program but is, rather, encouragement from us to play an active part in influencing votes in the Congress away from Allende.

5. We would appreciate clarification of current activities related to Radical Party. In para 10 of your message you say that—"Another effort to subsidize orthodox Radical Party . . . has been launched." Are we correct in interpreting this to mean that it is [*less than 1 line not declassified*] and not rpt not we that has launched another effort? It would also be helpful to our consideration to have some clearer idea of the prior effort implied by the reference to "another" effort.

6. We would appreciate further assessment of the risk factor. Agency has briefed us on the operational details as you suggested in para 15. We have noted the heightened and expanded relationship with [*less than 1 line not declassified*]. As you know, approval of the earlier, much smaller program was conditioned on its not becoming a pro-Alessandri operation. Given increased dependence [*name not declassified*] to what degree does proposed greatly augmented program increase risk of use of our effort in behalf of Alessandri rather than against Allende, with obvious disadvantages. If risk is indeed increased, how do you foresee handling the problem? We assume you would agree that, as in modest program, we would suspend expanded program if it were to be used for Alessandri.

7. Still on risk factor, in your telegram 2230 of April 28 commenting on the Anaconda–Parkinson pitch to Assistant Secretary Meyer for

USG financial contribution to the Alessandri campaign, you noted “any significant sum arriving from the U.S. would be as discreet as a moon launch.”³ While we recognize that you were talking about a program of support for Alessandri, we would like your comment on relevance that comment to effects of expanded program.

³ The quote is from telegram 1538, Document 33.

37. Backchannel Message From the Ambassador to Chile (Korry) to the Deputy Assistant Secretary of State for Inter-American Affairs (Crimmins)¹

Santiago, June 22, 1970.

Please Deliver Following to Ambassador Crimmins (at Opening of Business Monday 22 June).

1. Bless your superior internal communications and the appropriate questions that you present. Indeed I did not have results of nationwide poll when I presented proposal. Before I respond to question re modification, I prefer to answer questions in your cable first.

2. I would have thought Broe and company would have complete dossier on [*less than 1 line not declassified*] since it was one of the significant instrumentalities in the 1964 US effort to elect Frei. It was established for the purpose of transferring funds from US private business to Chileans who handled what the Communists call a “terror campaign” against Allende.² The only active American in the 1964 operation still here is [*6 lines not declassified*].

3. [*name not declassified*] decided to resurrect the [*less than 1 line not declassified*] some two months ago whereupon he went to the US to gain the approval of his executives and to acquire the first contribution to the kitty. He then contacted another charter member of [*less than 1 line not declassified*] to act as operating agent in the US in the fund-raising campaign. The second man is [*2 lines not declassified*]. A third [*2 lines not declassified*]. They in all have contacted the headquarters of such

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 128, Country Files, Latin America, Chile Wrap-Up and Post Mortem. Secret. This message is a response to Document 36.

² Information on U.S. involvement with the 1964 election is printed in *Foreign Relations, 1964–1968*, vol. XXXI, South and Central America; Mexico.

firms as [2 lines not declassified]. Recently to [2 lines not declassified], for a contribution. Perhaps that contact explains why Communist *El Siglo* a few days ago (as we reported) headlined that Anaconda was contributing \$250,000 to launch a terror campaign against Allende. *Siglo* cited very accurately that the ground rules for the operation were that no rpt no candidate would be supported with these funds and that the money would be targetted uniquely against Allende. The *Siglo* report coincided with a coordinated campaign by all three Marxist dailies in Santiago to propagate the notion that USG and US companies really preferred Tomic. As I commented in a State cable,³ I welcomed this development for a variety of obvious reasons: —that US companies were taking the expected heat on contributions, but not the USG; that the USG was described as being favorable to Tomic with one breath and to Alessandri with the other and that our opposition to Communism remained implacable. These three ideas will not rpt not help Allende in my judgement nor do the US anything but good.

4. [name not declassified] has kept me alone of US officials informed of [less than 1 line not declassified] activities. He has not and does not expect any US complementary activity since I have gone to considerable pains to propound to everyone the well-based reasoning for a hands-off US policy in the Chilean elections. Even the Communists seem to have so far accepted it. [2 lines not declassified]. All that US companies are required to do is to deposit dollars to accounts in the Bahamas. Therefore there is no rpt no entry of escudos or dollars into Chile since [less than 1 line not declassified] makes their escudos available at the blackmarket rate. It is flight of capital and defense of interest at the same time.

5. Any additional funds going to [less than 1 line not declassified] would be handled in the same manner to expand the current operation. The US business-Chilean business activity would simply be amplified. The Agency's assumption is that only [name not declassified] himself would know of any additional funding and the source. As for CLA, my guess is that once Anaconda and [name not declassified] were brought unwisely into the act, CLA must be aware of what their member companies are doing. [less than 1 line not declassified] Now that *Siglo* has surfaced the accusation against Anaconda, it is largely irrelevant as to whether CLA is conscious of the activity. I have, as you know, always expected the Communist charge, the Anaconda muddling and the activity. Hence there is no new element. Rather there is a better USG cover.

6. Frei, with whom I had a private dinner last night at his initiative (see below) could in certain circumstances play a very significant role

³ Not further identified.

in the period between Sept. 4 and Oct 24 when the Congress must choose the President. To buttress his role, funds will be required to influence congressional votes. Our proposal is simply to make available to [*less than 1 line not declassified*] who have close relations with Frei and many intermediaries and levers, resources for those indirectly designated by Frei. He would not rpt not be privy to our interest under any circumstances. This type of operation is not unusual in Chile or in many other lands of this world where the US is not involved in them. Frei would not rpt not get directly involved in any buying of votes operations nor would we.

7. You are correct in your assumption about “another effort to subsidize orthodox Radical Party.” The prior effort is that already approved and ongoing [*less than 1 line not declassified*].

8. I believe that the foregoing replies indirectly to your justifiable concern about the “moon launch” reaction to a significant sum. We are not rpt not talking any longer about either significant sums by my measure nor about their arriving here. That brings me to the crux of the problem we confront per your para 6 and the degree of support for Alessandri.

9. As Broe, [*name not declassified*] and others know, I have always had the greatest disdain for polls and poll figures. The only time they can be reasonably accurate is in the last week before the election when they can no longer affect operational decisions. Leaving aside the most recent example of the British elections and turning to positive examples, the Embassy (that is State alone) called the Congressional elections of 1969 within one percent of error and in December 1967 in the only significant by-election in Chile in three years, we predicted the upset outcome with an error of zero. All of which is to say that I am not moved one way or the other by the polls but since I must deal with established and conventional wisdom and since I recognize that an “unscientific” approach would not be universally convincing, supporting data is welcome. Frankly, had I know that the weighted national poll results to which you refer in your para 1 and 2 will become available after cross-checking on July 2nd, I would not have requested a decision from Washington by July first. But in all candor, I regard the poll data from here more as debating points than as contributions of intrinsic value, particularly some two months before an election.

10. So for administrative reasons, I am now compelled to fall back now on the “unscientific” labor for which political animals such as I are paid. I might prepotently add that one reason Frei sought me last night in his first private dinner party in the five or six months since his wife suffered a serious illness is that he believes (unfairly to the Embassy) I am the most objective and accurate political reporter in Chile. Aside from the above examples, he recalls that ten weeks before the US Presi-

dential elections I forecast to him the exact percentages of our national vote.

11. What I offer now as one man's view without the advice or consent of any other here are the views I gave to Frei in his lengthy interrogation of me last night⁴ and with which he agrees completely. His concurrence counts for me because I regard him as the most perceptive and successful politician in Chile without any close competitor.

12. The three candidates are now fairly bunched. In my view Allende is over 30 percent, perhaps by one percentage point, perhaps by some two. This is the base Marxist strength in the country. Tomic is now at or very close to the vote that the Christian Democratic Party received in 1969 which was roughly 30 percent. Alessandri is at 35 percent or slightly above or below that level. (Even the national poll pre-weighted results to which you refer show a gap of only 7 percent between high and low and those figures have some very curious statistics for some regions that understate my assessment of the real Allende strength. This understatement factor is important because in examining other pollings in the 1969 elections, the Communists were to my mind so outrageously under-calculated that I decided then to ignore polls in Chile; the actual results in the elections confirmed our arithmetic and belied the polls on the Communists. There is a well known unwillingness in Chile to declare in favor of Communist candidates.)

13. If Tomic were to make any kind of appeal to the tens of thousands ready to abandon Alessandri as the ineffectual, disorganized, non-programmatic old bumbler that he really is, Tomic would have a reasonable chance to finish a strong second and possibly first. But Tomic is still looking beyond the elections to governing with Communist support and hence has no real desire to consider even the possibility of attacking Allende in such a way as to draw a clear distinction between his approach and that of the Popular Unity candidate. On the contrary, two of his closest advisors told me at dinner a few nights ago that if Tomic loses they will seek to enter an Allende government and they made no bones that they would go all out for the Congressional election of Allende if he were to finish second and Tomic third. There is nothing novel in these "revelations" since Tomic is committed intellectually to the need for a through-going "revolution" in Chile in which capitalism and neo-capitalism are eliminated. He believes it erroneous not to treat Communists here as Chileans first and as Communists second. At the same time he sent to me last Thursday⁵ (and Frei was astounded to learn of it) an elaborate 36 page profile of

⁴ Sunday, June 21.

⁵ June 18.

his life which the PDC is now distributing and in which Tomic does the one thing that will surely put up the back of the Communists—a defense of the US and its overall foreign policy.

14. Given Alessandri's steady erosion, Allende's base, Tomic's inability so far to catch fire we have a true horse race. The fact that in Santiago, where we have evidence from many quarters, the latest being Frei to me, that women are abandoning Alessandri for Allende, is significant. Frei said he had never anticipated that kind of shift and he blamed the Tomic campaign line for the phenomenon, adding that no one could understand what Tomic was saying and that women above all want clarity and authority. It has been my assumption from the outset that unless Alessandri won by at least five percent, he would not be President. Frei agreed and said that "nothing except providence" could alter the inevitability of the second man, be it Allende or Tomic, being elected President if the margin were under five. At five, he thought it would be close in the Congress and he only saw daylight at the six to seven percent range. He said there was no doubt that the PDC would elect Allende by abstention or by vote if the margin were under five.

15. In our proposal we recognized that [*name not declassified*] support of Alessandri meant that willy-nilly there would be indirect US support for Alessandri even if we did nothing but anti-Allende work since the internal transfer of resources [*less than 1 line not declassified*] would free funds for Alessandri campaigning and since some of the mechanisms the Agency wishes to use (for women and Protestants) are laboring for Alessandri. The same situation prevails [*name not declassified*] which Washington approved. I would like to be in a position to say that the US was doing nothing but hitting Allende but in order to hit him, we have no option but to use mechanisms that are effective at reaching voters. Some of those mechanisms happen to be committed to Alessandri. Since that part of our proposal does not involve much money and since the foregoing rationale converts qualms into hypocrisy, I am not much bothered by the concept.

16. Frei agrees totally with my assumption that an Allende government would mean the imposition within Chile within two to three years of a govt that would be not significantly different than those of Eastern Europe. He believes Allende must be defeated.

17. He agrees too that Allende must be the electoral target and more importantly, he believes that it is impossible to say who would be the beneficiary of an assault on Allende. He is convinced that the most effective attack would be one from the PDC but he despairs of that possibility. No matter what the mechanism, Tomic might well benefit sufficiently, in my view, to finish second and to be elected. Frei has heard

that the PCCh is planning to focus criticism on Tomic and he is praying that it will occur and provoke a response.

18. Frei recognizes that many Chileans who might vote for Alessandri would do so simply to assure stability and the earlier than usual return of Frei to power. At the same time he seconds my judgement that Alessandri as President would seek to buy off Communist neutrality by concessions in foreign policy and by cooperating in the reduction if not destruction of the PDC. This latter factor would mean the PCCh would build on the expanding base they are providing themselves via the Allende campaign machinery by having a free hand to amplify their hold on labor, on schools and universities and in the countryside. However he, like I, would prefer to buy time with Alessandri than to risk Allende. He too believes that Alessandri has all the symptoms of Parkinson's disease (trembling hand, dragging leg and slurred speech) and that his tenure might be considerably shortened.

19. Frei's judgement on his Army is more bitter than our own. He says they are not only extraordinarily ignorant but they suffer from moral cowardice. He compared them in very unfavorable terms with the level in Peru and said they would have to be driven like cattle to play any role of any significance in Chile. He dismisses them as a factor in this election but believes that if the MIR and Socialists provoked true unrest in the country, the Army would have to be employed. He gives high marks to the Carabineros.

20. In sum, your position is very much akin to that Moliere character who counselled: "You should always act in conformity with the majority and never make yourself conspicuous." To which I respond that I will neither make you conspicuous nor can I guaranty any majority. But I do believe it is prudent to seek some guaranty against a majority that would become very conspicuous indeed in Latin America—that of Allende. If he were to gain power, what would be our response to those who asked, what did we do. I am seeking by political action all that I can conceive to get the Chileans to muster their own forces—and I think with some success. But when I examine those three areas that contain almost 55 percent of the electorate—Santiago, Valparaiso and Concepcion Provinces—I see considerable Allende strength and potential. I conclude that our inputs while imperfect and modest could conceivably provide the margin of safety. I am aware that we have no ironclad assurances of enduring secrecy; I am also troubled by many of the doubts that provoked your cable and your questions.⁶ But I would be derelict in my convictions if I were not to flag the danger and to offer a proposal to deal with it.

⁶ See Document 36.

38. Memorandum for the 40 Committee¹

Washington, June 22, 1970.

SUBJECT

Political Action Related to 1970 Chilean Presidential Election

1. *Purpose of the Memorandum*

A. This memorandum refers to the CIA proposal for political action in Chile which was endorsed by the 40 Committee on 25 March 1970.² This paper also brings the Committee up to date on significant voting trends in Chile since the previous presidential poll conducted in January 1970, and recommends that the Committee endorse an expansion of existing political action programs. The additional measures are required to reduce the increased threat of a presidential victory by Socialist Salvador Allende, candidate of the Popular Unity (UP—a coalition of Communists, Socialists and leftists).

B. The CIA proposal to the Committee on 25 March was considered adequate to deal with the threat of a presidential victory by Allende at that time. However, the CIA said that if a subsequent poll reflected significant gains by Allende, the Ambassador and the CIA Station Chief might recommend additional action.

C. On 18 June Ambassador Korry recommended an expansion of the CIA political action program based on his analysis of the continued decline of Jorge Alessandri, the independent candidate, the stagnation of Radomiro Tomic, the Christian Democrat Party (PDC) candidate, and the gathering strength of the UP candidate, Allende.³ The Ambassador cites the results of a poll which reveal a spread of four percent between Alessandri and Allende and about the same distance between the latter and Tomic to support his recommendation. He also notes that the same figures show a shift of women voters from Alessandri to Allende. This trend, unless altered, could well culminate in the election of Allende as President and the imposition of a Leninist state in Chile according to Ambassador Korry.

D. The results of a nation-wide poll, which is 99 percent complete, show Allende making significant gains, largely at the expense of Alessandri. Tomic also showed some gains, again at the expense of Ales-

¹ Source: National Security Council, Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only. A notation at the bottom of the first page reads: "Conditional approval given by 40 Committee on 27 June 1970. No further action to be taken without 40 Committee approval."

² See Document 31.

³ See Document 35.

sandri. Thus, the gap among the three candidates has narrowed and the chances of Allende's election are improved.

E. A comparison of the two nation-wide presidential polls is set forth below:

	January <u>1970</u>	May/June ⁴ <u>1970</u>	<u>Change</u>
Alessandri	44.4	35.6	-8.8
Tomic	23.1	29.9	+6.8
Allende	18.5	28.4	+9.9
Undecided	14.1	6.3	

2. Candidates and Developments

A. Former President Alessandri started his campaign with a commanding lead of an estimated 45 percent of the Chilean voters on his side. From the beginning it was expected that his strength could erode to a base level of 35 percent, and he has nearly reached that figure. This loss in popularity is due primarily to Alessandri's unique campaign which is characterized by an amateur organization staffed by incompetents whose inexperience results in wasted resources, ineffective propaganda, and squabbling over a post-election program. The mobilization of supporters and formulation and dissemination of a positive message to the Chilean voter has been largely ignored. The only semblance of an organization available to Alessandri, the National Party, has been shunted aside by his supporters who believe that Alessandri can win on his name alone and that it is more important to defend his previous administration and attack President Eduardo Frei than to prevent a victory by Salvador Allende, the candidate of the Popular Unity.

B. Radomiro Tomic is the only presidential candidate with both ample funds and an effective party organization. His campaign platform is not easily understood by the Chilean voters. To them his attacks on capitalism contrast with his assurances of the need for a private sector; his calls for true revolution nullify his justification of President Frei's reform program; and his insistence on eventual unity with the Marxist-led forces of the UP front make it difficult for the voter not to conclude that it would be simpler to elect Allende and have a socialist revolution. Tomic's strategy is based on the assumption that an Alessandri collapse will provide the massive switch of votes necessary for him to win the election. While both Allende and Tomic are benefiting equally from the Alessandri erosion, Tomic has failed to attract voters from the Popular Unity.

⁴ 99 percent complete. [Footnote is in the original.]

C. The Popular Unity campaign has moved into high gear. Allende quickly disposed of a heart attack rumor in May 1970 with an impressive television performance followed by a massive public rally in Santiago on 2 June. He has announced a package of forty demagogic yet appealing promises to the Chilean electorate. Allende's critics attack his proposals to end inflation, readjust public housing rents, slash the cost of medicines, and thirty-seven other giveaway promises. However, he is successfully appealing to the have-nots in Chile. The huge demonstration in Santiago provided an opportune, invigorating, and unifying shot in the arm for Allende's campaign.

3. *Covert Activities*

The covert activities endorsed by the 40 Committee on 25 March 1970 are being implemented. The effectiveness and impact of these activities is substantiated by the fact that Allende took approximately 15 minutes during one recent nation-wide TV interview to counter the CIA poster and propaganda campaign linking him to the Communist Party of Chile (PCCCh), to Cuba, and to the USSR. It is felt that the activity against the Radical Party has assisted in causing several prominent party leaders to withdraw publicly their support from the UP coalition.

4. *Coordination*

Ambassador Korry recommended this expansion of covert action operations aimed at reducing the possibility of a presidential victory by Allende. This proposal has been discussed with Deputy Assistant Secretary John H. Crimmins and Deputy Director for Coordination Wymberly Coerr, and is currently being considered by the Department of State in consultation with Embassy Santiago.

5. *Recommendations*

A. There is a State/CIA consensus that no candidate in the 1970 presidential election will win a majority. If so, the Chilean Congress will select the next president from the two candidates receiving the largest popular vote. Traditionally, the congress has selected the candidate with the higher popular vote, but the Chilean constitution allows for congress to choose either. The present composition of the congress is such that if Allende runs a close second to Alessandri in the voting, there is more than an even chance that the congress will elect him president.

B. Based on Allende's present strength and the possibility of a congressional run-off, Ambassador Korry, with the concurrence of the CIA Station Chief, has proposed that the CIA engage in increased political action against Allende, while continuing to deny direct U.S. Government support to any of the candidates. The expanded program involves two phases, the first of which includes a marked increase in anti-Allende propoganda activities, subsidies to bona fide pressure

groups, and additional efforts to decrease Radical Party support for the UP during the pre-election period. The second phase is a post-election contingency to influence a sufficient number of members of congress to vote in a manner which will assure that he is denied the presidency.

C. The expanded effort will use those mechanisms already endorsed by the 40 Committee, plus the inclusion of other existing political action capabilities available to the CIA Station.

D. The mechanisms, assets and funding channels to be used have been tested and are of proven reliability. Although the political climate remains sensitive to the U.S. and the CIA, there is a justifiable expectation that these activities can be conducted without the U.S. hand showing.

E. The estimated costs of the expanded activity during FY 71 are: (1) for phase one, an additional \$300,000 and (2) for phase two, a contingency fund of \$500,000. It is recommended that the 40 Committee endorse these activities as requested. Funds are not available within the Agency and must be sought from the reserve for contingencies.

39. Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, June 23, 1970.

SUBJECT

Chilean Election

Ambassador Korry has recommended increased funding for political action in the pre- and post-election period in Chile:²

—\$390,000 for anti-Allende propaganda and to subsidize the campaign of Radical congressmen who are anti-Allende; and

—\$500,000 for a post-electoral operation to dissuade Radical and Christian Democrats from supporting Allende in any congressional vote.

It seems to me we have to ask the following questions:

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive. Sent for action.

² See Document 35.

1. *Is there a real possibility that Allende may be elected?*

Everyone agrees that his strength is rising, but there is no clear prospect that he will win and a possibility he will not.

2. *How serious to our interests would his election be?*

Korry's premise is that Allende is a serious threat to the U.S. and that his victory would result in the establishment of a "Leninist state". It is not clear, however, that Allende can ride quickly and successfully over Chilean forces which would fight the establishment of a "Leninist state", or that the Chileans themselves cannot handle that problem. There is no question that his victory would present problems to us. Whether that means a serious threat to US security and national interest requires a better and more systematic judgment, because how serious we deem the threat to our interest to be will determine the risks we are willing to take to insure his defeat. I do not think we have reached sound conclusions yet, and certainly not a consensus.

3. *How effective would Korry's proposals be?*

There is no guarantee it would have any real effect, but there is some chance that it may influence a small percentage of voters which could be important in the close race we expect.

4. *How serious is the risk of exposure and what is the threat of exposure to our interests?*

Korry believes the risk of exposure acceptable, but a significant risk does exist. The Chileans are sensitive to and expect us to be involved and will be alert to it. The Christian Democrats know we were involved last time, since they were the beneficiaries. Moreover, the channels being employed are well-known Alessandri backers with extensive contacts with US business firms in Chile and New York which are already involved in a pro-Alessandri or anti-Allende activity.

Exposure would seriously damage our capacity to have influence in any post-election situation. Exposure of our involvement would strengthen Allende.

5. *Do the risks to our long-term interest of an Allende victory outweigh the risks of exposure?*

The key question. I am not sure that they do; the problem of an Allende victory may be easier to handle than the election—i.e., we may find it easier to be "involved" if the problem is a Marxist administration than to be "involved" in an internal electoral process.

If we were to be faithful to the prescriptions of our general policy, we should leave to the Chileans the protection of their own interests threatened by an Allende win. There is no real lack in Chile of money or organizational skill. Why should we do for them what they are unwilling to do for themselves? The premise in Korry's proposal is that we cannot count on the Chileans themselves or private US interests to do an adequate

job against Allende, and that we cannot afford to let them fail. This is the basic premise and I am not sure it is proven.

Recommendation: In balance I would go along reluctantly with the pre-electoral phase which is a stepping-up of what we are already doing. But I recommend against the “suborning” operation in the post-electoral phase. That is too dangerous, too antithetical to the concept of our general policy and of dubious effectiveness.

What I would surely recommend is that we analyze more rigorously the consequences of an Allende victory, the probable developments and what could be done about them.

40. Memorandum From Viron P. Vaky of the National Security Council Staff to the President’s Assistant for National Security Affairs (Kissinger)¹

Washington, June 26, 1970.

SUBJECT

Chilean Elections—Another View

My memo of June 23² commented on Korry’s proposal for political action funding which is now up for consideration.³

This memo is intended to suggest a line of analysis that has not, to my knowledge, been surfaced in this context.

So far *everyone has focussed on the immediate problem of the election and the objective of keeping Allende from being elected. But achieving that objective does not automatically get us out of the woods*; in fact, it might only give us a worse problem later. The point is that *what happens to keep Allende from being elected is important in the long run, and could be good or bad.*

Next to no thought—to my knowledge—has been given to the long term problem and trend in Chile, and therefore to the perspective of operating now in terms of the long-range. The long-term problem is two-fold; (a) the center of political gravity in Chile is left of center; and

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive. Sent for information.

² Document 39.

³ Document 35.

(b) there is no existing political force of reasonable permanence that can preempt the Communists/Socialists' base on a sustained basis except the Christian Democrats.

Keeping the Communists/Socialists out of elected power over the long-range depends on one or more of several things happening—erosion of the Communist political base; existence of strong competitive non-Communist political parties; and/or forging of a viable center-right political party (which is difficult now because of (a) above and because there is no good nucleus at the moment).

There is an easy assumption that Alessandri's election would be best for us, based on the superficial circumstance that he is moderate, conservative, well-known and has come to be thought of as representing stability. But I posit the hypothesis that Alessandri's election might be the worst "anti-Allende" solution for us from a long-run point of view, even though satisfactory for the time being.

Alessandri represents no political movement or force; he would be elected as a person and on a personalistic basis. *He can therefore be no more than a temporary bulwark.* He is old (in his seventies) and Korry and Frei describe him as having "extraordinary debilities, intellectual as well as physical". Korry says (Santiago 2361):⁴

"He has no program; he has no organization; he has no understanding of modern problems, not even what the threat of the Marxists represents; he is consumed by a desire to vindicate his actions in his previous administration and to avenge the barbs and the triumphs of the Christian Democrats . . ."

If all that is true, it seems to me that an Alessandri administration might well make a Communist victory in 1976 inevitable—for it would hardly seem able to construct the kind of political base and force that could compete with and preempt the Communists over a sustained period.

One of two things seems likely to happen under Alessandri:

—*He would be inept; cause the discontent to swing left and either lead to greater electoral victories by the far left or (less likely) to a military government, which in Chile would have a hard time sustaining itself except by repression; or (and most likely)*

—*The Communists/Socialists would make a political deal to support Alessandri in the Congress in return for a free hand to eliminate the Christian Democrats politically—an end Alessandri is likely to support. If this occurred it would give the Communists an electoral advantage in 1976 and perhaps fatally weaken Frei's base—Frei being the only person*

⁴ Telegram 2361 from Santiago, June 24. (National Archives, RG 59, Central Files 1970-73, POL 15-1 CHILE)

with the charisma to unite the country against Allende in the next election.

All of this suggests rather tentatively that we should think of an anti-Allende course that would have its positive side. *Perhaps we should aid Tomic to at least come in second.* With Alessandri slipping anyway, this would have the advantage of strengthening Tomic to pick up the defection from Alessandri rather than Allende; a Tomic victory or better still a second place over Allende would be satisfactory to us.

Thus, if we combined a political action plan of anti-Allende activities with pro-Tomic funding, we might increase the effectiveness of our effort.

41. Memorandum for the Record¹

Washington, June 27, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee, 27 June 1970

PRESENT

Mr. Kissinger, Mr. Packard, Mr. Johnson, and General Cushman.
Mr. Mitchell was unable to attend.

Admiral Thomas H. Moorer, Mr. Thomas Karamessines, and [*name not declassified*] were present for all items.

Mr. William Broe was present for Items 1 through 4.

Mr. John Hart was present for Item 1.

[Omitted here is discussion unrelated to Chile.]

2. Chile—Political Action Related to 1970 Presidential Election

a. Mr. Broe outlined what had been done so far in the Chilean election campaign and what the current situation was as election day approaches. He went on to describe the Korry proposals which, those present agreed, were really two separable concepts.

b. At the present time, the Chilean Congress divides as follows: for Alessandri, 43; for Tomic, 75; for Allende, 82.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only. Drafted by Jessup on June 29. Copies were sent to Mitchell, Packard, Johnson, and Helms.

c. The most recent poll, which is 99% complete, shows the voters leaning toward Allende 28.4%, Tomic 29.9%, Alessandri 35.6%, and the remainder undecided. If a clear majority is not obtained, under the Chilean constitution the two highest vote-getters are dumped into a selective process by the Congress.

d. Mr. Broe indicated that Alessandri was slipping and was conducting a campaign based on the past; Tomic's program lacked clarity for the Chilean voter; Allende seemed to be gaining a head of steam with an attractive package of promises for the have-nots.

e. Mr. Kissinger, the Chairman, wondered why more active support of Tomic would not cause the most damage to Allende.

f. Mr. Broe replied that "ground rules" in Chile had prevented our dealing with Tomic's Christian Democratic Party mechanism, [*1½ lines not declassified*].

g. Mr. Johnson said that Messrs. Meyer and Crimmins from ARA were negative on both Korry proposals and that he himself had philosophical reservations. In these times when we are getting away from traditional election management, he compared Chile to the Italian situation where there was plenty of money within the country if it would only mature politically. The Chairman's comment was, I don't see why we need to stand by and watch a country go communist due to the irresponsibility of its own people.

h. It was agreed following the lengthy exchange of views: (1) to approve Part 1 of the Korry proposal for the infusion of \$300,000 more for anti-Allende activity, and (2) to defer any decision on the buying of congressional votes should the election go to Congress; [*1½ lines not declassified*]. The risks in eventually embarking on this course were apparent and no action would be undertaken without further deliberations by the 40 Committee.

i. The critical indicator for Korry's second proposal would be, if at the end of the election, Alessandri's margin fell below 5%.

j. The Committee will keep close watch on Chilean developments from now until September.

[Omitted here is discussion unrelated to Chile.]

42. Telegram From the Department of State to the Embassy in Chile¹

Washington, July 2, 1970, 2321Z.

106100. For Korry from Meyer. Analysis Note: In accordance with arrangement made by Mr. W. Deary of INR with Mr. T. Eliot of S/S on July 2, 1970 give all copies of this telegram to INR/DDC, on July 3, 1970. The duty officer in INR/DDC (R. Berg) will give a copy to Mr. Eliot. Thank You, A.E. Wellons, INR/DDC on behalf of Amb. W. Coerr.

1. So that you will have full background, I want you to know that we in ARA, and the Dept as a whole, recommended against approval of both Phase 1 and Phase 2 of your proposal for political action.²

2. Among other considerations, we gave more weight than you did to the exposure potential and less weight to the protective attractiveness of being able to say we “had done something.” We also were influenced by the fact that we will be doing something which Chileans, who have ample resources and a great stake in the outcome, should themselves be doing. We also took account in this complex equation of the uncertain effectiveness of the effort; the probability that, from the standpoint of our interests in Chile, all three candidates would be negative sooner or later; and the certainty that exposure would destroy any prospect of mitigating Tomic or Allende post-election attitudes. In brief, we believed that the potential gains were outweighed by the potential costs.

3. Although our negative recommendation covered both phases, we had—and have—particularly strong concerns about Phase 2. I want to reiterate the point at the end of the earlier message through CAS channels.³ Unless and until Phase 2 is authorized, no one in the Em-

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile Chronology 1970. Secret; Roger Channel. Drafted by Crimmins; approved by Coerr. A stamped notation on the first page reads: “Special Handling.”

² For Korry’s proposal, see Documents 35 and 39. In a memorandum to U. Alexis Johnson, June 22, Coerr presented both Korry’s arguments and his own arguments against political action in Chile. “Exposure would have highly negative effects on US interests in Chile,” he explained, “where sensitivities to charges of CIA intervention are already aroused.” In an addendum to the memorandum, Coerr added: “4:45 PM, June 22, 1970—Meyer and Crimmins of ARA joined DDC briefing of Johnson. Johnson said we had been cutting down on this type of U.S. activity and he had considerable concern over Ambassador Korry’s proposal. He asked Meyer and Crimmins if they wished to defend it to him, and they said NO. Unanimous agreement against Phase B. Meyer didn’t like Phase A either, because he thought it would be too noticeable. General, although not definitive, opposition to Phase A.” (Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile Chronology 1970) For the subsequent decision by the 40 Committee on June 27, see Document 41.

³ Not found.

bassy should deal with anyone outside the Embassy, including Frei, on any aspect of Phase 2. This prohibition encompasses the “setting up” or “conditioning” of anyone, including Frei, for an eventual role in carrying out Phase 2. The Phase 2 proposal is just too explosive for any risks to be taken at this time.

Johnson

43. Telegram From the Embassy in Chile to the Department of State¹

Washington, July 6, 1970, 2208Z.

2526. For Asst Secy Meyer from Korry.

1. Your 106100² via Roger Channel was received July 4th. This fortuitous coincidence provided time for reflection and a well-considered reply.

2. Because of the wide gap between your views and those expounded by me, I have instructed (without further explanation) the CAS to hold in abeyance the implementation of the 40 Committee decision pending further consultation with you. I have done so because of my conviction that for such a delicate operation to be executed most efficiently there must be a modicum of mutual confidence. In setting forth that general goal, I want you to know that we too agonized over the alternatives, that we too had grave doubts, that we too recognize there are risks and that we do not advance any doctrine of omnipotent infallibility.

3. Incidentally, the proposals I put forward are not strictly mine.³ They represent the unanimous view of all here who had to be consulted. I accept, of course, full responsibility as the US representative in Chile. It is precisely because I hold that privileged position that I have concluded that I cannot implement a policy that has aroused such strongly expressed opposition after the Committee of 40 has taken its decision. While I am the President’s representative, I also depend in the first instance on your support and understanding. Without such confi-

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile Chronology 1970. Secret; Immediate; Roger Channel. A stamped notation on the first page reads: “Special Handling.”

² Document 42.

³ See Documents 35 and 39.

dence, the self-assurance that makes for leadership is undermined to such a degree that an undertaking of the import of the kind we are discussing is indeed jeopardized at the outset.

4. Tactics is not the issue. At no time have I or anyone else here considered a direct or indirect approach to Frei or anyone else about Phase II until approved as specified in our proposal. I thought that our original proposal to the 40 Committee had made that clear.⁴

5. What is extremely unsettling is the wide breach between us over objectives. Our view—and it is the unanimous view of the entire CT—is that the election of Allende would be the triumph by democratic electoral means for the first time in history of a Communist govt. We have consistently set forth this view without challenge from Washington at any time heretofore, and by happenstance, our President on July first in his nationwide TV hour made the point twice unequivocally that no Communists had ever assumed power by democratic means. It would not rpt not be stretching matters, I submit, to say that the President built much of his 50 minute argumentation on the general Asian subject around this fact.⁵

6. If, at any time previously our central thesis that the election of Allende would signify the imposition in Chile of a Communist regime of either the Castro or Ulbricht variety had been challenged, we would have done our best to persuade you of the contrary but would have ceded to your judgment and to your decision. But because we assumed general agreement on this point and because we anticipated the President's arguments as they applied here, we decided with great reluctance that the Allende chances of victory were so strong that we had to bite the main bullet.

7. Hence we appear to differ over your view that "all three candidates would be negative sooner or later" since we feel that the negative aspects of one transcend the other two and the election of one would have repercussions far beyond Chile, as President Nixon implicitly recognizes.

8. From this central difference flows a subordinate one of equal significance. Whereas you state the "exposure would destroy any prospect of mitigating Tomic or Allende post-election attitudes" we unanimously hold that there is literally nothing the US can do that can mitigate Allende's attitudes. This is not to say that we should deliberately seek to justify those attitudes by imprudences so that his govt would better justify its actions. It is to say that Allende intends, as he

⁴ See Document 35.

⁵ Nixon's July 1 interview was broadcast on ABC television. See *Public Papers: Nixon, 1970*, pp. 543–559.

said in a speech a few nights ago here, to cooperate fully with Castro to set in motion throughout Latin America a revolutionary tide. There is ample evidence as to the depth and sincerity of Allende's determination to effect this true revolution that would in the first instance be aimed at eliminating meaningful US public and private presence and influence.

9. Concerning exposure which is our very real concern too, I hope that a brief recapitulation of our relationships [*less than 1 line not declassified*] and with those with whom we must deal sub rosa will serve to clarify some of your merited apprehensions: [*name not declassified*] was a full party to the Anaconda nationalization negotiation yet the only "leak" that occurred during those delicate weeks and to this date was from a well placed State Department official as I reported near the end of those negotiations. [*name not declassified*] and [*name not declassified*] were parties to the frenetic and high risk Arguedas affair here and there has never been a hint of leak from their end. [*name not declassified*] moreover, is a man who, as I was briefed before coming here, shrinks from decisive tests of strength. Hence when in January 1968 I had to "condition" him to fight for the liberty side of his "revolutionary" party,⁶ the White House by letter approved that action with the full knowledge of State. And again under this administration when I conditioned Frei for another such test of strength in his party last year by sending him a copy of Solzhenitsyn's *The First Circle*, the only reaction I had from State was approval. Thus I am puzzled by the injunction to eschew "conditioning" in this instance, particularly after it has been achieved and after a Committee 40 decision has been taken and after we specified that there would be no direct or indirect approaches to Frei by US personnel re Phase II even if that proposal were approved. Frei has been hammering the "liberty" theme in recent weeks (again during his northern tour which ended today) in an effort to help Tomic rpt Tomic. And the Vice-President of the PDC, Jaime Castillo, the leading ideologue of Christian Democracy, has publicly just characterized what the Communists call the campaign of terror as a "campaign of truth." [*6 lines not declassified*], as I am sure you will appreciate. The "conditioning" you abjure was done to place the great prestige of Frei and his closest supporters in tandem with our principal goal of stopping Allende and to reduce the exposure factor to the lowest possible level.

10. As for Tomic and his attitude, we have said nothing different to him than to Frei or to anyone else that inquired. We have told them that we believed Allende was a very potent candidate, that the Communists would not rpt not vote for Tomic and that they would not abandon the

⁶ See *Foreign Relations, 1964–1968*, vol. XXXI, South and Central America; Mexico, Document 298.

Socialists to cooperate with a Tomic govt. The only PDC complaint that we have ever had was and is the periodic needle from Gabriel Valdes to me and to the DCM (and spread in PDC circles) that one of the higher ARA officials in Washington was openly Alessandrista. (I mentioned in low key this problem during your visit to Santiago and Valdes has returned to it again and again.) The fact is that the Alessandri and the Tomic camps believe we are neutral with a possible bias towards Tomic. The proof is in the recently propagated Tomic brochure that states categorically as we reported that the US is a friend and an honest one. The point is that anti-Allende propaganda is not rpt not regarded by the PDC as harmful and that it could, as I stated originally, help Tomic as well as Alessandri in the election.

11. My belief today is that Allende is at least a strong second if not first. This view is shared in the PDC by all except Tomic and by everyone in the Alessandri camp. The Communists are now certain, we know, that Allende will run at least a strong second to Alessandri and they believe this will make very likely his Presidency and the destruction of the center of Chile. If they succeed in having an effective general strike on Wednesday this week, the Allende momentum will gain although there will be a backlash effect as well.

12. As for money, I grant you that if the Alessandri campaign had been properly organized and executed, there would be no rpt no need for this discussion. But we must deal with the real world which is quite different. Tomic has all the funds he can possibly use, yet Frei must do for him what we are trying to do for our interests in the same way. To say Tomic, Alessandri and their supporters "should be doing" something will not make it happen. We waited long enough to confirm they will not do it and that the threat we feared had materialized. More importantly, we are in possession of significant information from many quarters starting with the Communists that the anti-Allende "truth campaign" is effective and that it is the only instrumentality that does him harm at the voter level. (We shall be reporting regularly on this aspect.)

13. Having assumed that our President and all his advisors would wish to oppose an electoral triumph of a Communist candidate (which, whatever the label, he is) because it would be harmful to the interests of the US, we had, I sincerely believe, no choice than to "have done something". Indeed I would be derelict if I did not do something once I assumed that to be the view of my President and my govt.

14. It is because I now discover that the assumption was wrong insofar as it concerned you and that this discovery comes after the 40 Committee has taken its decision that I am so troubled. It is not that unanimity or conformity is an essential prerequisite to action. Indeed unanimity is usually a danger signal and the controlled tensions of dis-

sent are generally constructive. What is at issue now is whether we can effectively carry out the 40 Committee decision in view of your and the Department's strong opposition to the program. I fear we cannot and would like to have your further comments on the problem before making any new recommendations.

Korry

44. Telegram From the Department of State to the Embassy in Chile¹

Washington, July 7, 1970, 2116Z.

107632. For: Korry from Meyer. Ref: Santiago 2526.²

1. Thanks for further amplification of local situation and for current political overview.

2. Perhaps I erred on side of frankness and incompleteness in advising you of the fact that we had recommended against the proposal, without explaining the full development of our thought processes.³

3. This can await a better medium of discussion than cable exchange, but I wanted you to know of our pre-decision position directly from me rather than secondhand and indirectly.

4. Most important is that ARA and the Department recognize the 40 Committee decision transmitted to you through CAS channels as binding and as authorizing execution of Phase I just as soon as you received the text of the decision. I count on you to proceed with Phase I.

5. As you know, a decision on Phase 2 was deferred by the Committee, with authorized action confined to detailed planning by CIA toward identifying "persuadables."⁴ At the same time, the Committee recognized the risks inherent in Phase 2. My guidance to you on Phase 2 was—and is—intended to emphasize the narrow limits of the action approved by the Committee and to make sure that there was a clear understanding between us concerning the operational effects of those

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile Chronology 1970. Secret; Roger Channel. Drafted by Crimmins; approved by Coerr. A stamped notation on the first page reads: "Special Handling."

² Document 43.

³ See Document 42.

⁴ See Document 41.

limits, taking into account the special risks Phase 2 represents. We have been in close touch with CAS Headquarters on this matter, and we understand that they too have given parallel guidance to their Station.

6. There is no difference of opinion between us on the adverse consequences of an Allende victory or about the importance of an Allende defeat as an objective. The differences were principally about the degree of risk we should take in an attempt to achieve that objective, considering the adverse consequences to our position in Chile and elsewhere should we be caught out.

7. In any case, do not interpret honest differences in judgement between us in terms of “confidence.” I know that you do not expect me to accept every recommendation on far-reaching issues that comes forth from any Embassy any more than I expect an Ambassador to suppress differences with Washington guidance that appears to him to be unsound from the standpoint of his concerns in his host country.

Johnson

45. Memorandum From Viron P. Vaky of the National Security Council Staff to the President’s Assistant for National Security Affairs (Kissinger)¹

Washington, July 21, 1970.

SUBJECT

September 4 Presidential Elections in Chile

Ambassador Edward Korry has sent us his analysis (Tab A)² of how the Presidential campaign in Chile is progressing. He estimates that at present Alessandri may have about 38% of the vote, Allende 33% and Tomic 25%. The cable is long, but very literate and worth reading.

According to Korry, conservative 74-year old Alessandri has been the primary beneficiary over the past month of: (1) the increased polarization in Chilean politics resulting from recent episodes of violence

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret. Sent for information. Printed from an uninitialed copy.

² Attached but not printed at Tab A are telegrams 2714 and 2726 from Santiago, both July 17.

and the consequent injection of the theme of law and order into the campaign as a central issue, and (2) the popularity and influence of President Frei. Alessandri's recent gains have been largely at the expense of Christian Democrat (PDC) candidate Tomic, who, according to Korry, is now increasingly held to be a poor third by all sectors.

Allende, (candidate of the leftist Popular Unity, a coalition of the Communists, Socialists and Radicals) has been hurt by recent episodes of violence. His supporters are divided on the question of the use of violence, and he has alienated some of his moderate supporters by the more radical and openly Marxist posture which he has assumed recently.

Tomic, who has equivocated on the issue of violence in an attempt to woo the left, has also been hurt by injection of law and order as a campaign issue. He has blundered in the management of his campaign by attacking the popular Frei government, thereby contributing to a widening gap between President Frei and his party's candidate (Tomic) and platform.

Alessandri has benefitted from Frei's actions to ensure law and order and from his stress on liberty and democracy. Alessandri, who has based his campaign on the issue of law and order, emerges as a patriarchal figure of tranquility.

Korry feels that *if* Alessandri does not become overconfident, *if* Tomic does not change his strategy, and *if* no chance event upsets the present pattern, Alessandri may be able to get the sizeable vote he needs to be named by Congress and assume office without undue difficulty. There is still time for considerable shifting in the order, however, before the September 4 elections.

46. National Security Study Memorandum 97¹

Washington, July 24, 1970.

TO

The Secretary of State
The Secretary of Defense
The Director of Central Intelligence
The Chairman, Joint Chiefs of Staff

SUBJECT

Chile

The President has asked for an urgent review of U.S. policy and strategy in the event of an Allende victory in the Chilean Presidential elections. The study should cover the following points:

1. What policies and goals is an Allende administration likely to espouse? What probable alternative courses are developments in Chile likely to take under an Allende government?
2. What is the nature and degree of threat to U.S. interests of these alternatives, both in immediate terms and in terms of impact on our long-range goals and position?
3. What options are open to the U.S. to meet these problems?

The paper should be prepared by an ad hoc group comprising representatives of the addressees and the NSC staff and should be chaired by the representative of the Department of State. Because of the sensitivity of the subject, knowledge of the paper and participation in its preparation should be kept on a strict need-to-know basis. Additional participation as may be required should be specifically approved by the chairman of the ad hoc group under these guidelines.

The paper should be submitted to the Assistant to the President for National Security Affairs no later than August 18, 1970.²

Henry A. Kissinger

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-047, Senior Review Group, Chile (97). Secret; Exdis.

² The responses to NSSM 97 are Documents 13 and 14 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973. See also Document 52.

47. National Intelligence Estimate¹

NIE 94–70

Washington, July 30, 1970.

[Omitted here are the Table of Contents and a map of Chile.]

THE OUTLOOK FOR CHILE

Conclusions

A. Over the last five and a half years, President Eduardo Frei has initiated many changes in Chilean society, for the most part designed to enhance the status and income of the poorer classes. The next administration, depending on its composition, may consolidate or accelerate these changes, but it cannot sharply reverse them. Frei cannot succeed himself and an election to determine his successor is scheduled for 4 September.

B. It is not possible to single out any one of the three candidates as the likely winner. None seems likely to win the majority needed for direct election. In that event the Congress chooses between the top two candidates.

Jorge Alessandri, an aging and ailing conservative elder statesman type, is still the front runner. He has the smallest bloc of supporters in the Congress, and even if he finishes first might be passed over unless he wins something like 40 percent of the popular vote.

Radomiro Tomic, the leftist Christian Democratic candidate, would almost certainly be the victor in the secondary election if he finishes first, and would have a good chance if he finishes a close second.

Salvador Allende, the Socialist who is supported by an electoral coalition strongly influenced by the Communists, must finish first in the popular vote to have much chance of election by the Congress.

C. None of the presidential candidates is supported by political forces that have a majority in both houses of the Congress and the next congressional election is not scheduled until March 1973. Alessandri, in particular, would have serious problems in his attempts to build a workable coalition to slow down the pace of reform and to consolidate the changes Frei has initiated.

D. There are measurable differences among the three candidates and the kind of government they would provide. Alessandri is the only

¹Source: Central Intelligence Agency, National Intelligence Council, Job 79R01012A, NIE 94–70. Secret; Controlled Dissem. According to the covering sheet, the CIA and the intelligence organizations of the Departments of State and Defense and the National Security Agency participated in the preparation of the estimate. All members of the U.S. Intelligence Board concurred in the estimate except the Atomic Energy Commission and the Federal Bureau of Investigation, on the grounds that the subject was outside their jurisdiction. The NIE is published in full as Document 11 in *Foreign Relations*, 1969–1976, vol. E–16, Documents on Chile, 1969–1973.

one who is well-disposed toward the Chilean private sector. The other two, although both strongly influenced by Marxist ideology, differ with regard to the kind of socialist state they want and the means for achieving it. Allende's socialist state would be a Chilean version of a Soviet style East European Communist state, secured with the help of the Chilean Communist movement. Tomic's model, on the other hand, is Yugoslavia. He would attempt to use the present constitutional system to impose his vaguely defined "communitarian" system, which envisages state operation of Chile's basic economic enterprises.

E. While we judge that Chilean democracy is likely to survive over the next two or three years, it will be tested in the near future and with even greater severity over the next decade. The greatest threat to stability and constitutional order would come from the policies of an Allende administration. Another threat might arise from the extra-constitutional reactions of its opponents, including the military. No matter who is elected, the tensions in Chilean society are likely to increase before they diminish.

F. There would be strains in US-Chilean relations under either Alessandri or Tomic but both men appear persuaded of the value of good relations with the US. Allende, however, would almost certainly take harsh measures against US business interests in Chile and challenge US policies in the hemisphere. The hostility of Allende and his allies towards the US is too deeply-rooted to be easily changed. On key international issues, which involved any kind of an East-West confrontation, an Allende administration would be openly hostile to US interests or at best neutral.

Discussion

[Omitted here are Section I, "The Record of the Frei Administration," Section II, "Key Political Forces," and Section III, "The Election of 4 September."]

IV. The Outlook for the Next Administration

A. General

34. The race is still so closely contested that we cannot single out any one of the three candidates as the likely winner. There are various factors, such as Alessandri's and perhaps Allende's health, which may influence not only that contest but also the course of the next administration. For example, one of the key problems will be the next president's relations with a Congress which blocked and then watered down Frei's efforts to strengthen the position of the presidency in the Chilean system. The Congress is likely to be no less recalcitrant toward similar attempts by his successor, and by Alessandri in particular.

35. There is almost no chance that the next president will begin his term with the kind of mandate Frei received in 1964. None of the three candidates is supported by political forces that have a majority in both houses of the Congress, and the next Congressional election is not scheduled until March 1973. Alessandri, who commands the smallest bloc of congressional support, would probably have the most difficulty in building a workable coalition, in part because of his longtime criticism of the Congress and his efforts to strengthen the Executive Branch.² Allende and Tomic would face lesser but still formidable problems, unless either was able to make operative Tomic's proposal for a grand coalition of the Christian Democratic, Communist and Socialist movements. The more likely prospect is that whoever heads the next administration will have to try and find congressional support for his programs on a measure by measure basis. Given the intense political partisanship that has been generated in the current campaign, the Congress may not even follow its past pattern of granting a new administration special powers (for a limited time) to cope with its immediate problems.

36. At least initially, the next president will have the benefit of a favorable financial situation. Copper earnings probably will continue their previous upward trend through 1970 and 1971, though the rate of growth may be slowed by declining copper prices.³ After that the next administration probably will have to adjust to a leveling off or possible decline in export earnings, little or no new investment by US copper companies, and, at least, a declining net inflow of foreign assistance as repayments more nearly offset new drawings. The ability of Chile to handle these problems will depend greatly on the political complexion of the new administration and the manner in which its policies are carried out, particularly regarding the nationalization of copper and other industries. Similarly, the course of economic and political developments on the domestic scene will be strongly affected by the next administration's policies regarding such issues as agrarian reform, redistribution of income, and the role of the state in the society. Even with a continued favorable copper market, the next administration will en-

² The next administration could make use of a recent constitutional amendment which will enable it to call a national plebiscite if the Congress rejects a constitutional amendment sought by the Executive Branch. This, however, involves the risk of a defeat which would further weaken a president's position vis-à-vis the Congress. [Footnote is in the original.]

³ Because of the US-copper companies' expansion program, the output of the large mines—mainly for export—is expected to rise from 550,000 metric tons in 1969 to 850,000 metric tons in 1971. Under the system imposed by the Frei administration on the large US companies in 1969, the effective tax rate on these sales now averages 85 percent. [Footnote is in the original.]

counter problems in maintaining present social welfare programs, let alone expanding them as Allende and Tomic have promised.

37. There are measurable differences among the three candidates and the kinds of government they would provide. Alessandri is the only one who is well disposed toward the Chilean private sector. The other two, though “socialists,” clearly differ with regard to the kind of socialist state they want and the means for achieving it. Allende’s socialist state would be a Chilean version of a Soviet style East European Communist state supported by the “popular unity” of the masses and ruling—at least theoretically—in their interests. Allende owes his selection as the candidate of the UP to the Communists, and he would also be heavily dependent upon them in carrying out his programs. He would move cautiously, as his Communist allies have long advocated, in changing the present political system. Nonetheless, he would exploit to the hilt the means at hand for pressing forward with the socialization of the economy, with the aim of destroying the economic bases of his political opponents and establishing tight control over the press, radio and television.

38. Tomic’s model is Yugoslavia, with which he has ideological sympathy as well as personal ties. He would attempt to use the present constitutional system to impose his vaguely defined “communitarian” system, which envisages state operation of all of Chile’s basic economic enterprises. Workers would share in the direction and profits of these enterprises and of the smaller ones left in private hands. In contrast to Allende, a wily political opportunist who already has Communist support, Tomic is a sincere idealist who is still bidding for it. He has repeatedly insisted that, in order to carry out his blueprint for the socialization of Chile, he must have the cooperation of the country’s Marxist parties; despite the obvious distrust with which the Communists regard him, Tomic has managed to keep open his lines of communication with them. While he would attempt to work through the constitutional system, Tomic has authoritarian inclinations. He has said that if elected, he would brook no interference with his plans for solving Chile’s problems. Unlike Allende, however, he would be operating under the restraints imposed by the sector of the PDC most responsive to Frei. This sector strongly supports the Chilean tradition of a relatively open society in which freedom of the press and individual liberties are respected.

B. Under Alessandri

39. Alessandri would attempt to consolidate the changes introduced under Frei by slowing the pace of reform and restoring the confidence of the private sector of the economy. He apparently realizes that agrarian reform is irreversible but would try to carry it out more efficiently and to make it less of a partisan political issue. Such a policy,

however, would not only be opposed by many in the PDC and UP who wish to push ahead but would cost him support within the PN, some of whose members want to turn back the clock. On the matter of nationalization of the holdings of the US copper companies, Alessandri has pledged to honor the present accords, but he is capable of reversing himself should it prove politically expedient. In any case he would try to avoid precipitous action, such as expropriation without negotiating compensation.

40. Alessandri would be more cautious than either Allende or Tomic in his foreign policies. He would maintain the recent tendency in Chilean foreign policy to stress independence of US leadership and to urge Latin American unity in dealing with the US on hemispheric problems, particularly economic ones. He has grumbled that his previous administration broke relations with Cuba under heavy pressure from the US. There has been a recent limited renewal of trade between Chile and Cuba, which is supported by right-wing agricultural interests as well as leftist ideologues. He probably would go along if the Congress urged that restoration of diplomatic relations follow.

41. The activists on the far left are more likely to step up the level of their disruptive tactics against an administration headed by Alessandri than against one headed by either of the other two candidates. This could lead to a polarization between extremes of the left and right, particularly if Alessandri were not able to control the extremists among his own followers. Under such conditions certain military leaders might begin coup plotting; the unrest and dissatisfaction in the army, which surfaced in October 1969, indicate that it can no longer be depended upon to eschew direct intervention in national politics. The chances of such intervention would be affected by the degree of unity among the key military leaders and their estimate of the reaction of the Carabineros. In the event of Alessandri's death or incapacitation, the security forces would probably support the Minister of the Interior in holding elections to determine the succession.

C. Under Tomic

42. Tomic has promised to accelerate and to expand the reforms initiated under Frei. To do so he must go to the Marxist left, which might involve attempting to bring the Communists and Socialists into his administration. The Socialists would be likely to refuse. The opportunities for the Communists would be so attractive that they would probably be persuaded that it was in their interest to cooperate with Tomic in carrying out the non-capitalist way. While Tomic would be in a better bargaining position in dealing with the Communists than Allende is, the price would still be high.

43. Tomic has emphasized increased control of the economy by the state, and it is clear that if he won the role of both domestic and foreign

private enterprise would be further reduced. In view of his reiterated intention to proceed quickly with complete nationalization of the remaining holdings of the US copper companies, foreign investors would delay new investment until that issue was resolved and would be influenced by the way Tomic handled it. They would also be responsive to the style and content of Chilean foreign policy which, since Tomic has declared his intent to renew diplomatic relations with Castro's Cuba, would probably be at least as aggressively "independent" under Tomic as it has been under Frei. Tomic, like Frei, would have difficulty in both satisfying the expectations of his followers and keeping inflation under control.

44. Agrarian reform would be a sensitive issue for Tomic. He has promised to press forward rapidly on land distribution but any marked speed-up in the present pace would almost certainly encounter determined resistance from the smaller as well as the larger landholders. The way in which Tomic sets about fulfilling campaign pledges such as this one would be a determining factor in developments over the next two or three years.

D. Under Allende

45. An Allende administration would proceed as rapidly towards establishment of a Marxist-Socialist state as the circumstances permitted. Allende's rejection of the capitalist system is even more categorical than Tomic's and rather than negotiating compensation for expropriated properties, Allende promises to pay only what the government deems appropriate. He would move quickly to expropriate not only the copper mines and other properties with foreign ownership, but also the private banks and other important elements of the private sector with little, if any, compensation. Allende would substantially expand the present social welfare services, in part to fulfill his campaign promises but also in the expectation of attracting a greater popular following.

46. In the political arena, Allende would be likely to move cautiously in carrying out drastic changes in institutions, at least for the first year or so, because of the likely adverse reaction of the security forces. While an open breach of the constitutional process or a direct attack on the armed forces institution would provide the impetus for a military coup, in an ambiguous situation that called for carefully graded responses the military leaders would find it difficult to unite and to act against the administration in power. Thus we think Allende would follow tactics designed to give him time to bring more cooperative officers into key military and police posts and to develop a much wider popular base than he now has. In such a situation the Communists would have opportunities to extend their influence throughout all levels of the Chilean Government and society, in pursuit of their goal of

an eventual takeover of power. Allende undoubtedly expects that progress on basic bread-and-butter issues will afford him an opportunity to secure control of the Congress in the 1973 elections and thereby enable him to impose a socialist state of the Marxist variety by the *vía pacífica*—as his Communist allies have long advocated.

47. If Allende were to move adroitly enough he could take Chile a long way down the Marxist Socialist road during the six years of his administration. He would, however, have to surmount some important obstacles. These include the necessity of bringing the security forces to heel, of obtaining congressional support to carry out the initial phases of his program, and of keeping the UP coalition together. He would also encounter resistance from the moderate and conservative elements of society, from the Catholic Church and some segments of organized labor, and particularly from the sector of the Christian Democratic movement that responds to Frei's leadership. Timely and effective resistance by the latter groupings, however, would be handicapped by the many divisions and uncertainties which would exist among them.

E. In Sum

48. Chile is not a "banana republic," but a country with deeply ingrained democratic traditions. These are not only under strong attack from leftist extremists but from rightist elements as well. While we judge that Chilean democracy is likely to survive over the next two or three years, it will be tested in the near future and with even greater severity over the next decade. The greatest threat to stability and constitutional order would come from the policies of an Allende administration. Another threat might arise from the extra-constitutional reactions of its opponents, including the military. No matter who is elected, the tensions in Chilean society are likely to increase before they diminish.

V. Implications for the United States

49. Although an Allende administration would provide the most intransigent problems, there is scant solace for the future of US-Chilean relations, no matter who succeeds Frei. The trend towards more independence of the US is too deeply set to be easily reversed; that was apparent under Frei, who nonetheless went out of his way to maintain close and friendly relations with the US. There would be problems for US-Chilean relations under either Alessandri or Tomic but both men appear persuaded of the value of good relations with the US, and probably expect a continuation of US assistance. If Tomic followed through on his promise to negotiate settlement for nationalization of the US-owned copper holdings, as Alessandri probably would, that issue could be kept manageable. The differences between Tomic and Alessandri in a so-called independent foreign policy would almost certainly be of degree not of kind. On key issues in the UN, and in the event of an

East-West confrontation, both Tomic and Alessandri would either support the US or, at worst, remain neutral.

50. If Allende wins, the problems created for the US would be much greater. These would arise from measures taken against US business interests in Chile which would likely be compounded by statements and actions both abrasive to the US and challenging to US policies in the hemisphere. Allende's use of the tactics of confrontation, particularly as the Congressional election of March 1973 approaches, could set events in motion which would lead to an open break with the US. We do not believe, however, that Allende would deliberately seek such a break over the next two years or so.

51. The problems created by an Allende administration in its conduct of foreign policy would be extremely difficult to manage. They would involve the strains inherent in a situation where an Allende victory would be hailed by anti-US forces and others as a set-back for US interests, not only in Chile but throughout the hemisphere. An Allende administration would pose a serious challenge to US efforts at securing hemispheric cooperation on a wide range of issues. For example, Allende may be expected quickly to "normalize" relations with Cuba, and might well withdraw from the OAS. At the same time Chile's relations with Argentina probably would deteriorate because of Chile's increased ties with Communist countries. Finally, the hostility of Allende and most of his allies in the UP toward the US is too deeply-rooted to be easily changed. When key issues in the UN, or in world affairs generally, involved any kind of an East-West confrontation, an Allende administration would be openly hostile to US interests or at best neutral.

48. Telegram From the Embassy in Chile to the Department of State¹

Santiago, August 4, 1970, 2100Z.

2979. For Asst Secy Meyer from Korry.

1. Before addressing myself in other channels to critical questions in NSSM contingency paper² (on which I am awaiting cable per my Washington conversations last week) and to phase two possibilities, I must confess my conviction that such cerebrating is largely meaningless because of the restrictions the Department has imposed. Perhaps I am interpreting your guidelines too stringently and the purpose of this message is to get some clearer sense of what is tolerable and what is not.

2. The central figure between Sept 4th and Oct 24th will be Frei. By direction or indirection he can exercise very significant and perhaps decisive influence over his party, over the military, and over public opinion. The manner in which he chooses to affect these crucial sectors is central to the most basic if unstated question of the contingency paper—how to stop Allende from becoming or remaining President. And that is, of course, what Phase Two is all about.

3. The injunction is: “no one in the Embassy should deal with anyone outside the Embassy including Frei on any aspect of Phase Two.” This prohibition encompasses the “setting up” or “conditioning” of anyone including Frei for an eventual role in carrying out Phase Two.

4. We have adhered scrupulously to this prohibition. You will have noted, I am sure, Santiago 2881,³ para 5 which reports my total rejection to the attempt by Perez Zujovic to draw me into a discussion of possible military intervention of some kind. I have taken other (reported) actions to keep the US in the public posture of treating all candidates even-handedly. Thus far US media in its totality and the Chilean media with the expected exception of the Marxists-Leninists have kept us out of the campaign and even the Allendistas are focusing on US companies rather than the USG.

5. But the fact remains that there is no rpt no way that I can realistically address myself to Phase Two or to contingencies without

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile Chronology 1970. Secret; Priority; Roger Channel. A stamped notation on the first page reads: “Special Handling.”

² See Document 46 and footnote 2 thereto.

³ Not found.

knowing Frei's thinking. There is no practical way of gaining essential insights by playing the role of an innocent observer. Politics, said Lord Cecil, are impossible to follow unless you are in constant touch with all their developments. It is to fly in the face of this self-evident dictum to eliminate the most knowledgeable by far politician in the country and the man who holds all the decisive levers.

6. I am in full accord with your concerns about the manifold dangers of exposure to the United States. I can only assure you that I would not run risks that would jeopardize the US; I can only cite as evidence my performance of the past eight years as Chief of Mission to support that general assurance. In dealing with the Anaconda negotiations last year, which were not quite as "explosive" as this issue, my critical decision came when the direct talks between GOC and company were heading for breakdown and public confrontation. At that point I went to Frei. I did not rpt not go to seek to negotiate with him; rather, it was to get his appreciation of the situation including what role he would prefer I play and with whom.⁴

7. I am not suggesting an analogous scenario. But I am emphasizing that paper exercises have no validity unless they are based on the real world. To run through hypothetical contingencies without knowing the true intentions of the controlling figure is not only intellectually dishonest but it courts real disaster in that it raises the possibility of Washington decisions based on the logic of what should be as distinct from what is.

8. It may be suggested that we have other instruments for assessing the situation. My experience of the past three years leads me to an opposite conclusion. As a consummate politician Frei convinces every visitor to his office that he agrees with them which is one reason he is so extraordinarily popular now. And the quasi-totality of Chilean military and politicians, with the notable exception of the Communists, have a political perception level that is so mediocre that only fools would tread on their projections of Frei's intentions. Churchill said that "true genius resides in the capacity for evaluation of uncertain, hazardous and conflicting information." I would have to aspire to far more than genius to evaluate and to recommend while isolating myself from the most essential information and to offer appreciations uniquely based on the most hazardous of information.

9. It will again be suggested that I am an "activist" who proposes action for the sake of action. Let me dispose of this kind of type-casting in which the Dept invariably indulges and which is at the root of the troubles flushed out in some of the recent task forces. The report I did

⁴ See Document 9.

on Africa converted US policy from activism to restraint;⁵ the low profile arguments I made to the previous administration from here and which I have executed here are the antithesis of activism;⁶ the paper I did for UnderSec Richardson on the future relationships of the US with the LDCs was criticized for its retreat from helter-skelter activism;⁷ the recommendations I have been discussing for the sharp reduction in official US presence here is being opposed by bureaucrats who want to be active in everything. Neither low profile nor the careful matching of real US interests to US resource availability was intended to be passivism. A Chief of Mission should bide his time and his resources for those rare occasions when US interest is very definitely at stake. I believed and I believe that the election of Allende is very possible and that it will have tremendous impact on US interests in Latin America and elsewhere; I believed that the highest levels of the USG would also come to that conclusion; I believed and I believe that the USG did not rpt not have to become involved in any great effort to elect another candidate and we have not. Therefore I do not rpt not see any conflict between Phase One or Phase Two and my comments on Parkinson's pitch to you.⁸

10. A final word about "conditioning". For me that word has only one meaning insofar as Frei and the present problem is concerned. It was and is to make Frei feel that he has an awareness of history, that he consider most carefully the judgement of history if Chile were to lose its freedom for a long stretch. Obviously a President of his stature, of his acuity and of his devotion to democracy, will consider history's judgements without prodding. But the pressures to accept the democratic decision of an Allende Presidency are no less strong than the pressures to prevent Chile's conversion into another Cuba. As the US Ambassador I happen to be one of the few people with whom he can discuss such questions dispassionately and whose responses he considers very carefully. But it has to be a discussion not a deadpan interview in which I seek information and give nothing. I would guess that he is puzzled by our passivity; I would guess too that it is weakening his never-strong capacity for action; I would also hazard the incidental judgement that the US aloofness is serving to encourage Valdes in his Cuba policy for it reinforces the feeling that the US no longer gives a damn what happens in Chile. Now there are safe ways of transmitting to Frei my interest.

⁵ For Korry's report on Africa, see *Foreign Relations, 1964–1968*, vol. XXIV, Africa, Document 215.

⁶ For Korry's reports on Chile to the Johnson administration, see *ibid.*, vol. XXXI, South and Central America; Mexico.

⁷ See *ibid.*, 1969–1976, vol. IV, Foreign Assistance, International Development, Trade Policies, 1969–1972, Document 124.

⁸ See Document 32.

And that is what I had in mind when I talked on this channel of the question of confidence.⁹

11. I have indulged in frankness and wordiness because I want you to understand the problems we have in responding to the NSC and to the Phase Two requirements. I did not wish to refer in other channels to the gutting nature of your inhibitions without checking back with you first. Hence I seek your counsel and request your approval to permit me and me alone (while all your ground-rules would continue to apply to all others in this Mission) to try to determine directly from Frei what are his real intentions. Because I shall, of course, wish to make such soundings in the most subtle manner possible, there may be indirect methods of communications between us in the interim. I wish to reiterate that there will be no rpt no risks of any kind since there will be no rpt no suggestions of any kind offered by me without further consultation with you. The purposes will be to elicit information via a logical and justifiable expression of interest in Chile's future.

Korry

⁹ See Document 43.

49. Memorandum for the Record¹

Washington, August 7, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee, 7 August 1970

PRESENT

Mr. Kissinger, Mr. Mitchell, Mr. Packard, Mr. Johnson,
Admiral Moorer, and General Cushman

Mr. William Broe was present for Item 1.

Mr. Fred Valtin was present for Item 2.

Mr. William Wells was present for Items 4, 5 and 6.

Mr. Archibald Roosevelt was present for Items 7 and 8.

Ambassador David D. Newsom was present for Item 8.

Messrs. Thomas Karamessines and Wymberley Coerr were present for all items.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only. Drafted on August 10.

1. *Chile—Summary of Developments*

a. The minutes of the Committee meeting of 27 June 1970² contains the statement, “The Committee will keep close watch on Chilean developments from now until September.” In compliance, Mr. Broe brought the principals up to date with the following observations: There was some evidence that Alessandri had stemmed his downward trend; Allende was intensifying his drive, particularly in the heavily populated Santiago area; Tomic, still enthusiastic, was wooing the left rather than the right. There was additional evidence that Allende was sensitive to the attacks organized against him and was attempting to respond.

b. The country team indicated as they headed into the home stretch that additional funds might be needed. In response to Mr. Kissinger’s question as to whether phase two was, in fact, realistic, Mr. Broe pointed out that no Americans could accurately assess the direction individuals would take should the election go to Congress. The only reliable way to identify the “persuadables” would be to confide fully in [less than 1 line not declassified] and get their assessments based on life-long associations, but it would be disastrous to show our hand at this stage. The Committee would have to consider granting this authority if and when the election went to Congress. Another complicating factor is that the ballot would be secret.

c. Mr. Mitchell asked if American industry was participating in the election, and Mr. Broe replied that he understood they were but their efforts were [less than 1 line not declassified] and independent of the USG involvement.

[Omitted here is discussion unrelated to Chile.]

² Document 41.

50. **Backchannel Message From the Ambassador to Chile (Korry) to the Deputy Assistant Secretary of State for Inter-American Affairs (Crimmins)**¹

Santiago, August 11, 1970, 2220Z.

[*message number not declassified*]. For Crimmins from Korry.

1. Permit me three quick comments on the “fourth option.”²

A. Since I see very little possibility of a duly-elected and inaugurated Allende being overthrown, I do not regard the fourth “option” as a very realistic alternative.

B. This option should be realistically considered only within the framework of Phase Two, i.e. after the elections and prior to inauguration.

C. The prohibitions imposed by the Dept on this Emb in dealing with Phase Two make my following comments of dubious value since they do not encompass firm knowledge of the thinking of key men.

2. If Allende is inaugurated by constitutional process, it is the CT estimate that it is highly unlikely that the conditions or motivations for a military overthrow of Allende will prevail. Military implies Army since without the explicit or implicit support of the Army, the others (Carabineros, Navy and Air Force) can do nothing coherent. Once Congress elected Allende, the breakdown of law and order to a condition of chaos could be the only effective impulse for Army intervention. For such chaos to ensue, the supporters of Alessandri would have to foment a serious and coordinated challenge to the Frei government’s authority and Frei would have to play the deliberate role of impotent or conniver. While such a scenario is not impossible, it is highly unlikely once the Congress elects Allende. An attempt to rob Allende of his triumph by, say, a General Viaux, who has a certain mystique within the Army, would in all likelihood fail in a post-congressional decision period and be almost impossible post-inauguration unless Allende imprudently and unexpectedly aroused Army animus by flouting its institutionality.

3. In considering all the permutations, three separate time frames must be kept in view: Sept. 5 to Oct. 24 when the Congress begins its electoral deliberations; from Nov. 4 on when Allende is President.

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile Chronology 1970. Secret.

² The reference is to the “fourth option” in the August 18 annex to the study prepared in response to NSSM 97. It envisioned the overthrow of Allende by the Chilean military. The annex is Document 14, *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

4. Further assumptions re possible military influences or actions include that Allende finishes first by a margin of less than 100,000, or that he finishes second by less than 100,000. (If he has the first majority by more than 100,000 it will be almost impossible for Congress to overturn his election and equally unlikely that intervention by anything except death could halt his inauguration and Presidency; alternatively if he loses by more than 100,000, he has little hope of overturning the electoral order; if his forces sought to do so, it is likely they would be frustrated first in the Congress and if not there then possibly by military intervention.)

5. Doubtless there are many active officers personally opposed to the idea of an Allende Presidency. The DAO has reported his views and [*less than 1 line not declassified*] has put forward the coincidental names of Gen Valenzuela (in Santiago) and Gen Prats (the Army CG). To which could be added Carabiniro CG Huerta, FACH CG Guerratty, Navy CINC Porta and a considerable number of other officers. However we are not considering views but the will and the capacity to act and to control.

6. The dominant figure in the Army today is Gen. Schneider. The Schneider doctrine of non-intervention and of acceptance of the Congressional decision to name either of the first two candidates has been widely accepted. Schneider is the one Chilean General for whom Frei said to me he holds any respect. I am persuaded Schneider made his controversial statement with the full knowledge if not prompting of Frei; I am further persuaded that one purpose was to maintain the institutional unity of the Army at a difficult time (and with a Viaux in the wings) and that this aim is increasingly understood within the Army; I am convinced that Schneider had Tomic in mind as possible second or Allende as a first when he issued his statement and wished to keep open options. The Frei–Schneider relationship is therefore a crucial element about which we know little.

7. The Frei–Schneider gambit to help Tomic and to keep the Army united and apolitical has increased the pressures on the politicians who will have to vote in Congress starting Oct. 24th. It should mean that the Army will guarantee order until that vote starts and that it will not permit mob muscle to disrupt the constitutional process.

8. If my assumptions about the Frei–Schneider relationship are correct, then if Allende should win the first majority by less than 100,000, the more or less united Army will assure at least an opportunity for the Congress to block Allende's ascendancy by election of the runner up. It is conceivable too that the Army might take certain symbolic actions following the congressional vote to put its stamp of approval on the newly chosen President prior to inauguration.

9. It is significant that Frei has told visitors that if Allende wins the first majority there will be a “golpe de estado” (without defining if the Armed Forces would act unilaterally or on his urging). Without any factual substantiation, I believe this leaking to be electoral in purpose. I guess that Frei is spreading the word in order to affect the Sept. 4th voting and that he has calculated that both the international press and the Marxist-Leninists here would publicize this possibility as indeed both have. I reckon Frei believes that this propaganda-conjuring might dissuade some disposed to vote for Allende. It could conceivably mean what he says but I have no rpt no evidence in support.

10. The conditions that currently prevail in the Army make doubtful any effective Army move to block Allende. While younger officers might want action for action’s sake, and while some might accurately calculate that such action would doubtless lead to greater responsibility, greater power and greater status, there is doubt about the troops’ willingness to follow their officers for such a purpose and there is said to be considerable Allende sentiment among the non-coms or at the very minimum an unwillingness to obstruct him. The partisan factionalism of higher officers acts to reinforce their general reluctance and incapacity to govern.

11. In order to reverse this outlook, a group of officers would be required to (A) plan an effective takeover without the knowledge of Schneider or the GOC and (B) exploit a contrived or unexpected opportunity that could be accepted by a significant part of the Army and public as a rationale for a golpe. While the Perez-Zujoviches and a good many Alessandristas are playing with this idea, I think it a non-starter without the blessing of Frei, implicit or explicit, and without outside support in the form of technical assistance or political action. (We are excluding any foreign troop hypothesis.)

12. While all sorts of Caribbean cabals can be plotted and we have indulged in spinning some out, they strike me as fanciful and really un-plannable because of the Army’s condition and because of Chile particularities. I remain unswayed in my view that Frei is a critical and dominant figure, not only because he is President but because he is the most popular and therefore the most influential politician in Chile. This judgment should not be read as implying that Frei has the guts to take hard decisions; indeed, his proclivity is to transact and to avoid unpleasantness unless he is pushed.

13. That comment leads me to Phase Two. The crucial period is Sept. 5 to Oct. 24 when various pertinent possibilities will occur:

A. If we assume Allende has won by less than 100,000, then his supporters have a keen interest in avoiding any military intervention that would rob them of their electoral triumph. If Tomic were second, Allende could only be blocked from the Presidency by the Nacionales

and/or dissident Radicals voting for Tomic. Frei would pull out all stops for Tomic and would, I predict, seek out and the Army's support in applying pressures.

B. If Alessandri were second, we face an extraordinary stem-winder. Alessandri has said that he will accept the winner of the first majority as definitive. The Nacionales have said they would vote for the man who had the first majority. Thus these pledges would have to be ignored and moreover the PDC would have to throw their votes to Alessandri as well if Allende were not to become President. Senate President Tomas Pablo (PDC) came uninvited to the residence Sunday Aug 9 to speculate *inter alia* on this hypothetical situation. He noted that if Alessandri were elected by Congress, the old man could keep his electoral pledge to respect the first majority by refusing to accept the Presidency. (Alessandri has always said he would not seek to govern without effective support and such renunciation would also be consistent with this view.) If Alessandri refused the Congressional will, then, according to Pablo, new elections would have to be called with the President of the Senate acting as interim President. Frei would be a candidate in the new election and would surely win an overwhelming majority (and Pablo would have reached the heights by being registered in history as one of Chile's Presidents). In other words, there would be a deal between Nacionales and PDC to block Allende and to re-elect Frei. The support of Schneider and the Army in the face of certain Marxist mob violence, general strikes and MIR crimes would, of course, be essential. So would our financial resources, intelligence data, and covert moral support.

C. If Allende were to finish second within 100,000 votes of Alessandri, the problem is no less complex. There would be perhaps a third of the Christian Democrats (that is up to 25) in the Congress disposed to vote for Allende and there might be some orthodox Radicals prepared to abandon Allende in the secret ballot. Unless Frei and his lieutenants were to exercise all of their influence within the Party and unless all levers of pressure were brought to bear on the Radicals, the Allende forces would prevail. (Perhaps this is the place to interpose a judgment on Tomic. If he finishes well behind the other two, Frei's influence in the PDC will be considerable; but if Tomic is third by a comparatively small number of votes the recriminations against Frei by the Tomicistas will be bitter and their inclinations (including Tomic's) to fight Frei and to help Allende will be very powerful.)

14. No one here can conceive of any supportable scheme for a U.S. role strictly limited to the military for reasons given above. And without a U.S. tactical role, we find it difficult to suggest what the Argentines might do; they wish us to tell time.

15. But as I said at the outset, the military hypothesis must be seen as part of Phase Two. There, I continue to believe that the U.S. does have an opportunity to play a constructive and effective role in which the military would be included. It is because we have the power to influence that Senate President Pablo came to the residence to emphasize his worrisome responsibilities and to fret over the various hypothetical alternatives. While I could not satisfy his desires because of the Dept's prohibitions, I did use the opportunity to state in very forceful terms my personal convictions that an Allende govt would signify a Marxist-Leninist system in Chile, a view that Pablo did not rpt not share at the outset of our conversation. He did say that Frei was firmly convinced as to the overriding necessity to keep out Allende. I have no idea (nor did Pablo) how Frei proposes to do so and the President will surely not volunteer that information to one who merely seeks information as a passive observer.

16. Moreover, I doubt that he has yet fixed on any plan. He is receiving too many optimistic PDC reports about Tomic's chances—from PDCers of all stripes—to have ruled out the possibility that Tomic will yet make a real run in the elections. There is no longer any doubt whatsoever that Frei is working flat out for Tomic and that he now sees the faint possibility of Tomic edging out Allende or Alessandri for second place because of the impact of the Castro July 26th speech³ added to other well-known factors. He is playing the anti-Marxist side of the street while Tomic sings his familiar Popular Unity tune of the other side. From Cabinet Ministers who accompanied Frei on the 12 hour inauguration of El Teniente's expansion Saturday, I heard urgings that the Castro admission of failure be played to the hilt.

17. Pablo told me that the critical time frame will be the first fortnight after the elections when the bidding for congressional votes begins. If we are to influence that bidding we shall have to be prepared to act promptly on Sept 5 and to take our decisions now.

18. [3 lines not declassified] I share the Dept's desire to protect the President and the Embassy to the maximum extent from any exposure. My own view is that the usual alternatives—[1½ lines not declassified]—would be incompatible with the situation and more risky of failure and exposure than anything I might do. To reconcile these two preoccupations, I would suggest the following:

- A. [1 paragraph (1½ lines) not declassified]
- B. [1 paragraph (2 lines) not declassified]
- C. [1 paragraph (4 lines) not declassified]

³ In his July 26 speech, Castro described the failure of the Cuban economy and offered to resign. ("Castro Describes Economic Failure," *New York Times*, July 27, 1970, p. 1)

D. [1 paragraph (3½ lines) not declassified]

19. [1 paragraph (1 line) not declassified]

A. [1 paragraph (3½ lines) not declassified]

B. [1 paragraph (3½ lines) not declassified]

C. [1 paragraph (1 line) not declassified]

D. [1 paragraph (½ lines) not declassified]

E. [1 paragraph (1½ lines) not declassified]

20. The point of this proposal is to make the effort a Chilean one and to reduce U.S. exposure potential to the minimum. [4 lines not declassified]

51. Telegram From the Department of State to the Embassy in Chile¹

Washington, August 12, 1970, 2241Z.

130820. Ref: Santiago 2979.² For Ambassador from Meyer.

1. I regret that my absence in Bogota and John Crimmins' almost total absorption in the Mitrione/Fly case have delayed this reply.

2. Let me try to explain our concern about Phase 2 and Frei's participation in it, a concern which was expressed in my earlier message and which you seem to be misunderstanding despite the meeting of minds which Crimmins thought you and he had attained in your conversation.

3. Phase 2 as presented by you is a very specific political operation designed to try to forestall Allende's designation by Congress through the buying of the votes of key Congressmen. Phase 2 is a continuation of Phase 1 in that both are efforts to keep Allende from becoming President. The NSSM 97 exercise is addressed to US policy and strategy in the event of Allende's accession.³ Of course, NSSM 97 can affect judgments about Phase 2 in the sense that conceivably we may determine that the threat to our interests is so great and our counter-strategy and

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile Chronology 1970. Secret; Priority; Roger Channel. Drafted by Crimmins; approved by Gardner. A stamped notation on the first page reads: "Special Handling."

² Document 48.

³ See Document 46. The responses are Documents 13 and 14 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

policy so ineffective that the assumption of the risks and uncertainties of Phase 2 is worthwhile. That remains to be seen, however.

4. Phase 2 in the judgment of everyone here in Washington is an extremely delicate, difficult and dangerous operation, if only for technical reasons. It is, to quote Bill Broe, a “security nightmare.” Moreover, its possible effectiveness (i.e., its prospects for achieving the result we all desire, the blocking of the Allende accession), is still to be assessed. The calculus of feasibility, risk and effectiveness will be the heart of any decision to approve or reject Phase 2.

5. We would be rather stupid—as well as unconscionably indifferent to your reporting—if we did not appreciate that Frei’s political judgments are very important in the continuing effort. My injunction upon the Embassy was in no way intended to inhibit you from keeping in as close touch with him as you considered necessary in order to keep yourself and us informed about his running analysis and to stiffen him as necessary in his apparent anti-Allende resolve, the latter being the purpose, as I understand it, of the “conditioning” you advocate. Crimmins tells me that he thought you and he had specifically cleared this general point up.

6. My cautionary guidance and the parallel guidance given to the Station by CAS Headquarters—which was in no way stimulated by us but rather represents an independent judgment independently arrived at—were and are intended to assure that none of us even intimates to any Chilean or anyone else, or leads them to infer plausibly, that we may contemplate a Phase 2 operation. We have already heard through CAS and elsewhere that there is already loose talk—totally unconnected with the Embassy—going about that Americans are going to make their move between September 4 and October 24. Despite its possible inevitability and also its vagueness, this sort of thing makes us nervous recognizing as we do, and as you do, that nothing could play more into the hands of the Allende forces or contribute more to producing the exact result we all want to avoid than an indiscretion on Phase 2. I know that you and the Station Chief are hampered by these restraints, but I see no other prudent course, given the stakes.

7. To sum up, I certainly expect, and have expected all along, as Crimmins told you, that you would be dealing with Frei on the elections and on his intentions toward them. If your “conditioning” of him leads him to take actions on his own in consonance with our interests, great. But this process has to stay very well short of permitting him to believe or to deduce that we are contemplating a covert political operation of a Phase 2 nature.

8. In this sense, I approve the specific request you make in para 11.

9. If this reply does not satisfy your needs, please let me know, being as precise as you can about your problem.

Rogers

52. Memorandum From the Assistant Secretary of State for Inter-American Affairs (Meyer) to the Under Secretary of State for Political Affairs (Johnson)¹

Washington, August 18, 1970.

SUBJECT

NSSM 97—Chile: Recommendation of Option

NSSM 97² asked what options are open to the United States in the event of an Allende victory in the Chilean presidential elections. The response³ prepared by the Interdepartmental Group for Inter-American Affairs lists three:⁴

Option A: Make Conscious and Active Effort to Reach *Modus Vivendi*

Option B: Adopt a Restrained, Deliberate Posture

Option C: Seek to Isolate and Hamper Allende's Chile

ARA recommends the selection of Option B.

The advantages and disadvantages of each option are discussed in Section V. In sum, we believe that Option A, while worthy of inclusion in the paper, will not exist as a viable alternative to the United States because of the various actions which Allende has promised—credibly, in our view—to take. Confiscatory expropriation of the U.S. copper companies, the “denunciation” of the OAS, and the establishment of relations with Cuba would make impossible the establishment of a *modus vivendi* acceptable to us. For the United States to go out of its way to reach accommodation with a government so clearly hostile to it would not only be unsuitable but would encourage similar behaviour on the part of other governments. Allende's domestic opposition would be discouraged and the United States would be seen everywhere as unable or unwilling to protect its interests.

¹ Source: Department of State, S/S–NSSM Files, Lot 80D212, NSSM 97. Secret; Sensitive. Drafted by Girdler; cleared in ARA/AP.

² Document 46.

³ The August 18 study in response to NSSM 97 is Document 13, *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

⁴ The annex to the study in response to NSSM 97 contains a fourth option, overthrow of Allende by the Chilean military, and examines its advantages and disadvantages. It is dated August 18 and is Document 14, *ibid.* Meyer, in an August 17 memorandum to U. Alexis Johnson, presumably responding to an earlier draft, concluded that, with respect to this option, “the prospects of success are poor and its risks prohibitively high.” (Department of State, Virtual Reading Room, Chile Declassification Project) See also Document 50.

Option C, on the other hand, seems to us to call for a U.S. response which, while undeniably vigorous in the face of outspoken hostility, would turn out to be not only ineffective but counter-productive. As the paper points out, we do not believe that the United States could even obtain hemispheric, much less global, support for an economic-denial program. At the same time, our pursuit would provide Allende with an issue—"imperialist" pressure—which would assist him to increase his popularity with the nationalistic Chilean public and probably win some sympathy for him in other nations as well. Furthermore, such a program on our part would lend credence to the argument that Chile was forced to turn to the Soviet Union for sharply increased assistance.

In our view, Option B affords an appropriately firm response to any manifestation of hostility by an Allende government, without causing the problems just listed. Its greater flexibility would enable us to harden or soften our line as developments warranted, without requiring a major policy shift; and its restrained, deliberate manner would improve prospects for obtaining the acquiescence or support of other countries for our policies and actions.

53. Minutes of a Meeting of the Special Review Group¹

Washington, August 19, 1970, 5–5:17 p.m.

SUBJECT

Chile (NSSM 97)

PARTICIPANTS

Chairman—Henry A. Kissinger

State

Charles Meyer

Defense

David Packard

William E. Lang

CIA

Richard Helms

[*name not declassified*]*JCS*

Adm. Thomas H. Moorer

NSC Staff

Viron P. Vaky

Col. Richard T. Kennedy

Jeanne W. Davis

SUMMARY OF DECISIONS

1. To prepare for the President:

a. an action plan as to how we might prevent an Allende election victory in the Chilean Congress vote on October 24;

b. a recommendation as to whether we should implement such a plan between the September 4 election and the October 24 Congressional vote;

2. To defer discussion of the NSSM 97 paper² until after the September 4 election.

Mr. Kissinger asked Mr. Helms what were the prospects for the Chile elections.

Mr. Helms replied that the election would definitely go into the Congress since Alessandri did not have enough votes to prevent this process.

Mr. Kissinger asked if his understanding was correct that the person with a certain margin has traditionally received the votes of the

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive. The meeting took place in the White House Situation Room. An attached August 20 note to Kissinger indicates that the latest poll results based on a survey conducted [*text not declassified*] in early August 1970, were as follows:

	Unadjusted	Adjusted
Alessandri	38.58	41.49
Allende	28.16	30.06
Tomic	26.93	28.75
Abstention (Undecided)	6.33	
Total	100.00	100.30

² See Document 52.

Congress but that in this case Alessandri may not have enough of a lead.

Mr. Meyer confirmed this understanding and said Congress may not follow tradition.

Mr. Kissinger said he understood then that the second runner—expected to be Allende—would then become President. He asked if there was anything that could be done to prevent this, either by increasing Alessandri's margin or by supporting Tomic for the second spot.

Mr. Meyer said we know of nothing that can be done between now and the election.

Mr. Helms added that with available funds and current effectiveness we still could not get enough votes for Alessandri to eliminate Allende.

Mr. Kissinger said he understood that Alessandri would need more than a 5 percent margin if the Congress were to commit themselves to him.

Mr. Vaky said if he should win substantially the compulsion to follow tradition would be much greater. He estimated Alessandri's margin at 80 to 90,000 votes—3 percent—but noted there would be a final poll on August 20.

Mr. Kissinger asked when Congress would vote.

Mr. Meyer replied October 24.

Mr. Vaky noted that the crucial period would be from 2 to 4 weeks after the election on September 4.

Mr. Kissinger agreed there was probably nothing we could do about the election and that the issue would go to the Congress where the outcome was in doubt. He asked what we could do to position ourselves for this 2 to 4 week crucial period.

Mr. Meyer said it was a question of money.

Mr. Helms said we could start finding out what we might do with funds if we had them without running the risk of blowing the election.

Mr. Kissinger said, assuming we go into gear on September 4, could we find out enough in the 3-week period to do us any good? Could we improve our chances if we identified certain individuals now? Are we doing any exploratory work? On the assumption that we do nothing until September 4, if we should decide to move after that time, do we know what orders we would issue and to whom?

Mr. Helms said we did not.

Mr. Meyer said he thought it had been decided at the 40 Committee that we would not proceed.³

³ See Document 41.

Mr. Packard asked if we could not decide at least how much money we would have.

Mr. Kissinger asked if we could not have money set aside and have people identified.

Mr. Lang remarked that Alessandri and his party had undertaken an intensive examination of individual Congressmen and have a second phase plan in mind. Frei also has something in mind. We might approach Frei and Alessandri through a third party in order to get them together.

Mr. Kissinger found it hard to understand why we should not have a plan ready by September 4.

Mr. Packard agreed that we should have some idea of money and whom to give it to.

Mr. Helms said he had understood that this planning was taboo.

Mr. Kissinger agreed that any activity before the election was taboo. He thought however, the President will want maximum effort made to keep Allende from winning in the Congress and we could certainly proceed now with the internal staffing of this effort.

Mr. Helms agreed.

Mr. Kissinger said we could discuss the paper after September 4. We would then have until October 24 to implement any decision. The big problem to consider was how to prevent an Allende victory. He suggested that Packard, Helms and the Station Chief prepare a plan and asked if this were agreeable.

All agreed.

Mr. Kissinger asked that the plan be as precise as possible and include what orders would be given September 5, to whom, and in what way.

Mr. Helms agreed.

Mr. Kissinger said we should present to the President an action plan to prevent an Allende victory in the Congress and our view of the desirability of our doing anything, noting that the President may decide to move even if we do not recommend it.

54. **Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, August 20, 1970.

SUBJECT

Chile and Phase 2

Yesterday the Special Review Group agreed that CIA would present a specific staffed plan to implement Phase 2.²

Up to now, the Ambassador and Station have been under explicit instructions *not* to discuss or explore such an operation with any Chilean asset. The Group yesterday did not specifically address the question of whether the Station should try to gather information or judgments from Chileans for the purpose of the staffing it was asked to undertake.

This morning the Agency told me that they cannot staff a plan well without consulting the man who would be the Chilean cut-out (and who is in fact already our cut-out for Phase 1). They argue that there are a number of things they can only guess at—e.g., how much money is needed, precisely how many people would be susceptible, etc. A good judgment on these things would require probing and exploring with the Chileans who know. The Agency proposed to have the Station Chief contact the cut-out only on an exploratory, no-commitment basis to ask simply how such an operation might be structured and what would be required. Risk here is very minimal; we are working with him now anyway.

State opposes this, and Alex Johnson called me on it to protest. His objection is that this tips our hand to the Chileans before we have really decided if we would do it anyway. He thinks we need not take that chance because we would not be delayed that much if we waited until after the September 4 election to do it. He said we might not want to do it at all. He observed, as an example, that it would make no sense for us to get involved if the Chilean elements were not going to get involved,

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive. Sent for information. Kissinger wrote, "make memo to Pres. recommending contacting the cut out," in the upper right-hand corner. Vaky explained his reason for not following this instruction in Document 57. In a covering note to Kissinger on another copy of this memorandum, Winston Lord wrote, "Note last paragraph where Vaky says meeting may be necessary before Sept. 4 because of State opposition. Vaky knows scheduling difficulties + will try to avoid meeting." (National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II)

² See Document 53.

and that we should act only at the necessary margin to make an operation effective. I pointed out that we could not judge those things until we explored the Chileans' reactions. In any case his arguments seem to me to rationalize his (and State's) basic opposition to the whole idea of a Phase 2 operation, and they underline the fact that the 40 Committee has never decided in principle to undertake such an operation.

Johnson flatly refused to okay the Chilean contact, and was prepared to appeal to you. To avoid the delay of in-fighting, I agreed to a proposal that the Agency do the best it can in-house in staffing a specific plan by Monday.³ The idea would then be that this would be immediately examined to determine:

(a) if it was enough to permit the basic decision on whether to mount a Phase 2 operation; or

(b) whether we needed to contact the Chilean cut-out now in order to make that basic decision or in order to move promptly on September 5 if necessary.

I agreed to this for the following reasons: (a) I had never really contemplated anything but an in-house staffing now anyway; (b) there is no use in arguing about how much more we need for adequate staffing; we may as well do what we can and prove its adequacy or inadequacy; and (c) we won't be delayed significantly anyway since the in-house staffing ought to be ready Monday or Tuesday.

You should, however, understand the following:

1. State is opposed to the idea of Phase 2: they are hoping we will never have to use it. They do not want to do anything by way of staffing with Chilean assets unless there is a basic policy decision to proceed with this operation.

2. The 40 Committee never made such a policy decision; it is going to have to do so before September 4. While I had hoped that a meeting might be avoided and a telephone poll on the staffed plan suffice, it is clear now that you are going to have dissent and that a meeting is probably going to be necessary.⁴

³ August 24.

⁴ The word "probably" was added by hand. An index of documents in National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970 notes that no 40 Committee meeting was held prior to the September 4 election because of the "separation and schedule at San Clemente."

55. **Memorandum by the Acting Chief of the Western Hemisphere Division, Directorate of Operations, Central Intelligence Agency (*{name not declassified}*)¹**

Washington, August 23, 1970.

SUBJECT

Phase II Planning

1. The Ambassador and the Station have for some time pondered steps to be taken to prevent Allende's election in the congressional runoff. This paper addresses itself only to one of several contingencies, without necessarily implying that it is the most probable one: Alessandri's emergence in the first place, followed by Allende in second place by whatever margin, neither having won an absolute majority on 4 September.

2. Given the above contingency, we predicate our planning on the assumption that the U.S. Government will have reached a firm determination that the interests of the U.S. in Chile, and in the Western Hemisphere as a whole, are best served by Alessandri's election to succeed Frei and by a denial of the presidency to his principal opponent, Allende. Whereas during Phase I, considerations counselling against U.S. Government involvement in Alessandri's campaign had to be viewed as overriding, those considerations will by and large cease to apply once Phase II has been ushered in. To the extent deemed practicable, we shall continue concealing the American hand and shall carefully weigh the risk factors involved in each step we take. It should be clearly understood, however, that in order to win Phase II, help may have to be tendered to Alessandri and Frei in a variety of ways. Financial help, if necessary, will be securely provided via third parties. Discussions with Alessandri would be conducted via his authorized representative and not with Alessandri himself. If either Alessandri or Frei seeks our counsel, we ought not be debarred from offering it.

Assumptions

3. In the main part of our presentation, certain questionable assumptions will become readily apparent and are flagged as such. The following listing of such assumptions, reflecting gaps that need to be filled in due time, is not meant to be exhaustive, but singles out certain assumptions we have found particularly troublesome:

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 128, Country Files, Latin America, Chile Wrap-Up and Post Mortem. Secret.

A. In the absence of reliable indices suggesting the obverse, we have to assume that the army will adhere to the letter of the hands-off doctrine (Schneider statement). This notwithstanding, the size of Alessandri's majority and serious prospect of major turbulence during pre-runoff period could give the army and President Frei food for thought. Congressional prerogatives could be deemed by Frei and the military alike a lesser evil.

B. We assume and yet have exceedingly limited information and scant precedent to go by, that Frei's influence in his party's councils will, in the aftermath of his party's electoral defeat, not only emerge unimpaired but may be greater than before. Assuming the latter to be true, we further are inclined to believe that he will throw the weight of that influence into the scales even at the risk of splitting his party.

C. We assume that the Christian Democratic Party (PDC), if confronted with a choice between Alessandri and Allende, will break party discipline and split along ideological and economic lines. It may turn out, however, that with Tomic relegated to the backbench an opening to the left and all that entails may lose much of its deceptive lure.

D. We assume that after 4 September there will ensue a coalescing of moderate forces, with Alessandri and Frei in the van, and consequently view Phase II as a low-key supplementary effort designed to preclude untoward realignments of power factions with the non-Marxist camp.

E. We assume that the Unidad Popular alliance will lose much of its cohesiveness and that calls to mass demonstrations and violence, if made will go largely unheeded.

F. We assume that the Communist Party of Chile (PCCh), short of recourse to violence, will engage in massive political action designed to split the PDC and dissuade Radical Party (PR) congressmen from deserting en masse to Alessandri's camp. (This assumption, we consider the least questionable of all.)

G. We assume that in a predictably close runoff, congressional votes will become available for sale in sufficient numbers to tip the balance and that delivery of votes that have been bought can be assured with a tolerable degree of certainty. As we have not been able to raise this issue with knowledgeable Chileans, this represents a definite soft spot in our planning exercise. We know that there is ample precedent for the purchase of congressional favors. We lack anybody of experience to fall back on in predicting what safeguards are available to prevent the loss of a bought vote in a secret congressional ballot. Nor can we provide you with any reasonable estimate of whether the political mores and parliamentary traditions of Chile reasonably permit promises of remuneration to be fulfilled only on the condition that the congressional vote satisfies the purpose we hoped to achieve by holding

out financial inducements. Since we are requested to disregard figures previously “bandied about” and to the best of our ability come up with a monetary estimate for this obviously important operational aspect, we pull out of the hat a figure of \$500,000 for congressional bribes only, again without benefit of advice by knowledgeable Chileans. We reason that the market for congressional votes will be a bullish one if the race appears close and would not rule out that predictions of closeness will become rife once it appears that “big money” is getting ready to enter Chile. We depend heavily upon the [*less than 1 line not declassified*] to protect the U.S. Government against a royal fleecing.

H. We assume that during the period leading up to the day the two houses of congress convene to elect the next President of Chile, the congressional base position will remain unaltered, namely:

1. Congressmen supporting Allende (including the PR)
2. Congressmen formerly committed to support Tomic
3. Congressmen supporting Alessandri

Summary of Proposals

4. With the above basic assumptions guiding us, we can project certain likely courses of action which the Ambassador and the Station feel it within their competence to execute:

A. To monitor closely Frei’s, Alessandri’s and the armed forces perceptions of the post-electoral situation and to make ourselves available for use by them as sounding boards and as honest brokers if they manifest any desire to invite us in that role.

B. To brief [*name not declassified*] on significant insights we may develop and, as appropriate, seek his counsel on any major action departures in influencing the congressional vote.

C. To use [*name not declassified*] as our chosen instrument in carrying forward certain aspects of the Phase I program into Phase II and to make intensive use of his facilities for secure funding operations.

D. To use [*name not declassified*] long-standing relationships with Alessandri and Frei, to assist us in staying abreast of their thinking and planning, and to unattributably inject compatible U.S. Government counsel and offers of support in manipulating the congressional vote.

E. To encourage [*name not declassified*] to widen the range of his military contacts in the three branches of the armed forces, so as to provide up-to-date readings of military attitudes and early warning of drastic changes in those attitudes.

F. To keep intact action instrumentalities, developed both unilaterally and bilaterally under the aegis [*less than 1 line not declassified*] for apposite use in Phase II, and to organize new ones if considerations of operational security and of effectiveness dictate our doing so.

G. To stay abreast of political activities, such as funding, undertaken by the American business community during Phase II, but eschew cooperative ventures or actions which, were they to become known, could be adduced by the Chilean left in proof of U.S. Government intervention in the congressional runoff.

H. In making monetary estimates, our rate of spending during Phase I provides us with a yardstick of limited utility. To repeat this once more, we have to assume a close congressional runoff vote (i.e. a political setting in which financial inducements could become pivotal) and the launching under Communist auspices of a no-holds-barred political action program, which has as its objective to “convince” the Chilean people and its parliamentary representatives that Allende rather than Alessandri be voted into power. Given those two assumptions, both of which require checking out, we submit that parsimony would be difficult to justify and that adequate provision ought be made to:

1. Buy congressional votes up to \$500,000 and
2. Carry on a political action program of the type outlined below which may cost \$300,000 or more.

Political Factors

5. Certain fundamental considerations about the political environment in Chile have strongly influenced our proposals:

A. The political climate in Chile is not conducive to any but the most discreet uses of American influence. There remains a limited reservoir of good will for the United States among well-disposed Chileans on which the U.S. Government will be permitted to draw in bringing carefully dosaged and highly discreet pressures to bear, opposing or favoring major political groupings and their leadership. Hence, the highest attainable standards of tradecraft in concealing the American hand ought to be adhered to in Phase II as they were in Phase I.

B. Chilean initiatives to prevent Allende’s election will be of primary importance and the American role will be distinctly ancillary. It may have to consist only in buttressing courses of action upon which Chileans themselves have already decided to embark.

C. Alessandri and Frei as leaders of distinct and antagonistic power factions will probably be the principal actors in lining up congressional votes against Allende. Alessandri has long-standing and natural access to the Radical Party which was a coalition partner in his first administration. President Frei’s ability to instill in his party a sense of national destiny, if unscathed by a temporary electoral setback, would go a long way toward assuaging among party ranks a sense of unreasoning despondency and defiance. On the other hand, if un-

checked, those feelings might find release in unthinking acquiescence in an Allende victory.

Frei and the PDC

6. Christian Democratic attitudes, if forced to choose between Alessandri and Allende, are a matter of much speculation. For want of more reliable estimates, we are willing to accept Frei's estimate that at least 18 of 75 PDC congressmen will vote for Allende anyway. If all others vote for Alessandri, the latter's election is assured. But Frei may not be able to ensure the delivery of these "uncommitted" votes to Alessandri. PDC congressmen, in arriving at a decision for whom to vote, will have to heed extraneous pressure which may override deeply felt ideological preconceptions and summons of party loyalty. Pressures will doubtless be generated by the margin of Alessandri's victory whose size could resuscitate respect for constitutional precedent to invest the presidency on the candidate with the largest majority. Armed forces preferences, appropriately enunciated, would have to be accorded their due weight in making up congressional minds. Frei's intervention to sway pro-Allende holdouts, and a fortiori ours, will become marginal if extraneous factors are overpowering.

7. Considerations of enlightened self-interest plus fear of political obliteration under Allende government may be sufficient inducements to prompt these same uncommitted votes to be cast for Alessandri. We may find that the PDC, acting as a corporate and moderately disciplined body, will find even a relatively small margin of victory for Alessandri sufficient cause to opt for democratic survival versus the ineluctable alternative of forfeiture of democratic freedoms under a regime dominated by the Communist Party.

8. The tide of emotions in Chile is running higher than ever before and the campaign will leave deep scars. For Christian Democrats to seal their election defeat with an affirmative vote for Alessandri is asking a lot. The ensuing dilemma could strain party cohesion beyond endurance and make options for the candidate of the left palatable. Much will depend not only on Frei's persuasive powers and leadership abilities but also on Alessandri's unique ability to bind wounds and to offer Christian Democracy a constructive role to play in carrying on some of the social and economic reforms for which they can justly claim credit.

9. In weighing the pros and cons of enlisting U.S. Government support, Frei and his supporters will obviously have to take into account tremendous political risk factors which that transaction, even under optimum security conditions, would entail for their movement. Animosity in the PDC toward the U.S. Government and bitterness engendered by Tomic's defeat may become key factors in their final decision.

10. Our posture, therefore, should be one of watchful waiting accompanied by discreet reminders to those PDC leaders who are still

predisposed to heed American advice that the situation calls for their exercise of courageous and non-partisan judgment. In this way the first steps can be taken to promote national reconciliation. In numerous meaningful ways the U.S. Government will be able to render appreciable contributions to that process and assist in laying the groundwork for a reconstitution of the political center of Chile in which Frei and the bulk of the PDC have a vital stake and role to play.

Alessandri and the Radical Party (PR)

11. It devolves upon Alessandri to persuade 27 Radical Party congressmen to vote for him, rather than for the leftist candidate whom their party is officially committed to support. Among extraneous pressures influencing their individual determination will also be the margin of Alessandri's victory. If it appears, as currently predicted, that the party's rank and file in its overwhelming majority deserted to Alessandri, pressures generated at grassroot level are likely to sway many congressmen, confronted with the alternative of their party's total disintegration. To win over an already existing oppositional grouping among Radical congressmen led by Senators Bossay, Juliet, and Acuna, should pose no insuperable difficulties. We surmise that either financial inducements or offers of patronage or a mix of both should carry sufficient conviction. They will naturally assay the relative merits of patronage under Allende's aegis as compared with Alessandri's; in so doing, they cannot view with indifference the circumstance that their mortal enemies, the Socialists, are senior partners in an alliance they will be invited to join. Besides, they can be depended upon to ponder carefully the fact that under Allende, the present congress will be replaced by a unicameral body with no place for a party system.

12. We believe that Alessandri is endowed with a consummate understanding of the Radical Party's modus operandi and its pressure points. He comprehends that many congressmen, though reluctant to provoke ouster from their party and to find themselves cast adrift in uncharted political seas. This reluctance has been abetted by the party leadership by not insisting on strict party discipline. As a result, several congressmen, in good standing, have openly campaigned in favor of Alessandri. We are sanguine in anticipation of sizeable Radical defections to Alessandri when the congressional vote is called. They will have no ideological compunction in switching allegiance, especially since the secrecy of the congressional vote enables them to indulge their self-interests without fear of disciplinary retribution. While it would ill behoove us to place ourselves in the vanguard of any drive to win Radical votes for Alessandri, we may be asked by him to lend a helping hand in the provision of material inducements. Since the hard core of opposition to the Radical alliance with "Unidad Popular" centers around a group of senators strongly dedicated to the preserva-

tion of their party's integrity and to bringing its dissidents back into the fold any further pursuit of the Station's program to hasten the party's demise would obviously be counterproductive. Since we have achieved no signal results in achieving that end, we would not hesitate at cutting our losses. Whether the rift between Senator Duran and his erstwhile party colleagues can still be healed, remains to be seen. We do not now and have not in the past had any stake in the Radical splinter movement and its political fortunes per se. We feel under no obligation to them.

13. In order to mesh our efforts at denying Radical votes to Allende with Alessandri's at gaining them, we would seek information about the views of Alessandri soonest after the elections. We would do so through a trusted intermediary and without openly showing the American hand. We expect strong pressures on the part of Duran to persuade him to acknowledge and use him as the chosen instrument for forging such an alliance. Since he is anathema to many of the Radical congressmen whose sympathies lie with Alessandri, he must be presumed uniquely unsuited to fill that role. In order to sidestep unpleasantness, therefore, we have no choice but keep on the sidelines and to defer to Alessandri's judgment as to how best sew up the Radical vote.

14. Through [*name not declassified*] and several of his most trusted associates with traditionally close Radical connections, we expect to obtain reliable readings on Alessandri's strategy in coping with the Radical problem and to be apprised of any critical developments which may require our intercession. Requests for financial help in the inducement of Radical defections are likely to be levied against [*name not declassified*]. His appraisal of the scale of magnitude on which such help will have to be projected can be considered dependable. We are confident that Washington will be provided with the necessary estimates by mid-September.

Military Factors

15. In a recent message to Ambassador Crimmins on 11 August, Ambassador Korry addressed himself to the problems summed up under option 4 which should be read in conjunction with what follows.²

16. The army which is the most important branch of the armed forces is currently indisposed to enter the political scene to throw its support behind either of the two candidates. The prevailing mood among army officers is in favor of permitting congress to choose the president and opposed to involving the army in that decision. We find, at present, no significant backing for any use of army pressure to deny

² Document 50.

Allende the presidency. Elements of undetermined strength in navy and air force are reportedly opposed to Allende's election and favor Alessandri. Without army support, however, they cannot make their views prevail. President Frei's personal following in the army officer corps has dwindled and his ability to overcome the army's apparent determination to stay within the constitutional framework should be considered negligible. We also take cognizance of a widely shared belief that President Frei will under no condition lend his support to extra-constitutional ventures that could usher in a military dictatorship. We need not speculate what his reaction would be, should the army confront him with an accomplished fact.

17. In any estimate of armed forces capabilities and intentions to intervene politically, allowance has to be made for the triggering of such intervention by a relatively subordinate army unit, as was the case during the abortive uprising of the Tacna Regiment in October 1969.³ It happened once and it could happen again. Many army officers on the senior level view the prospect of an Allende victory with profound preoccupation. What is holding them back is equally profound concern that the institution might not withstand the strains necessarily imposed by political intervention, especially since Allende is believed to have a respectable following among junior officers and non-commissioned officers. Whether or not this concern is soundly based, does not matter. What matters is that concern over the disruptive effects of political intervention by the army is widely shared and thereby inhibits receptivity to pleas for army moves to prevent Allende's victory. To quote a distinguished senior officer, Alessandri and his followers should make it their business to win by a sufficiently large margin instead of leaning on the armed forces to pull political chestnuts out of the fire.

18. In any attempt at providing a reasonably accurate forecast of what the armed forces are likely to do or not to do in certain contingencies, we cannot permit ourselves to pass over General Roberto Viaux who came close to toppling Frei. He is still a military figure of some consequence, although retired. Recent reports indicate that he is prepared to incur considerable personal risks in preventing an Allende victory. Although we lack reliable intelligence and are unable to provide strength estimates, he may still enjoy considerable support in the Tacna Regiment and the adjacent school for non-commissioned officers which served as his base of strength in October 1969. He might conceivably be able to provoke a split within the army over the issue of whether or not to oppose Allende. We know for a fact that the army high command is not inclined to brush off General Viaux as a has-been and that his every move is being watched by the army and Ministry of

³ See Document 20.

Interior with vigilant concern. While they may have penetrated his movement successfully, privyship to his plans does not necessarily spell their ultimate failure.

19. The army high command can be under no doubt that the U.S. Government would view Allende's victory as an event of exceedingly grave portent not only for Chile but for Latin America as a whole. It can therefore be argued that the U.S. Government would accept armed forces intervention to prevent such a victory with sympathy although nothing has been said or done to provide the armed forces with any factual basis for drawing that conclusion. We can assume that the army, in postulating its doctrine of political non-involvement, has weighed and discounted strong United States feelings over the installation of a popular front regime in Chile. We are consequently inclined to conclude that U.S. Government leverage in an attempt to divert the armed forces from a course of constitutional orthodoxy is negligible and that any impulses to change that posture will have to originate from within the institution. For purposes of Phase II planning, we doubt that any useful purpose would be served by placing reliance upon a military escape hatch. Economy of effort and focus on one major effort with reasonable prospect of success, dictate our concentrating on political warfare as the surest means of preventing an Allende victory without inflicting irreparable damage upon the very institutions whose defense provides the principal rationale for preventing an Allende victory.

Holdover of Phase I

20. We envisage the necessity for a broad spectrum of political action moves (a) to counteract likely attempts by the PCCh to split the PDC and seal off the PR against further defections; (b) to influence members of congress to cast their vote for Alessandri.

21. The basic thrust of our propaganda campaign will continue to demonstrate that Allende's election spells the end of democracy in Chile and a re-casting of that country's political and economic structure in the image of Cuba and other peoples' democracies. Invoking those countries as examples, appeals to the self-interests of parliamentarians will be launched and the prospect of a rapid withering of Chile's party system will be conjured up. Propaganda will be targetted at individual congressmen, employing as media personal letters, newspaper editorials, political advertisements and black press releases. Other types of propaganda will be addressed to political parties and their district level organizations, engendering pressures from the grassroots level up. Radio programs will play a major role. The poster campaign, on the other hand, has played out its role and is likely to become prohibitively risky after 4 September. We will continue to rely heavily on black propaganda operations to exacerbate differences within the leftist camp and promote a rapid disengagement of its non-Marxist components.

22. In order to implement the above program with speed and efficiency, denying Unidad Popular much of a breathing spell and time for regrouping, our action mechanisms will have to be kept in a state of readiness to shift over to the support of Phase II objectives.

23. Obviously the election's outcome and the reactions of the victors and the vanquished will set in train political currents which we find it impossible to predict with any degree of accuracy. Those currents, however, are bound to have a profound effect on our post-election strategy. Political movements, facing a real or imagined prospect of obliteration, will act and react differently from movements assured of survival and a prospect for regaining power under a system of government which assures the unimpeded play of political forces. Under Alessandri, such assurances have already been tendered and nothing should obviously be done to weaken their credibility.

24. Due to circumstances beyond our control, Phase I had to be carried out in defiance of Alessandri's preconceptions about an anti-Communist campaign, although toward the end he appeared more disposed to view it as a distinct asset and as a complement to his own less combative campaign style. During Phase II it will be unavoidable to entertain a more closely integrated propaganda effort. The pivotal role played by [name not declassified] and by the infrastructure of action instrumentalities he controls will more or less automatically insure that we are not working at variance with Alessandri's post-election strategy. We therefore propose to retain a high degree of flexibility to adapt our propaganda product and any related action ventures to political winds prevailing after the election returns are in.

25. While not much thought could obviously be given to an apportionment of our resources, we envisage sizeable expenditures in support of [less than 1 line not declassified] an early acquisition of prime radio time on a nation-wide scale. The termination of the poster campaign will result in considerable savings, but more will have to be spent on printed materials (pamphlets, et al.) and on political advertising. [3 lines not declassified]

Concluding Considerations

26. In answer to the review group's question,⁴ we believe that in the time remaining before 4 September, there is not much more that could be done than is already being undertaken or planned. We have not felt unduly restrained in doing what needed to be done while keeping the U.S. Government's hand concealed.

27. We estimate that delaying the implementation of Phase II until at least a week after the 4 September elections would redound to the

⁴ See Document 53.

benefit of Phase II. We reason that the precise margin of Alessandri's expected plurality and, most important, the political estimates formed by Chilean policy-makers and opinion moulders, are bound materially to affect our own perceptions. Any temptation, therefore, to act on the strength of our earliest interpretation of the meaning of the election outcome, before responsible Chileans have been able to collect their thoughts, ought to be withstood. Shooting from the hip on 5 September is a temptation which the more thoughtful Chileans have learned to resist because they have found that first reactions are more a product of exhilaration or gloom than mature reflection upon the import of the election returns. Also, we are confident that Chile's armed forces and police will provide a climate of domestic tranquility in which Chile can sort out its national problems in an orderly fashion. Though Phase II can safely wait through the first week after the elections, Phase I propaganda activities should be carried forward without hiatus as explained earlier.

28. Phase II planning is predicated on an electoral outcome in which Alessandri is first and Allende is second. There will be no need to implement Phase II if Allende is third. If Allende emerges first, even by a small margin, popular forces rallying to his support may soon prove to be overpowering.

[name not declassified]

56. **Telegram From the Embassy in Chile to the Department of State¹**

Santiago, August 25, 1970, 2155Z.

3333. For Crimmins.

1. Embtel 3325² sent today provides details of an anti-Soviet operation [*less than 1 line not declassified*] published in *Mercurio* as a series entitled the Kunakov Archives. The purpose of this message is two-fold: to transmit my assessment of its effects and to request Dept support of my recommendations.

2. The Kunakov Archives operation was executed under a standing [*less than 1 line not declassified*] mandate that encourages such activities. It was mounted with the high professional skill [*less than 1 line not declassified*] although the content of the series so far justifies Patricio Silva's deprecatory comments (Embtel 3325).

3. No one in the Embassy including myself had any knowledge of the Kunakov operation until they read *Mercurio* Sunday morning. I have now been informed it was long in preparation. Major targetting of the Soviets during the final months of the electoral campaign was explicitly and repeatedly prohibited by me in talks the past few months (most recently two weeks ago) [*2 lines not declassified*]. I have heard no acceptable explanation for my lack of prior information.

4. The point of this message however is not to provoke recriminations over what is done and cannot be undone. Indeed I would implore the Department to eschew such wasteful indulgences and concentrate on the future and the implications for US interests of the Kunakov Archives. [*2 lines not declassified*]

5. My only preoccupation is that US interests be protected as best they can in a particularly vulnerable pre-electoral period and for the post-electoral years. Publication at this time of the Kunakov Archives in the [*name not declassified*] *Mercurio* is my considered judgement ex-

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile, January–August 1970. Secret; Priority; Roger Channel.

² Telegram 3325 from Santiago, August 25, reported: "Influential conservative daily *El Mercurio* today (Aug 25) ran third installment of so-called 'Kunakov File', purported exposé of Soviet espionage activity in Chile. *Mercurio's* Soviet expert Jural Domic, under whose by-line series appears, writes that Oleg Kunakov Gottmann, Chilean-born official of Chilean-Soviet Cultural Inst, entrusted notes, memoranda, journal entries and contact lists to him shortly before death, ostensibly of heart attack, in March 1970. Documents record Kunakov's activities, and Soviet and Chilean contacts and reflections. These documents focus more specifically on the Soviet Embassy—PCCh (Chilean Communist Party) relationship, dating from time of Kunakov's recruitment in late 1967. Domic insinuates that Kunakov's premature demise was caused by poisoning." (Ibid.) See also *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 15.

traordinarily inopportune. To any sophisticated reader (and I must assume that the hyper-sensitive Foreign Ministry of this country, many other Christian Democrats and other officials are sophisticated) the archives bear the imprint of the USG. [8 lines not declassified]

6. [less than 1 line not declassified] nobody could prove anything involving the US since the documents that form the basis for the articles are authentic. While I welcome the affirmation, it does not alter the impact; I do not require any overt Chilean response to measure that effect since there are many Americans in our Mission who promptly drew the same conclusion that Chileans will draw. In political life, it is what people believe that determines their future actions.

7. I am particularly concerned about the long-term effects on a Christian Democratic Party that is already nursing frustrations with the USG on many doctrinaire and practical levels. The Kunakov Archives mention one detail that will particularly strike a sensitive nerve; it concerns an operation prior to my posting to Chile [3 lines not declassified]. Recently UnderSec of Foreign Affairs Patricio Silva made reference to it in a conversation with the DCM. [2½ lines not declassified]

8. If Tomic loses as badly as everyone expects, the campaign of terror [less than 1 line not declassified] will be held responsible by many in the PDC and a significant portion of that party will not forget. The Kunakov Archives will confirm their suspicions that the US had something of a hand in the campaign of terror and that, in turn, will be interpreted as a purely pro-Alessandri intervention despite the Frei conviction that anti-Communism was the critical electoral element. So the likes of Senator Fuentealba will batten once again on the US and will solidify these anti-US elements in a party that still represents the center of the Chilean spectrum and the repository of longer-term hopes of fashioning a broader centrist coalition.

9. Dept is aware of my decision to postpone until after the elections action on the agricultural sector loan. The PDC will interpret that action as less than supportive of its Presidential candidate. Dept also aware of Valdes' bruised feelings that have most recently been rubbed by Frei's forcing him to withdraw the denunciation of the extradition treaty which in turn has prompted Valdes to retaliate via the French Ambassador's unthinking indiscretions on personal security and to have me disinvited to a Presidential lunch this week in honor of Paul Rosenstein-Rodan. There is much more that could be added to verify the less than happy relationship we have with the PDC but I must also report that Valdes has told the PDC leadership that "in his heart of hearts, Korry is for Tomic".

10. We have calculated and accepted the political costs on Phase One including its effects on the PDC. We had not included in our reckoning the untimely Kunakov Archives. [5½ lines not declassified]

11. After due consideration (since Sunday morning) I am persuaded that Phase Two can proceed with certain extra-precautions and with some restrictions that will be dictated by local circumstances. I recognize that my capacity to influence the PDC and Frei has been damaged but as I have stressed in other messages, Chilean structures and Chilean personages predominate so much that our Phase Two role is very much now a modest reenforcing one. [2 lines not declassified] Hence we cannot lose sight of our principal goal, particularly when it will not involve additional vulnerability or damage.³

12. Finally I have issued explicit instructions in writing [*less than 1 line not declassified*] that are designed to assure my total knowledge and control over all operations. My immediate purpose is to assure maximum concentration of effort while minimizing risks in the weeks remaining prior to the inauguration of a new President.

13. I have no objection to your showing this message to [*name not declassified*].

Korry

³ An unidentified handwritten notation at the end of this paragraph reads: "But Cf. ¶5. If episode provides link between U.S. and Alessandri campaign it equally establishes the triangle: [*less than 1 line not declassified*]."

57. Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, August 28, 1970.

SUBJECT

Chile—Status Report

You had asked that I do a memo to the President asking him to approve contact with the Chilean cut-out to staff an action proposal in the "Phase 2" operation.² I have not done so because it is no longer neces-

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive. Sent for information. Kissinger wrote, "Let's have a 40 meeting next week," in the bottom margin.

² See footnote 1, Document 54.

sary. Both Ambassador Korry and the Station came back saying not only was it unnecessary, but probably not fruitful to make this contact before September 4. The cut-out will not know enough about the situation until then to provide the kinds of judgments the Station would want.

Ambassador Korry and the Station have—inexplicably to me—revised their sense of urgency; they now say it is not only unnecessary but undesirable to move immediately after the September 4 election. They believe we have at least a week or so to get proper readings and prepare without danger and think we should take that time.

CIA is disseminating to the 40 Committee principals this afternoon a paper outlining possible operational alternatives to meet specified situations, and posing the question of whether to proceed, how and when.³ Agency views on the paper will be available Monday.

My reading is that there will be disagreement among the principals on the whole idea. You therefore have two options: (a) a 40 Committee meeting to thrash out the views; or (b) try to staff a paper to the President with the various views embodied.

My own impression is that this is such a delicate and complicated question, and feelings sufficiently deep, that a meeting is very desirable. I do not believe that staffing it as a memo can give you the feel for it you should have, or that it will meet all of the principals' desire for a hearing.

I will know better when I see the paper and learn more of the agencies' views, and will have a firmer recommendation for you later.

³ The paper is Document 16 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

58. **Memorandum From the Assistant Secretary of State for Inter-American Affairs (Meyer) to the Under Secretary of State for Political Affairs (Johnson)**¹

Washington, August 31, 1970.

SUBJECT

Options in Chilean Presidential Election

Attached is a CIA formulation of covert options open to us to influence the choice of a president in Chile after the general elections on 4 September and before the Chilean Congress on 24 October selects a winner from the two leading contenders.² The proposals for action, all aimed at preventing an Allende victory, would have no applicability unless Allende ran first or second on 4 September. Nor would they have practical effect unless Allende were a close winner or a close loser on 4 September; our Embassy in Santiago supports the view that if Allende wins the general elections by more than 100,000 votes there is no course open to us that would prevent Congress from choosing him, and that if Alessandri (or, almost inconceivably, Tomic) won by a similar margin he would almost surely be chosen.

The options open to us if Allende is a close contender are framed by CIA as follows:

1) Take no action.

2) Take limited action by continuing the present propaganda campaign or by acting directly to influence the congressional vote, or both. Ambassador Korry supports the combined approach. The instrumentality for this work with Congress would be [1 line not declassified], whom CIA has used in the past and whose discretion it trusts, as does Ambassador Korry. Execution of the project could be entirely "sublet" to [name not declassified] or CAS could participate closely in the formulation, guidance and control of the enterprises [name not declassified] undertakes. In either case [name not declassified] would coordinate his activities with both Frei and Alessandri; he would put pressure on and pay "persuadable" Congressmen; and he would monitor the attitudes of the Chilean military. The CIA paper suggests that if the project were sublet to [name not declassified] he might be paid an initial [dollar amount not declassified] and another [dollar amount not declassified] if Allende lost.

¹ Source: National Archives, RG 59, Chile-ITT-CIA 1963-1977, Lot 81D121, Chile-CIA #2. Secret; Eyes Only. The memorandum was sent through Coerr.

² The paper is Document 16 in *Foreign Relations, 1969-1976*, vol. E-16, Documents on Chile, 1969-1973.

3) Broaden (2) by acting also with other covert assets in the political parties and in the military. This course, the Agency notes, would have more risks without appreciably increasing our leverage on Congress.

The Agency says that the “slightest revelation” that we were undertaking political action against the Chilean Congress would mean a certain Allende victory and would seriously affect U.S. credibility in the world at large. The Agency sees much less risk in a continuation of the propaganda campaign, which thus far has showed itself to be a secure operation.

Continuation of the propaganda campaign would cost about [*dollar amount not declassified*] attempts to influence Congress [*dollar amount not declassified*] use of further “broad option” assets [*less than 1 line not declassified*]. Total cost: [*dollar amount not declassified*].

The Agency asks that the Committee direct which option it wishes followed; and whether direct contact with Chileans is authorized in order to get the intelligence required for a political action program.

ARA–INR/DDC Appraisal

The propaganda campaign was authorized by the Committee in June; it is in full swing and apparently has not been compromised. ARA and INR/DDC are in no position to say that it has been ineffective. We therefore have no objection to its continuation. We do oppose the proposal (even were it successful) to work directly on Congressmen, a proposal that plainly has as its central intent the purchase of Congressional votes.

Ambassador Korry has emphasized, and ARA and INR/DDC are well aware of, the grim consequences to U.S. interests of an Allende victory. (The Ambassador does note that some observers, including Alessandri himself, take a more moderate view of the future were Allende to win.) Buying Congressional votes, however, is a qualitatively different matter from the political action we have previously undertaken in Chile. It means interference with and corruption of a principal institution of the Chilean Government and of a constitutional function that lies at the heart of the Chilean political process. The gravity of a step of the sort proposed makes the costs of exposure proportionately high. Were the operation exposed, we assess the damage to USG domestic and world credibility as being unjustifiably great.

We take a different view of the risk of exposure than does Ambassador Korry. We think it prohibitively high. The principal if not the only instrument for our action with Congress would be [*name not declassified*]. The Embassy and [*less than 1 line not declassified*] affirm the highest confidence in his discretion, [*1 line not declassified*] ARA and INR/DDC, on the other hand, fear that [*name not declassified*] has be-

come sufficiently identified with the USG that untoward political activities or expenditures on his part would give color to suspicions, charges, and ready belief that he was acting as a U.S. agent. [8 lines not declassified]

The buying of congressional votes is a far more sensitive operation than a propaganda campaign, and would have penalties for disclosure far more heavy and wide-ranging. [1 line not declassified] ARA and INR/DDC recommend strongly against putting the reputation of the administration and of the U.S. into the hands of one Chilean citizen, who, although he has justified our confidence hitherto by not revealing our part in covert political action, [1 line not declassified].

Even were we to reach 24 October uncompromised, the risk of exposure would continue. Were Allende to lose, there would be, for example, risk from Congressmen whose votes [name not declassified] so closely linked with the US, sought to buy. Were Allende victorious, the risk would be much greater, because of the possibility that he might crack, and furnish evidence of our role in the Congressional election, to avoid physical or financial retribution.

Recommendation

That we limit our covert activity after the 4 September general elections to continuation of the anti-Allende propaganda campaign, at a cost not to exceed [dollar amount not declassified] the amount and the manner of expenditure to be determined by the Ambassador.

Clearance:

INR—Mr. Cline. Mr. Cline, in clearing this memorandum, states that if CIA considers [name not declassified] reliable and secure, and if CIA can get [name not declassified] to outline his individual projects so that we can judge their feasibility, he would invest [dollar amount not declassified] if that would make the difference between an Allende victory or defeat. Mr. Cline believes that by the time leaks come, if they do, the issue would be over.

59. **Backchannel Message From the Ambassador to Chile (Korry) to the Assistant Secretary of State for Inter-American Affairs (Meyer)**¹

Santiago, September 1, 1970.

1. My promised reply on Phase Two follows. (Assume you have read election perspectives 6 particularly paras 14 and below.)²

2. I see no reason to alter our plans. All that has occurred insofar as Phase Two is concerned is that GOC has employed various means to try to seal off US influence (including Frei as well as other possible targets).

3. The shenanigans of [*name not declassified*] (who has leaked much of what he talked to me about) and a great deal of similar official inuendo may reflect some genuine suspicion of US plans for intervention and some sincere nervousness. More likely as I discussed in [*less than 1 line not declassified*] (internal security and foreign policy) it has to do with GOC motives for keeping left happy, whatever may be the transitional cost in relations with US. GOC wants to be able to say its skirts are clean, that election results were honest, that there is always the traditional possibility of a defeated left doing deals with the PDC in Congress to keep out Alessandri, and so on. It is also convenient to air these rumors about the US since it tends to create climate in which criticism of the govt is muted and responsibility for anyone's defeat can be shunted off to Anaconda, to the CIA, to anyone with US credentials.

4. The left for doctrinaire and other reasons is delighted to have the GOC accede to its needs to justify future anti-US actions, be they murder, kidnapping or anything else. The Marxist press is concentrating on Americans, unofficial or official. The one new element is that *El Siglo* today indulges in an attack whose crudity is unusual for that official party organ; because it compares me to Bedell Smith in his days in Moscow,³ it is evident that the Soviets are beginning repayment for Kurnakov Archives.

5. The sum of this gamesmanship is that I am theoretically more of a eunuch. But since I never planned any direct dynamic role for myself or for this Mission, nothing in fact has changed. Primary responsibility is with the Chileans and our role should be limited to sound advice and

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only.

² See Document 17 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

³ Walter Bedell Smith was Ambassador to the Soviet Union from 1946 until 1948.

material backing to friendly Chileans. That was and is what Phase Two is all about.

6. I am disturbed by the erratic missile named Gen. Viaux. What is particularly worrisome is that one of the few known and effective influences in his current plotting [3 lines not declassified] we can expect a great deal of unwanted trouble. [2 lines not declassified] has been trying insistently for two weeks to get me together with the [less than 1 line not declassified] before the elections at a “very private” gathering. I am lurching with [name not declassified] at the residence [less than 1 line not declassified] and I intend to give it to him straight, including the knowledge that Alessandri and the Nacionales are extremely concerned by [less than 1 line not declassified] because of its negative effect on the leadership of the Armed Forces.

60. Memorandum From the Deputy Director for Coordination, Bureau of Intelligence and Research (Coerr) to the Assistant Secretary of State for Inter-American Affairs (Meyer)¹

Washington, September 4, 1970.

SUBJECT

Chile—Post-September 4 Operations: A Personal View

1. Our basic problem, if the popular election of September 4 places Allende in close competition for the presidency in the congressional election of October 24, is to weigh the alternative risks to the U.S. that would be posed by

- a) an Allende government, and
- b) our attempt to block his presidency by purchasing the votes of Chilean legislators in their electoral capacity.

¹Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret. A copy was sent to Cline. Printed from the unsigned carbon copy received by Cline. A handwritten notation by Cline at the end of the memorandum states: “As I have made clear before, I do not agree with this analysis; I think Mr. Coerr is hung up upon the emotional overtones of the word ‘subornation.’ In the world of realpolitik sensitivities are not so tender and people are more concerned with who wins power rather than with morality. I believe the shock in the entire Western Hemisphere at the election of a genuine extremely articulate Communist in a major Latin American country—the first advent to power by the ballot anywhere—will cause more alarm about security and strategic problems than about the morality of U.S. trying to exert influence.”

2. The case for subornation has been well argued. In essence: Allende hopes to establish a Marxist state, to expropriate U.S. investment, to follow a foreign policy friendly to Cuba and inimical to the U.S. I believe we have not given enough weight to forces in Chile that might frustrate his plans—an intact military that has not oppressed or been defeated by the people (unlike Cuba when Castro took power); and powerful groups in labor, business and industry and on the land. Nevertheless, the penalties of an Allende victory would obviously be heavy.

3. In attempting to assess the penalties of being caught in our presently proposed operation, I believe it helpful to compare them with our hitherto most costly Latin American failure in covert operations—Pigs' Bay. The American President was able to assume responsibility for that operation. I doubt he could do so for subornation of the Chilean Congress and electoral system. Such action is beyond the pale, and evidence of our involvement would hurt our prestige and effectiveness in Latin America (not to mention the United States Government's reputation with its own citizens) even more than did Pigs' Bay. I assess the potential penalties of subornation as greater than those of an Allende victory.

4. As our chosen instrument for bribery, [*name not declassified*] is excellent. He has demonstrated discretion over the years, but in the comparatively minor leagues of covert propaganda and political support, and under comparatively benign governments. Our proposed subornation is far more dangerous to him, and to us in this matter. So would be an Allende government. [*5 lines not declassified*]

5. We can always deny accusations, whether false or true, but if accusations in this case were supported by evidence our denials could not avert the heavy penalties involved. The only sure way to do so is to refrain from subornation.

61. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 4, 1970, 2015Z.

3483. Subject: Election Eve Talk with Frei.

1. (Summary) I met with President Frei at his invitation for three hours last night in home on Santiago's outskirts of Minister of State Raul Troncoso (whose office is few feet from President's). We discussed election prospects, his concern over military plotting, his mild suspicions of US military intentions, his good relations with US, his successful intervention at my behest to stop or delay *NY Times* publication today of provocative story concerning Pentagon contingency planning behind State Department's back,² and pessimistic prospects in Chile. Dept should bear in mind that when Troncoso called me previous evening to extend invitation, I seized opportunity to alarm deliberately President re impending *Times* story on US Navy. This message includes recommendations for prompt Presidential cable to Frei on elections and suggestions for Dept's handling of *Times*. (End summary).

2. I recalled that "no wind works for the man who has no port of destination" as I talked with a Frei who pragmatically recognizes that the fate of Chile is in the hands of the more than 3,000,000 Chileans who are voting today. Still the powerfully attractive man I have always found him to be, still the total politician who revels in the game, still as pragmatically realistic as befits one of the few PDC leaders who has kept a true democracy functioning, he was nonetheless profoundly pessimistic and perturbed. He paced the entire three hours in the small living room, stepping over my ungainly limbs as he went round and round the coffee table, puffing on the two missled Cuban Churchills or sipping from the one defused scotch he consumed.

3. He had barely entered when he asked with characteristic forthrightness: who is going to win; I replied that I believed Alessandri

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Immediate; Nodis.

² A reference to the article by Tad Szulc which was published in the *New York Times* on September 5 under the headline "U.S. Navy's Visa Requests Worry Chile." Szulc reported that the U.S. Navy had applied for Chilean visas for 87 officers, noncommissioned officers, and civilian employees over the last eight months, "a development that has left the Chilean government deeply worried." The story contained no reference to Pentagon planning behind the back of the State Department as noted in the cable, but reported rather that the Navy often applied directly for visas for routine activities without consulting the Department. The Navy's explanation of the 87 visas was that 38 were for Navy personnel assigned to Antarctica and 49 were support personnel for Operation Unitas, a yearly joint naval operation between the United States and Latin America. (Tad Szulc, "U.S. Navy's Visa Requests Worry Chile," *New York Times*, September 5, 1970, p. 3)

would gain no less than 38 pct, that Allende could not realistically hope for more than 35 pct and that Tomic might surprise the Marxists by squeezing in second, thus making it a tighter all round race. For a few moments he sank into a morose silence, the most visibly affected in my experience of three years.

4. Finally he began to play with the numbers and their implications. He had no great love for Tomic and he disagreed with his policies almost totally. Nonetheless he was profoundly convinced that the triumph of either Alessandri or Allende would be far worse for Chile. An Allende triumph would without any doubt mean the imposition of a Marxist-Leninist state. It was an irreversible road; it was the end for Chile and it was the end for him and for everything he had labored. An Alessandri government would lead to rapid polarization of Chile; it would push the mass of the Christian Democrats to the left; it would destroy the center; Alessandri was himself a smart politician but he was surrounded by so-called "Independents" whose avarice was only equalled by their stupidity and arrogance; the latter would quickly settle back into their business-as-usual attitudes and seek vengeance on the Christian Democrats by offering the Communists a free hand in the universities and trade unions in return for a pledge of labor peace; they would halt Frei's kind of land reform and accompanying measures and would destroy the painfully fashioned canals of social progress and justice he had constructed as a diversion from Marxism and violence.

5. He had no animus against Alessandri. But the fact was that as President in 1958 to 1964, Alessandri had worked barely four hours a day. Chile had become far more complex, although nothing in comparison with the complexity that President Nixon had to confront; a Chilean President who did not follow closely all that transpired could not steer a purposeful or steady course. He would be manipulated by a small group of cronies whose sole interest was their individual interests. As for those who speculated that Alessandri might not long survive, he felt that men with the ex-President's history of psychiatric problems and with his degree of nervousness usually outlived their doctors.

6. Tomic had made the profound error of tactically assuming Alessandri would not stay the course; Tomic had thought less about being elected than of resolving the problems of governing via his electoral campaign. Only very lately, he had realized the possibility of error but it was probably too late to rectify. Frei said he was never more uncertain about an election. He would not be surprised if any of the three won or even if there were an absolute draw among the three. What I had told him was very upsetting because he genuinely believed that I was the best political observer of Chile and that he had waited until election eve to hear my conclusions because he wished them to be the

ultimate, particularly because he was bombarded by such conflicting reports.

7. He had hoped against hope that Tomic had a good chance. If he finished third, it would be universally interpreted as a rejection of all that he (Frei) and his government had sought to accomplish. From all over the non-Leninist world, he had been given nothing but high marks for his regime—from countries as different as Yugoslavia and Japan, Israel and France, Spain and the US, West Germany, Britain, Italy and all the others. How could anyone explain that good government and personal popularity resulted in such a defeat and in such frightening perspectives for the country?

8. I sought to provide consoling answers. Everyone knew he would win in a landslide if he were running; everyone knew that Tomic had spurned his whole-hearted efforts to help; everyone knew and would also write that it was Tomic's tactics and personality that had been the primary causes of defeat, if indeed it were to be defeat. The latest indications were that Tomic was gaining last-minute strength with the populous Central Valley campesinos, that he was making equal inroads among middle-class women and low income groups in Santiago and that he could yet make a run for it. The President commented that it would be less deplorable if Tomic at least finished second. He believed that whoever won by 100,000 votes would be President although he said that some in the PDC would stretch that margin of interpretation, if Tomic were second. If Allende were first, Congress would not elect Alessandri. He saw little possibility, contrary to US press speculation, that the PDC and Popular Unity forces could make an effective alliance to overturn an Alessandri victory.

9. He was much more concerned about the military. He had received word that day that for the first time truly alarmed him about the military's intentions. He had fairly hard information that a plot was well developed to have the army seize power if Alessandri lost. I interrupted to ask if he meant a plot contingent on Allende's victory. No, he repeated, his information was that this group intended to move too if Tomic triumphed. He said the information provided him was the most serious and the most disturbing about the army in his entire six years in office and he included last October's fuss in the army. I asked if he was talking about the leader of the October dissidence, Gen. Viaux. No, Viaux was not a serious menace although he was very active. Well, I inquired, who then? He said he would prefer to have his information double-checked before mentioning names but he could say well-placed active officers supported by some retired personnel were involved. Comment: We have no rpt no intelligence to support the President's statement. There are to my knowledge advanced plans involving the service and Carabinero chiefs to solidify an Alessandri triumph by a

prompt symbolic act of recognition. Frei points in quite another direction and for the moment I must consider it with skeptical reservations. While there are officers committed to Alessandri who regard Tomic as indistinguishable from Allende, they do not, to the best of our knowledge, represent any effective force that could mount a revolt. End comment.³

10. I said there were many rumors and reports with little substantiation floating about. Indeed some concerned the US and had contributed to a feeling of mutual suspicion that had in my opinion affected relations between our two countries. It was less content of action than the style in which they were effected that was so annoying, the latest example concerning the innuendoes about the US Navy. I reviewed that situation, stating I was convinced the Chilean Embassy had deliberately leaked this news in a fashion designed to reach the *NY Times*. The same route had often been traveled in the past by Latin Americans to Tad Szulc of the *NYT*.

11. Frei replied he had always been totally candid with me and that he wanted me to know that I was wrong. He launched into an uninterrupted 30 minute review of rels with the US in which (a) he reiterated his conviction that Chilean foreign policy starts with the absolute necessity for good rels with the US; (b) no President in Latin America had received more effective or more comprehensive support than he had from the US; (c) no President in Latin America had so consistently voiced public recognition of the US contribution or had avoided so assiduously any criticism of the US including an absolute silence on Vietnam or other embarrassing subjects; (d) no President to his knowledge had recognized and acted so promptly to rectify mistakes and errors committed by his govt in its rels with the US as he and he was certain I was most aware of his responsiveness and of the confidence he had thus demonstrated in me. Hence he felt it was only just that he explain his point of view.

12. As soon as I had spoken to Troncoso Wednesday night he had called Amb Santa Maria in Washington. I would have to consider him (Frei) a cretin to believe that anyone in the GOC or interested in the election of Tomic as Santa Maria was to engage in so suicidal an act.

³ In an undated backchannel message, Korry added, "1. I requested ARMA that info transmitted to and from me by him not rpt not be transmitted through his channels nor be discussed in his office here with anyone. 2. In my election eve talk with Frei, who had raised ill-founded talk of coup planned to overturn a Tomic victory, I told President that if Tomic received first majority and if I happened by chance to hear of such plotting, I would promptly inform him. However, I added that if Allende were first and similar talk came to my attention I would not inform him, although I wished him to know the U.S. would not provide any support for such military intervention. Frei did not question these statements." (National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970)

Publication of the *NYT* story about “Pentagon planning behind the back of the State Dept” could only help Allende. Santa Maria had understood that immediately and had taken an oath that he was not involved. Santa Maria had worked all through Wednesday night and Thursday to halt publication of the Szulc story; and he was delighted to be able to inform me that the *NYT* had (a) provided Santa Maria with a summary of the story it had planned to run election day; (b) agreed to delay its publication upon being persuaded by Frei that it could seal the defeat of democratic forces in Chile; (c) Szulc had stated and had written that the Dept was the source of the story and (d) Szulc had stated the Dept had made no effort to halt the story.

13. He wished me to understand that when Allende had visited him last week with his campaign managers, the first subject raised by the Marxist candidate was the “extraordinary influx of Americans” into Chile. Frei said one of his greatest preoccupations was that if Allende was defeated he would cry fraud and with victory would accuse the GOC of conspiring with the US to rob him of the election by military or other intervention. Hence Frei wished to be in a position to demonstrate the GOC had taken every possible action to prove its skirts were clean. It was a fact, he said that some of the US Navy visaed had arrived; it was a fact that there were some 2000 or 3000 more US citizens in Chile this year than in the last few at this season and there was also an equally great number of Argentines. It was the facts that lay behind the GOC request to US to provide the names of all Americans in country.

14. He confessed he did have some doubts about the US. He considered the action of the Embassy in this entire election year to have been “the most exemplary imaginable, the most intelligent conceivable” and he wished me to know that the entire govt and most informed Chileans had nothing to say about me and the Emb except to offer the most hearty round of applause. However he had read a great many books by American statesmen and he knew that the Dept often did not know what was being planned in the Pentagon. He hoped I would forgive him this suspicion and this candor. It was there and it was much stronger in many other Chileans. He recognized that Chile was only an insignificant country of some 9,000,000, that it was intellectually silly to believe the US would care that much, but after all the victory of Allende would affect all Latin America and it would touch US interests. It was not one of his greatest preoccupations but it meshed with the profound one of what would be the reaction to the election results by the Marxists. Hence he had now given the order world-wide to suspend all granting of visas for a period of one week starting yesterday and that visas could only be approved individually by Ministry Foreign Affairs.

15. He said incidentally that the US would have the best prospects of good relations with Tomic of any of the candidates. Tomic was passionate about the need for such relations and while there might be some ups and downs in the first six months, a Tomic regime would settle down to uninterrupted mutual confidence with the US. With Alessandri, there would be such disappointment in the US when his govt began to squeeze US companies, when he sought to placate the Communists and when he failed generally to infuse dynamism or to maintain order, that there would be many difficulties.

16. In reply I accepted his position although I hoped he would pardon my unabated suspicions as to how the story was leaked. He was one thing; some of his collaborators were another. What bothered me was that the suspicions about the Navy were an extension of many other actions which had quite honestly led me to entertain doubts as to the veracity and motives of some in his govt. His dis-invitation to his lunch a fortnight ago had strengthened these doubts and I had lamented most the seeming loss of his confidence. I had repeatedly told the GOC that (a) I assumed full responsibility for the entry of all Americans; (b) the USG had no rpt no plans for any military intervention of any kind in Chile; (c) I had requested and the Dept had complied in the extraordinary process of detailing each visa already granted the Navy because of our awareness of the nervousness; (d) I knew of none of the visaed Navy personnel that had entered the country despite the contrary assertion by UnderSec Foreign Affairs Silva who had failed to provide me as promised with the names of any of the six he said had in fact arrived; (e) I was unaware of any great influx of Americans and I had the greatest doubts as to the facts but Chile had launched a tourist drive in the US this year and it was the first in three years there was snow for skiing here. Also I wished him to see our note of July 27th to his Foreign Ministry requesting permission for 24 US Navy air crews to make flights over Antarctica from Chile for scientific purposes;⁴ there was no secret about our actions and I resented the implications that the USG was engaged in any unusual action. He was aware of my rebuffing attempts by Gen. Viaux and even active military officers to draw members of the US Diplomatic Mission into discussions concerning Chilean military contingencies. I had given the most categorical assurances and the GOC had not accepted them. The implications were serious.

17. The President said he accepted them now without reservation. He was relieved. We continued to talk about the elections and about the probability of a strenuous MIR reaction to an Allende defeat with greater Socialist support than ever. We discussed ways of improving

⁴ Not found.

our liaison in this field. He explained away the lunch dis-invitation as due to a change in the size of the affair.

18. Recommendations: That in the event of a victory by Alessandri or Tomic, President Nixon send a cable to President Frei tomorrow congratulating him on the impressive example of democracy in action. No rpt no cable should be sent to any candidate whatever his margin since it would be a direct intervention in the constitutional process involving a congressional runoff. No rpt no cable should be sent in the event of an Allende victory until we all have time to reflect.

19. Suggestion to Dept: I would urge most strenuously that you communicate promptly to Szulc that we have sorted out most of the names and purposes of the 87 Navy request—24 concerned with our note of July 27 to the MFA requesting the flights as part of the National Science Foundation Antarctic Research Program, 49 as part of the Unitas Transit visit per Embtel 3473,⁵ and presumably the remaining 14 for routine Antarctic relief by sea from Punta Arenas. I so suggest in the hopes that even Szulc would have the honesty to include these facts and thus rectify the impression conveyed by his story and by the Department that we do not know what the Pentagon is up to. The fact is that the Embassy did know and the Chilean Govt was informed about most of it, since it had the aforementioned note and my oral communication about the Unitas band cum crew. It is [in]comprehensible to me why these routine matters require almost two weeks for clarification. It would be the rashest of imprudences to permit a malicious story based on nothing to do the kind of damage that it might wreak here.

Korry

⁵ Telegram 3473 from Santiago, September 3. (National Archives, RG 59, Central Files 1970–73, DEF 9 US)

Two Tracks: U.S. Intervention in the Confirmation of the Chilean President, September 5–November 4, 1970

62. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 5, 1970.

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 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 it 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 (36 pct.) of the nation approving this choice, but it is an immutable 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.

2. We have been living with a corpse in our midst for some time and its name is Chile.² The decomposition is no less malodorous because of the civility which accompanies it. Chileans could as usual chatter endlessly on television and radio and in the early hours today as if nothing had changed and the screen switched from variety shows

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II, Jan 70–Nov. 70. Confidential. The document is printed from a retyped copy of telegram 3499 from Santiago, September 5, 0858Z. This copy of the telegram was submitted to President Nixon under cover of a September 9 memorandum from Kissinger stating the following: "Attached is a cable from Ambassador Korry commenting on the Chilean election. It was written on September 4, as the final results became known. It is an important cable which I think you will find of interest. In it Korry notes that Allende's triumph appears final; he notes the mistakes of his opponents that permitted the Marxist's triumph. He describes the characteristics which he believes will make it relatively easy for Allende to bring about a socialist state within constitutional framework. He observes that the political and economic right can be eliminated, and the military neutralized. He also notes that Chile is isolated; that it can survive with no commitment from anyone." At the bottom of the memorandum, President Nixon wrote, "An excellent perceptive job of analysis." (Ibid.)

² Nixon underlined this sentence.

to roundtables of politicians pontificating as foolishly as ever. Chileans like to die peacefully with their mouths open.³

3. Preliminary analysis of the results (I write this with 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. we 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 1965. 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 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 5 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 percent on Allende, predicted the Tomic vote and were only 2.5 pct. off on the Alessandri prediction. But the Communist Party, whose leadership has been matched by the coldness of its calculations predicted the Allende vote as 36 pct and the Alessandri tally as 4 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 BVIU [garble—PCCh?] took absolute control of some 80 pct of the more than 8,000 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 heterogeneous 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 Mod 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

³ Nixon underlined this sentence.

Castro.⁴ Just as he argued with us that the way to contain Castro was to give 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 harming the US but destroying themselves. They should be given neither sympathy nor salvation. Mistrust is indeed “the mother of safety” and I cannot 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 myopia of arrogant stupidity. They disdained organization and deliberately scorned 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 still. 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.

8. 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. With 60 pct of Chile still poor and with inflation and unemployment 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 beam. They predicted 41.5 pct for Alessandri and although the Embassy calculated an actual vote of 36.5 pct. for Alessandri, I was enough influenced by these foolish samplings to increase the projection to 38 pct. Voters are not Gaderene swine; in a society with 90 pct. literacy, they can be quite bloody-minded about their interests. And when the candidate of the government 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 government without the usual rough stuff. The ten reasons are:

⁴ Nixon underlined this sentence, and wrote in the left margin, “K[issinger] note!”

a. Allende and his Socialist Party and the PCCh 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 government, that authority will be further strengthened.

c. The bureaucracy of Chile is statist-minded and the majority of congress is very amenable to further state control.⁵ There has never been much true private enterprise in Chile and the large businesses have also depended on government 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.

d. The big business sector of Chile is fragile and thinly based. It can be eliminated with far greater ease than in, say, a France or Italy.

e. The political right depend upon the economic right.⁶ The elimination of the latter dooms the former. And as this process proceeds, 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. This 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 government's control of paper supply and prices, the government'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.⁷

⁵ Nixon underlined this sentence.

⁶ Nixon underlined this sentence.

⁷ Nixon underlined the last sentence of the paragraph. In the left and bottom margin he wrote, "*The Key*. K[issinger]—I want a study of major T.V. stations in all major European countries + Japan—Honestly analyzing what the makeup of their staffs—Do it confidentially through Shakespeare—"

g. Chile has an almost unique system for the naming 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 was ever devised to eliminate by legal and traditional methods a broad chunk of opposition.

h. 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 that it owes to AID and the Ex-Im Bank. The point is that it need not face any economic squeeze for some time.

i. Chile is really an island. Its three neighbors have sufficient problems to eschew any pressures on this country.

j. 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.

11. 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 on Moscow's resources. It will take years before the dead-weight of the new system will crush the economy of the country.

12. It is lamentably the US that will have to move faster. Tomorrow we shall report on the measures we are taking to prepare for the new era.

13. Leadership depends upon, if I may use the Spanish, *cabeza*, *co-razon*, and *cajones*—head, heart and guts. In Chile they counted upon *chachara*—chatter.

63. Message From the Central Intelligence Agency to the Chief of Station¹

Washington, September 5, 1970.

1. Now that Allende has won the election we must take another look at the situation in connection with Phase II to see if earlier suppositions, reasoning and rationale for our plans and actions are valid, partially valid or if totally new concepts pertain. In this exchange we are aware of your previous thoughts and those of the Ambassador on chances of overturning an Allende victory. What we are looking for in this message is a reaffirmation of those positions and/or your current thoughts now that Allende is the winner. The points below are based on the assumption that Alessandri has not and will not concede victory to Allende. If he concedes, we further assume that nothing can be done to influence the outcome of the congressional vote.

2. We would like you to consider at least the following questions plus any others you consider pertinent:

A. How has the utility of [*name not declassified*] been affected by Allende victory: does he still have some influence with Frei to encourage him to try to swing PDC votes to Alessandri? If so, is he likely to be successful on his own or would he have to be acting in name of USG? [*7½ lines not declassified*]

B. What is Frei's future in Phase II as result of Allende victory and poor showing by Tomic? Is he apt to act on his own to line up PDC votes for Alessandri? If not, would he be inclined to act if directly approached by Ambassador with personal request from President Nixon? What influence does Frei now have with military if he should decide coup is only way to prevent Allende inauguration? Is he likely to consider this out?

C. Again, we would be interested in your thoughts and Ambassador's on likely outcome of congressional vote even though we realize it must be speculative at this early point after election. Will radicals now consider it in their interests to support Allende instead of defecting to Alessandri per earlier forecast? How many PDC Congressmen are likely to vote for Alessandri under maximum pressure from President Frei? How many are likely to vote for Allende if Frei makes no effort at all to influence the result?

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only. The message is a copy provided to the National Security Council staff. Although an unidentified staff member wrote on the copy that it was addressed to Korry, it is clear from both the text and the reply (see Document 64) that the message was sent to the Chief of Station.

3. FYI: The 40 Committee has scheduled meeting for afternoon of 8 September to consider Chilean situation.² Since we must prepare position papers for 40 Committee meeting prior this date need your reply by 1200 hours 6 September.³

4. In summary we must now answer the question: "Is any form of Phase II feasible and, if so, what are prospects for success and what are the risks?" Please discuss above with the Ambassador, but we want to emphasize we do not repeat not want you to discuss these points with anyone repeat anyone outside the Embassy. Points raised in this message have been coordinated with Deputy Assistant Secretary Crimmins.

² See Document 70.

³ See Document 64.

64. Message From the Ambassador to Chile (Korry) to the Central Intelligence Agency¹

Santiago, September 5, 1970.

1. CAS has just presented your message.² I have directed him to take no action for the following reasons:

A. Key Chileans including Frei who is currently meeting with his closest advisors are in a state of shock. It is not an easy thing to lose one's country and we should not lose our heads before they recover theirs.

B. Most of the questions you have posed we have been actively considering during the night and today. We are formulating ideas that we shall present to you when we are more certain that there is at least a modicum of reality involved. After having lost on one psychiatric problem, if only because of his refusal to entertain the PDC proposal many months ago for a popular run-off vote, I do not intend to cater to anyone's neuroses at this point in time.

C. I have taken steps already to "condition" Frei, to persuade Alessandri not to issue any cession statement re Allende (which he has not

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only.

² Document 63.

yet done), to hear [*name not declassified*] views and to keep Viaux from precipitating ill-calculated actions. These are minimal steps preparatory to clearer later assessments.

D. I have no realistic hopes that there will be a Phase II along the lines originally conceived. I am willing to consider carefully any scheme that will fit the circumstances but I would guess that we would probably be dependent on an entirely new Phase I and II cycle that we are turning over in our minds currently. We have already engaged in so much useless paper spinning of possible contingencies that I am not amenable to more such exercises.

2. I would strongly urge that the Committee of Forty postpone their meeting for several days until the situation is more clearly perceived. There is no risk in waiting; there is risk in half-baked ideas that could be self-deluding. In the interim we shall continue to operate within the understood guidelines.

3. In that connection I wish to state emphatically that despite our profound disappointment we have worked at maximum effectiveness and without any risk to the USG or to the person of the President. I take great pride in the fact that our coordinated efforts have produced the encomium of Frei's cited in my cable of 24 hours ago³ and of Allende's statement to a US newsman as reported in another Embtel.⁴ We did all possible. There is nothing I regret having done or not having done. And I would ask only that you now give us the time to locate our current bearings and to set our course.

³ Document 62.

⁴ Telegram 3478 from Santiago, September 3. (National Archives, RG 59, Central Files 1970–73, POL 14 CHILE)

65. **Backchannel Message From the Ambassador to Chile (Korry) to the National Security Council¹**

Santiago, September 7, 1970.

Part I.

1. In the past 48 hours, the following pertinent events have occurred:

A. Alessandri campaign headquarters has issued statement that emphasizes the constitutional process has not yet ended and that implies questioning of voting results.

B. Alessandri has agreed privately to avoid any gesture of cession or of recognition of Allende as President Elect.

C. Alessandri supporters mounted a noisy but modest-sized rally in Santiago last night to support the foregoing, to spread the rumor that the vote-counting might have been fraudulent or erroneous and to start creating a spirit of combativeness.

D. Frei first designated ex-Interior Minister and PDC Deputy Bernardo Leighton (who headed congressional investigation of “Campaign of Terror”) to be his representative in dealings with Alessandri forces to study constitutional processes by which Allende triumph could be overturned. Subsequently because of Nacional Party mistrust of Leighton, Senator Duran, an Alessandri dissident radical, supplanted Leighton. He is dealing with ex Interior Minister Perez-Zujovich (PDC) and Senator Bulnes (Nacional) who possesses one of most distinguished names in Chile.

E. Sunday separately I called US correspondents of *NY Times*, *Washington Post*, *Washington Star*, *Los Angeles Times* and *Baltimore Sun* (after having been called Saturday by CBS from Washington) to give my reaction to Szulc story page 3 *NYT* on US Navy.² Aside from giving detailed rejection of story I emphasized to each for the record that I had two weeks ago told GOC I was prepared to request Dept to issue worldwide circular halting all military and civilian official travel to Chile for indefinite period and if desired to advise US tourists as well. GOC had rejected both stating it wished normal travel. *NYT* man Novitski confessed to others later his total surprise that he had this interview with most relaxed US Amb in between golf shots yesterday morn

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret. A notation on the first page reads, “Rec’d Sept 7 6:30 p.m.”

² See footnote 2, Document 61. Korry’s response to the Szulc story in the *New York Times* was printed on September 7. (“Envoy Says He Controls U.S. Navy Visits to Chile,” *New York Times*, September 7, 1970, p. 8)

and that I was accompanied by DCM. We have successfully so far persuaded very doubting US press that we mean it is a Chilean problem and that while we do not welcome Allende prospects, we intend to deal with it realistically. Also we continue to downplay to press negative consequences in hemisphere for US of Allende.

F. Christian Democrats are displaying more than their usual state of decomposition. Gabriel Valdes telephoned Allende his congrats before midnight Friday. Tomic promptly went Saturday to embrace Allende at his home, to recognize the victory as final, to address him in the familiar *tu*, and he was followed quickly by some of the key Tomistas. All TV channels including GOC's last night carried entire Allende press conference where he revealed himself as a pathetic tinplate of Castro and where his particularly unattractive qualities dominated. Significant that quite a few domestic and foreign newsmen addressed him as "Senor Presidente" and thus help the Marxists in determined effort to create the popular impression of finality.

G. A nominally PDC friend of Frei found the President in an extremely dejected and disorganized frame of mind. As I tried to convey to Valenzuela, we have no illusions about Frei's "cojones"; the man positively delights in playing Hamlet in moments like these. He lamented that he had been abandoned by his party, that no one aside from our informant had even come to see him from the PDC's congressional representation or party leadership, that Tomic and his friends had the ball and were trying to carry out a deal with Allende, that he was worried about his place in history and that he wished the military would have a coup. While he stressed that military "had to do something" and that the "something" had to be sooner rather than later, he felt he could not approach military. Moreover in discussing constitutional alternatives, Frei avoided focus on himself but instead speculated about Leighton or Perez-Zujovich as potential runoff candidates.

H. Our much esteemed ARMA reports from weekend social contacts that change of mood has occurred with officers. They are much more perturbed, much more combative in spirit than in pre-election euphoria. This mood is matched in part by a comfortable upper and middle class that is horrified not so much by Cuba but by a Bolivian model where the "people" come to power to destroy the values of this country. Typical example is that most golf caddies stayed home this weekend in expectation they would soon be given homes of wealthy and food. At first, universal Alessandrista reaction was panic; of fear for lives and property, of capital flight and visa requests. Now some are beginning to rationalize the situation, encouraged by the Tomic example, while others are just getting down to the serious business of thinking through the problem and how to fight back.

I. Gen Valenzuela met Saturday with CINC Schneider, Carabinero CINC Huerta, Air Force CINC Guerraty, Chief General Staff Prats and on Sunday with retired Gen Viaux. Valenzuela asked and received their support of plan whereby constitutional processes would be followed so that new elections would be held between Frei rpt Frei and Allende. Valenzuela's scenario is that the PDC and Nacionales would do a deal to elect Alessandri who would accept the nomination, form a military cabinet and immediately resign Nov 4th. New elections would be held in 60 days that Frei would win. The military and Carabineros would move troops and tanks into Santiago by Oct 22.

J. Valenzuela requested our excellent ARMA Sunday to inform me of the foregoing and to try to ascertain my reaction before he met with the top Army generals today. He also asked that I use my influence with Frei to gain acceptance of his plan.

K. I had ARMA inform Valenzuela promptly last night that I was very satisfied to know that the Armed Forces of Chile shared my rpt my conviction of what would be consequences for the Armed Forces and for Chile of an Allende Presidency. Valenzuela was also told that I found it encouraging that "Chilean Armed Forces had begun the process of planning the location in Santiago before the 24th of October of units effectively prepared to control the situation and to maintain law, order and respect for the traditional Chilean democratic liberties." He was told that I had known about the constitutional possibilities but that I wished to point out that in the remaining 48 days before the congressional runoff Frei would be subject to many pressures, from those sharing Valenzuela's views and from those opposed. However I was convinced that Chileans, particularly those who represented so professional and so respected an armed force could find a correct and democratic solution for a problem that signified so much in terms of Chile's future and that of the hemisphere.

L. I have also had Political Counsellor return to his contact (para 1 G) who was supposed to see Frei again this morning to deliver my prompt comments on his information. First he was told Frei's attitude comes as no surprise; he is no Lleras Restrepo; he will wring his hands and feel sorry for himself but he has not the guts to act to save his country, his name in history or even himself. Secondly, Chile can save itself with relative ease if men such as Perez Zujovich, our informant and others keep their heads and cold-bloodedly plan what is essential. Thirdly, the US is not going to intervene in any way to save their chestnuts; it is either a Chilean action or nothing. Fourthly they should try their best to infuse some spine into Frei and to create a climate which can help bestir Frei to action. Fifthly instead of worrying about stories (such as informant had related to Pol Counsellor) that Valdes had permitted 2000 guerrillas from other parts of country to infiltrate

Chile past few weeks, they should remember that there are only a few hundred key opponents that form the opposition organization and that all could, if necessary be sent to Cuba with Castro's famous words (re Americans) of "good-bye y good luck." Finally I noted my personal confidence in Perez Zujovich, whom I had not seen for some weeks because I did not wish to intervene in Chilean political situation, and that my advice to informant would be to consult him rather than Frei. Informant left his home immediately to see Perez Zujovich whom he had first telephoned.

Part II.

1. I have acted promptly invoking only my name and always carefully stressing that the US will not intervene in any way. Also I have deliberately created a climate of Embassy inactivity and of official relaxation. I have done so because of my profound conviction that if something were not done promptly there would be no rpt no hope whatsoever. The Chilean propensity for transaction and for shifting responsibility to others—as evidenced by Frei looking for the military to come to him and the military looking to me to go to Frei—is so great that the Communists would have had Allende universally regarded as the unalterable victor and the Oct 24th Congressional meeting would have become a formality. Indeed my British colleague is already figuring out how to snuggle up to Allende via his new and "charming" friend Pablo Neruda, the French are of the same frame of mind and many of our allies will not be left behind. The panic that seized the Alessandri camp and that has made my life intolerable the past 48 hours because of Chileans assailing me for visas had to be stemmed and converted into some degree of hope.

2. I want to be very clear. I have very little confidence that any of this Phase Two action will be successful. The PDC is ready to rationalize; Allende and the Communists are already diligently mending fences with the Christian Democrats of whom there are many only too anxious to enter that kind of transaction. The military unless given some sound advice is capable of depending only on the President and that is a very weak reed indeed. What I am striving to do is keep some flexibility in the situation and to sting Frei—and if not him then the next best—into behaving like men should in moments of crisis. Also I am unalterably determined that we do everything reasonably possible to keep alive the possibility of reversing the great setback to US interests.

3. There are some actions that I would urgently wish handled in Washington:

A. That the Department promptly act to persuade LatAm and Western European and Asian govts not to take any action that would imply that Allende is already President of Chile.

B. That the USG in all its comments seek to parallel ours and so buttress the view of sorrow but non-intervention while we await the results of the constitutional process.

C. That despite my pessimism you urgently provide me with the best possible advice drawing from past experience of the kinds of political action (rumors, economic measures by Chileans that could create panic or could upset the Communist plans for smooth victory Oct 24th or any other suggestion) that would be of value. It occurs to me that at the proper moment, if the military were to prepare themselves and if some political support could be mustered, that a close-down of businesses here could even panic the workers. We already have a mild bank run and a flight of capital, plus halting of some private construction activities.

D. It is self-evident that we need gestures indicating continuing support for advancement of Chilean Army's professional role. Valenzuela is extremely grateful for the prompt and to him surprising efficiency with which Armed Forces requests for purchases of mil equipment were handled this year. I would recommend therefore that immediate steps be taken to restore five selected FY 71 MAP-funded CONUS training slots eliminated in latest overall LatAm reductions. They are courses in command, and general staff and advanced infantry, artillery, armor and engineering schools for individual field grade officers. They are highly prized in Chilean Army and their restoration to the MAP program would have favorable impact on officer corps as a whole. Total cost, according our understanding, would be only U.S. dollars 23,180. I am confident that Secretary of Defense can devise prompt transfers of funds to comply with this recommendation and that I be authorized in next few days to inform Chilean Army of restoration.

E. There is critical personal factor involved in entire problem. Our only tested and reliable channel of communications to Chilean Army is ARMA Lt. Col. Paul Wimert. He has the complete confidence and trust of the key officers; they have known him and feel comfortable with him. Wimert is scheduled for rotation in November but I find it unthinkable that we would deprive ourselves of this vital asset at a time when so much is riding on our relations with the Chilean Army. It would take many months for a new officer, however well qualified, to begin to develop the kinds of relationships Wimert enjoys. I request therefore that he be extended here for a period of nine months.

F. The [less than 1 line not declassified] with [name not declassified] cited in Part One of this message raised the question of funds to support political action in his first conversation with Pol Counsellor who quite rightly told him to forget it. However it is obvious that contingency funds will be needed by US although I am already aware that

some US companies are sympathetically considering requests from Alessandri's camp for monies destined for same purpose. Obviously many of our past mechanisms will not be employable at this time but it would be extremely helpful to know that standby funds are available. I would request [*dollar amount not declassified*] be set aside now pending further study of most effective use and later submission of plans for their use.

66. Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 7, 1970.

SUBJECT

40 Committee Meeting, September 8—Chile

A. *The purpose of tomorrow's meeting on Chile is to:*

1. Review the factual situation and its implications. (CIA is prepared to brief, and a wrap-up is attached at Tab 2.² Ambassador Korry has just sent in a long cable summarizing the current situation. This is also worth reading and is at Tab 3).³

2. Determine whether Phase 2 operations such as that which had been suggested earlier to influence the congressional run-off election are realistic now.

3. Determine whether there is any prospect for Chilean military action to keep Allende from taking power.

4. Determine what action plan we should now follow and what further analyses we need to undertake.

B. *Korry's latest views and information* (Tab 3) pose some specific questions within the above major categories.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive.

² Attached but not printed is the 9-page CIA Intelligence Memorandum 1461/70, "Situation Following the Chilean Presidential Election," dated September 7. The full text of the memorandum is published as Document 18 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

³ Document 65.

1. He indicates Alessandri supporters may be prepared to contest the run-off and not concede defeat. He indicates at one point (1–D) that Frei may also move to contest the run-off, but later bewails Frei's hand-wringing.⁴

2. Korry indicates that the high military officers are concerned and he relates a specific proposal being kicked around by the military commanders to foster an Alessandri–Christian Democrat deal to elect Alessandri and then have Alessandri resign and in 60 days have Frei elected.

3. One military officer tried this out on Korry, and while he did not respond specifically he did in effect give some encouragement to the military to think about “their responsibilities” to find a correct and democratic solution. (See paragraph K tab 3)

4. Korry in effect is saying he is trying to keep everything flexible and options open and to encourage Chileans who are disposed to contest Allende's victory to stay firm. However, he holds no particular hope that these elements will be able successfully to contest the run-off. He does seem to be leaning more and more to encouragement and moral support of the military.

5. He asks for a few specific things:

a. that the Department lobby in other countries to keep them from taking action implying that Allende is already President. (I do not see how we can do that without tipping our hand that we, the US, would contest the election.)

b. we provide to Korry suggestions of action that could keep the Communists from consolidating the psychological sense of victory.

c. we show support of the military by restoring some training slots and extending our Army Attaché for another nine months since he enjoys their confidence.

d. he requests a [*dollar amount not declassified*] contingency fund “set aside” in case it is needed to support Phase 2 kind of action.

6. Korry's cable at Tab 3 is a little rambling and inconsistent. He is still trying to think of something but the information does not in my view resolve the questions very satisfactorily. In particular, he may be operating personally with a little more commitment and encouragement to the military and/or other elements than he describes in the cable.

C. *The conclusions we are likely to arrive at are:*

1. *It continues to appear very doubtful that Allende can be denied the congressional election victory within the normal electoral framework. The Chris-*

⁴ Kissinger wrote, “Prevent recognition by Europeans,” in the left margin.

tian Democrats hold the key and Korry indicates that they are “decomposing” and that Frei is far from firm. On the other hand, the indication that Frei is examining the constitutional processes by which Allende’s victory can be over turned is a contradictory sign that Korry does not explain. In balance, it seems to me that the chances of a coordinated Christian Democrat–Alessandri effort to over turn Allende’s election are very slim, and are hardly promotable by us alone.

2. *It is equally dubious that the Chilean military can mount any viable action against Allende.* The plan given to Korry is premised on Christian Democratic cooperation but it is not clear that this is realistic. There is more indication from Korry’s cable, however, of military dissatisfaction than had been indicated earlier. There is still serious doubt, however, that we could stimulate any such action that would not result in violence, civil war, and perhaps destruction of the military as an institution.

3. *We need to know a lot more than we do about how Frei, Edwards, Alessandri and other key anti-Allende elements see the situation and what they propose to do.* Hence it is important to get the Embassy [*less than 1 line not declassified*] to contact them for their views. (There may be some resistance from State on the grounds that *we* should not *push* them into courses of action they are not prepared to take themselves. Nevertheless, I think that contact to determine their views is indispensable for us to make good judgments. I also think that we can do that without triggering something that won’t fly.)

4. *We shall have to come to some definitive conclusions soon as to the feasibility of supporting either political action to affect the congressional election or a military effort.* My own view is that neither is very realistic or worth the risk, but we will probably have to ask the Agency and State to come up with a reasonable assessment very soon.

5. *We should now also begin thinking in terms of how to cope with an Allende government and how to limit and contain the adverse impact of such a government’s policy. This means early consideration of NSSM–97.*⁵

D. *I believe that we should end up with the following decisions:*

1. Authorize the Embassy to probe the views of key elements in Chile, particularly Frei and Edwards and report these as soon as possible;

2. Task CIA/State to come up with final recommendations on what political action to take, if any, regarding the run-off and/or encouragement of military, and to do this no later than September 15.

3. Review these recommendations as soon as possible thereafter;

⁵ See Documents 46 and 52.

4. Hold a Special Review Group consideration of NSSM-97 as soon as we have reached final conclusions on point 3.

E. *Attached* are:

1. Talking Points.
2. CIA intelligence summary (which you may wish to skim fairly carefully.)
3. Ambassador Korrry's cable of September 7.
4. Background on previous 40 Committee meetings on this subject.⁶
5. I have not added the contingency paper CIA prepared prior to the election. Because these ideas were designed essentially for an Alessandri popular vote victory, they are not very meaningful now.⁷

Attachment⁸

Washington, undated.

HAK TALKING POINTS—CHILE

1. All of you should have received a CIA wrap-up of the situation in Chile as it looks after Friday's election. I would like to ask CIA to summarize the situation and to brief us on Ambassador Korrry's latest views.

2. I think the first point to focus on is whether there is any chance for political persuasion or action to influence the Chilean congress to elect runner-up Alessandri on October 24. (We expect the consensus to be that there is little realistic chance; since the Christian Democrats are indispensable to any vote to elect Alessandri, Frei's all out effort is indispensable. Even with it, it is not certain anything would be effective; without it it would be impossible.)

3. What are the prospects that the Chilean military will take some action to keep Allende out of the presidency? (We expect the consensus to be that such prospects are poor. Korrry indicates they are thinking about something but it is a tenuous plan, also dependent on the Christian Democrats whom Korrry thinks are falling apart. No one can demonstrate any reasonable prospect which we can support and since an attempt which fails may enable Allende to destroy the military institu-

⁶ Background information is not attached was and not found, but see Document 49.

⁷ See Document 16, *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

⁸ Secret; Sensitive.

tion in one move and thus eliminate the greatest restraint on him; we ought to be leery about whether we should encourage this kind of action—at least now).

4. The discussion shows that judgments about what is likely to happen and what we ought to do cannot be made very confidently without more information as to what the views and intentions of people like Frei, Alessandri, Augustin Edwards are. Ambassador Korry has indicated that he has begun to make contact to find out. I take it there is no objection in this regard. (State may have some qualms, but I think our people must be able to talk frankly with the Chileans; there is no need to talk in terms of organizing an operation, just to gain political intelligence.)

5. What about Korry's specific requests contained in his latest cable? (See B-5 in your memo. I do not believe you will want to discuss these exhaustively, and I suggest that they be rolled in and answered in the definitive recommendations you request in the next point.)

6. Korry's latest cable states he is trying to keep all options open. But his assessment is not hopeful. He gives us little guide for any judgment as to whether any political action program by us aimed at keeping Allende out of power has any realistic chance. I must confess that we seem to be where we were several weeks ago. The time has come to decide whether there is anything we can do or whether we should move to planning for an Allende government so as to "limit the damage."

7. I propose that after a prompt reading of the various key elements we talked about earlier, CIA and State present their definitive recommendations to this Committee as to whether there is anything further to pursue in this sense. If not we should shift to considering NSSM-97 and our long range strategy.

67. Central Intelligence Agency Intelligence Information Cable¹

Washington, September 8, 1970, 2144Z.

COUNTRY

Chile

DOI

6 September 1970

SUBJECT

Inconclusive Meeting of High Ranking Chilean Military Officers to Discuss the Possibility of a Military Coup Against the Government.

ACQ

Chile, Santiago (7 September 70) Field no. [*less than 1 line not declassified*]

SOURCE

[*5 lines not declassified*]

TDCS 314/09473–70. 1. (*Source Comment*: The following information was made available to Senator Julio Duran, a strong supporter of defeated Presidential candidate Jorge Alessandri, by General Carlos Guerraty, Air Force Commander-in-Chief (CINC). General Guerraty commented that he was making this information available in order to keep the Alessandri forces apprised of developments within the military.)

2. During the afternoon or early evening of 6 September 1970 high ranking Chilean military officers, including General Rene Schneider, Army CINC; Admiral Fernando Porta, Navy CINC; General Carlos Prats, Chief of the General Staff of National Defense; and General Vicente Huerta, Director General of the Corps of Carabineros; met at Guerraty's home to discuss the possibility of a military coup against the Chilean Government in order to prevent the inauguration of Socialist Senator Salvador Allende as President of Chile. The discussion centered around the possibility of flying President Eduardo Frei to another country, naming a military junta, and then convoking new Presidential elections as soon as possible.

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Priority; No Foreign Dissem. Transmitted to the White House, Department of State, Defense Intelligence Agency, Army, Navy, Air Force, Joint Chiefs of Staff, National Intelligence Council, National Security Agency, and Office of Current Intelligence. Attached to a September 9 memorandum from Vaky to Kissinger, which Kissinger saw and initialed. The memorandum summarized the Intelligence Information Cable, noting the "meeting was inconclusive," Schneider "was apparently opposed to a coup, and Chief of the General Staff, General Prats, was 'strangely quiet.'" (*Ibid.*)

3. Although most of those present at the meeting were of the opinion that something should be done to prevent Allende's ascendancy to the Presidency, the meeting ended on an inconclusive note. General Schneider was opposed to a military coup. General Prats did not openly support those who favored a coup and, indeed, kept strangely quiet throughout the meeting.

4. Field dissemin: State, Army, Navy, Air, CINCSO. [*less than 1 line not declassified*]

68. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 8, 1970, 2344Z.

3537. Subj: No Hopes for Chile (Part I of II Parts). Ref: Santiago 3499.²

1. My electoral night pessimism is strengthened as the chances improve hourly of Allende being confirmed as President. Neither the political nor the military forces opposed to Allende's accession have more than the slimmest reeds of hope. Hence, however reluctantly, the US must begin to plan now for the reality of an Allende regime.

2. In what seems light years ago, I wrote last month that civility is the dominant characteristic of Chilean life. Civility is what controls aggressiveness. And civility is what makes almost certain the triumph of the very uncivil Allende. Neither the President nor the Armed Forces have the stomach for the violence they fear would be the consequence of intervention. Each wants the other to act to assume the historic responsibility for the bloodshed that would, in their view, flow and that might reach the proportions of a civil war.

3. As in the elections, the Popular Unity forces are fully prepared for all contingencies including that of victory. As in the campaign, their opponents are as bumbling, disorganized, naive and impotent as ever. The military talks and talks; the President and his cronies talk and talk;

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Immediate; Limdis. Repeated to USCINCSO. This telegram, sent in two parts as two cables, is also attached to the September 9 memorandum from Vaky to Kissinger, which summarizes the cable and recommends that it was "worth skimming." See footnote 1, Document 67.

² Document 62.

but the Communists, who have prepared themselves so diligently for this opportunity, act and they act with dexterity, determination and the dread they inspire. The *New York Times* editorial yesterday³ called Christian Democrat candidate Radomiro Tomic the architect of Allende's triumph at the polls; they could have added he is also the designer of his ascendancy to the Presidency.

4. Tomic promptly recognized the Allende victory last Saturday.⁴ His vocabulary for the past year had legitimized the Marxist goals; on Saturday he gave flesh to his words by embracing Allende in full view of TV cameras. Since his only contribution to Christian Democracy in the campaign was to maintain the unity of the party and since his men run the party, he provided the initial impetus that will almost inevitably bear Allende to the highest office. Tomic is de facto working to eliminate any contest in congressional runoff scheduled for Oct 24.

The facts are that the PDC intends to hold a party junta in October to determine tactics and policies, including the stance on the congressional runoff. In the interim the PDC is seeking a "negotiating" position by stating that the electoral process has not been ended. As a negotiating team, they have named three Tomic stalwarts led by Deputy Luis Maira. The four "conditions" they have presented to the Popular Unity forces are, in my judgment, completely acceptable to the Marxists and such acceptance will provide the escape hatch that the PDC seeks and that the Communists feel will seal Chile's fate. The conditions include autonomy for the universities (a favorite Communist slogan), continued professionalism in the Armed Forces (as Allende himself has stressed), freedom of the press interpreted as the freedom of each newsman to report objectively but excluding control by the great economic interests (an Allende formulation) and finally, a guarantee of democratic election (as the Popular Unity insists there will be).

5. Equally significant is that Tomic was asserting his control of the PDC, was isolating Frei from the party the President founded and swept to power. Pacing the floor of his office and bemoaning his fate, Frei is discovering he has only a few Ministers on whom he could count, a few Senators and Deputies who are willing to consider alternatives, and some party wall-flowers of the past. They have mulled the political alternatives of over-turning Allende and the military options. Both appear to be built on sand.

6. The political options hinge on a majority of Congress voting for Alessandri; he, in turn, would name a military cabinet, then resign after

³September 8. (Juan de Onis, "Chile's Winning Coalition: Communist-Backed Group of Radicals and Catholic Leftists Provided Plurality," *New York Times*, September 8, 1970, p. 6)

⁴September 5.

being inaugurated. The military would call new elections for a popular runoff against Allende. In his discussions with Chilean politicians, Frei has avoided mentioning himself as the alternative, proposing such non-starters as either of his ex Interior Ministers, Bernardo Leighton or Edmundo Perez Zujovic. But everyone knows it must be Frei, yet he will not burn his bridges and admit the obvious because he knows he has no power over his party and because he wants to maintain maximum flexibility as the unsullied President of all Chileans. His caution permitted Tomic, an all-time loser, to win Frei's party. A man without pants does not feel the shirt being removed from his back.

7. The Alessandri forces have played along with this scheme that some weeks ago I described as far-fetched and that increasingly looks like some Rube Goldberg contraption. Alessandri has kept his silence; his headquarters said they would not recognize Allende as the President-elect; they have organized a few unimpressive demonstrations and they have spread the rumor of electoral fraud and of impending massive challenges of individual votes before the National Electoral Board rechecking the ballots. The Alessandri "Independents," the National Party and the Freistas have formed a working group to coordinate their "planning" but they simply cannot hack the knot of impotence in the Congress.

8. Frei, no less convinced today than before the elections, that Allende signifies an "irreversible road" to a Communist state in Chile, is awaiting the military's move. A good many of the higher officers of the three services talk tough but objective analysis compels the conclusion that they will not act effectively. They want a moral justification. A request from Frei might be sufficient; a breakdown of law and order would be more persuasive.

9. They hold meetings and the whole town knows about them including the Allende camp. The latter have contacted Generals and Admirals who are promised key jobs in the new era; they have assured the mass of younger officers that neither they nor their privileges will be touched; they have solidified their support among the Army non-coms, the men who really control the troops.

10. The military never had a contingency plan. They never had any prior agreement among themselves; they never lost their mistrust of each other's intentions. To give one example, Gen Valenzuela, the Jefe de Plaza of Santiago, is consulting civilians on how to deal with the commander of the Second Division, whom he has just discovered is quite close to the Allende forces (and which we and most interested parties have known for a long time). The Navy CINC talks tough in the meetings with the confreres but speaks softly and reassuringly to his own subordinates. They talk. They wait. They wait for someone to create a propitious climate.

11. There had been some expectations among the Alessandri forces that economic conditions might provide the essential provocation. When the banks opened Monday there was a mild run and American newsmen received 47 and even 60 escudos to the dollar. But today things quieted down as Frei's Central Bank President Carlos Massad moved swiftly and effectively to provide the necessary liquidity and as the full panoply of both PDC and Popular Unity forces—political as well as informational—orchestrated a soothing message to the Chilean public. Finance Minister Zaldívar who is totally loyal to Frei put the mint on three shifts so the bank notes will be in ample supply in a few days time thus removing what might have been a very serious problem by next Saturday. Allende called on Frei yesterday to discuss the economic threat and to ask for recognition as President-elect. Frei received him icily and refused to preempt the constitutional process. However he did agree to have Allende's nominee, Pedro Vuskovic, ultra-left Director of Economic Institute of University of Chile, serve as liaison to Zaldívar in the anti-panic activities. Frei refused to cede to Allende's demand that similar liaison be established in the political sphere between the GOC and his people. The point is that while Frei yearns for Allende's defeat, his govt acts to prevent economic conditions that might set in motion the politico-military forces to defeat Allende. (End Part I)

Korry

69. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 9, 1970, 0049Z.

3538. Subj: No Hopes for Chile (Part II of II Parts). Ref: Santiago 3499, 3537.²

12. At lunch today with the Ambassadors of UK, France, Germany, Italy, Belgium and Holland, my colleagues felt there was practically no

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Immediate; Limdis. Repeated to USCINCSO. This telegram, sent in two parts as two cables, is also attached to the September 9 memorandum from Vaky to Kissinger, which summarizes the cable and recommends that it was "worth skimming." See footnote 1, Document 67.

² Documents 62 and 68.

possibility of Allende being stopped from assuming the Presidency. The Italian, an intimate of Foreign Minister Gabriel Valdes, went further and propounded the Tomic line. He said there was considerable doubt Chile would become a Communist state under Allende and therefore it was essential all Chileans work diligently to maintain the prosperity of the country and permit the PDC to save democracy. The British went considerably farther while the Belgian and the German backed my view and the other two remained noncommittal. Because it bears so much on future US policy and the recommendations we shall be sending tomorrow, I believe it of interest to recount the fundamentals of the discussion.

13. Essentially, British Amb Hilyard who arrived one month ago from his UN post argues a long view of history. He said at one point that Castro would collapse and then added "within twelve years." At another point he said that all of Latin America probably needed to go through Communism for twenty years to eliminate the glaring injustices and then things would start to turn right. As for Chile, he agreed with my view that the US and American companies would be the initial Allende target along with the big Chilean businessmen, that Allende would seek to divide the US from Europe and Japan and that after several years of that game he would get much rougher. We both agreed that the USSR had no stomach for another Cuban drain on its resources. We both agreed that Allende would move prudently within Chile and seek to keep small enterprises going and to utilize professionals and managers who were on the margin of politics.

14. His conclusion was that commercially it would be very beneficial to use the initial period of smiles to bargain better deals. He admitted that these negotiations might imply fresh credits but said they would be short-term only and tied. He also said that anything the West could do to keep the country afloat would be beneficial over the long haul.

15. My conclusion was that if the Allende regime wishes to move slowly to consolidate its political power and to devour at its leisure the PDC and the institutions of Chile, why was it in our interest to follow its timing and program. The Western world and the US had a considerable number of higher-priority problems than this one. Our relations with the Soviet Union were central to a reading of this situation. Would it not be better for the Allende govt to accelerate its harsher measures and possibly provoke a popular reaction in the first year of the new era? Would it not be better to push the USSR faster into costly support (and dispersal of effort) of a regime that would confront incredibly difficult economic problems including a high rate of inflation, dislocations in production because of nationalizations, decrease in farm output because of expropriations and so on? Would it not be better for the Soviet

hand to show immediately and thus give an early alert to the rest of Latin America of the reality of this place? Would it not be a better way of increasing the odds that Communism could not take hold if it had shorter time frames in which to act? I predicated this view on my statement that the US would maintain correct rels, that we would (as all my colleagues would) await the Allende gov't's moves in most matters against us rather than provoking any confrontations and that certain US presences would remain until he moved.

16. The German and Belgian supported me fully and I believe I made the Frenchman reflect somberly. Even the Italian may reconsider. You have a taste now of things to come. (End Part II)

Korry

70. Memorandum for the Record¹

Washington, September 8, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee, 8 September 1970

PRESENT

Mr. Kissinger, Mr. Mitchell, Mr. Packard, Mr. Johnson, Admiral Moorer,
and Mr. Helms

Mr. Charles A. Meyer, Mr. Viron P. Vaky, Mr. William McAfee, Mr. Thomas
Karamessines, and Mr. William Broe were also present.

¹Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile 1970. Secret; Eyes Only. Drafted on September 9. Copies were sent to Mitchell, Packard, Johnson, Moorer, and Helms. Attached to the Department of State's copy of these minutes is a note from Jim Gardner (INR/DDC) to Meyer and Crimmins. Gardner noted, "Bill McAfee, who was there, feels that minutes much understate Helms' pessimism about influencing Congressional vote, and that they overstate passivity of State representatives in face of prospects of an Allende government. We can ask that minutes, insofar as they relate to State position, be corrected if you wish." Crimmins wrote on the note, "This is accurate, but does not reflect the fine line as to 'whose civil war.' Alex did not make clear the distinction between a 100% Chilean military action and one inspired by or based upon U.S. support. I think the minutes could reflect this difference." (National Archives, RG 59, Chile-ITT-CIA 1963-1977, Lot 81D121, Documents Requested by the Department of Justice, 1970-1977)

Chile

a. The Chairman opened the meeting with a reference to Ambassador Korrry's excellent cable of 7 September 1970² and asked for an analysis of where prospects now stand for taking any kind of action which might successfully preclude Allende assuming the presidency of Chile following his garnering of a plurality of the popular vote in the elections on 4 September.

b. Mr. Broe summarized the situation and highlighted some of the points in Ambassador Korrry's cable. He noted that Korrry is attempting to maintain flexibility and that there is some, but not much, fluidity in the situation. He pointed out that Frei is an essential cog to success in any action, congressional or military, to frustrate an Allende take-over and that Ambassador Korrry is very pessimistic about the prospects of Frei doing much more than deploring Allende's electoral victory. He concluded that it is still too early to decide on a given course of action and suggested that the Embassy and CIA field elements be requested during the next week to probe all possible aspects of feasible actions and forward recommendations as to what might be done.

c. In the lively discussion which followed, there was general agreement that more time to assess the situation was essential. It was also agreed that there is now little likelihood of success in the previously proposed operation to influence the 24 October congressional run-off election against Allende.

d. Mr. Helms, noting that congressional action against Allende was not likely to succeed, offered his personal observation that once Allende is in office it is predictable that the Chilean opposition to him will disintegrate and collapse rapidly. He expressed the view that Allende will quickly neutralize the military and police after which there will be no effective rallying point for opposition against him. Without advocating it as a course of action, he observed that a military golpe against Allende would have little chance of success unless undertaken soon. He stated that even then there is no positive assurance of success because of the apolitical history of the military in Chile and the presence of Allende supporters in various military elements.

e. Mr. Packard was also strongly of the view that any effective military action to prevent Allende from assuming the presidency would have to occur in the very near future. He expressed the hope that the Chilean military leaders would undertake such action soon on their own initiative.

f. Messrs. Johnson and Meyer pointed out that if Allende's election is frustrated by a military take-over, there is a strong likelihood that his

² Document 65.

supporters would take to the streets and plunge the country into full-scale civil war. They felt that Allende was possibly the lesser of two evils. They suggested that Frei should be strongly counseled to start immediately building an effective political opposition for the future before important individuals who would constitute that opposition might decide to leave the country.

g. The Chairman and Mr. Mitchell expressed considerable skepticism that once Allende is in the presidency there will be anyone capable of organizing any real counterforce against him.

h. In accord with the agreement of those present, the Chairman directed that the Embassy be immediately requested for a cold-blooded assessment of:

(1) the pros and cons and problems and prospects involved should a Chilean military coup be organized now with U.S. assistance, and

(2) the pros and cons and problems and prospects involved in organizing an effective future Chilean opposition to Allende.

i. The Chairman stated that these assessments and recommendations should be available in time for 40 Committee consideration in a meeting to be convened on 14 September.

Frank M. Chapin

71. Backchannel Message to the Ambassador to Chile (Korry) and the Chief of Station¹

Washington, September 9, 1970.

1. The 40 Committee met 8 September and after reviewing various avenues of approach to prevent an Allende administration, including the possible manipulation of Chilean Congress and military action, decided to give serious consideration only to the latter possibility.²

2. The Chairman requested by close of business 12 September a "cold-blooded assessment" of the realism and feasibility of any action

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret. Attached to a note from Broe to Gardner that states, "This message was seen by Pete Vaky and John Crimmins and includes their views and thoughts."

² See Document 70.

by military either along lines of your Labor Day telegram³ or a coup d'état. This assessment to include:

A. How such action would be organized by the Chileans, including such detail as who could be expected to do what and how and by whom they could be approached;

B. Who would participate (include your assessment of their capability) and can the military leaders reportedly in touch with Valenzuela carry out a meaningful action?; are all the leaders likely to act in a unified way or is there a chance of a division in the military?

C. To what extent the USG would have to be involved either covertly or overtly;

D. Will the troops, particularly the non coms follow orders in a military move?;

E. What is the reaction in the country likely to be? What reaction by the Allende forces? Would a military move precipitate violence, and if so, how serious or sustained? What are the risks that a military move may end up in the destruction of the military as an institution?

F. What are the chances of success or failure of each step in military action? What are possible consequences?

3. In addition to the foregoing analysis of the military routes, we also want to assess what we might do assuming Allende takes office. Is there a strategy or purpose to be served by a covert action program in these circumstances? We need some scrupulous identification and examination of any meaningful political opposition which we could reasonably expect reach and support beginning now. Again we will need operational details including frank appraisal whether or not political figures involved more apt cave in under Allende administration pressures.

4. You are hereby authorized make appropriate contacts to obtain the political intelligence you feel you need to answer foregoing. We want to emphasize that we are trying to make as informed a judgment as possible on the realism of options that may be open to us. Hence your approaches to Chileans should tread a fine line. We are *not* inciting or organizing at this point; we are merely trying to get full information as to the situation, the motives and thoughts of the key actors to permit us to make that judgment.

³ Document 65.

72. Telegram From the Central Intelligence Agency to the Station in Chile¹

Washington, September 9, 1970.

Ref: [less than 1 line not declassified]²

1. It is reasonably clear, in exploring avenues to prevent an Allende government from exercising power, that (a) the political/constitutional route in any form is a non-starter and (b) the only prospect with any chance of success whatsoever is a military golpe either before or immediately after Allende's assumption of power. This cable is addressed to the operational task of establishing those direct contacts with the Chilean military which are required to evaluate possibilities and, at least equally important, could be used to stimulate a golpe if and when a decision were made to do so. At this juncture, this undertaking is to be treated strictly as a [less than 1 line not declassified] matter and, as such, is not repeat not to be discussed with [less than 1 line not declassified] or any other [less than 1 line not declassified] outside the Station. It has not been coordinated with [name not declassified] and may not be until in ultimate decision stage.

2. What it is desired for Station to do is to establish as many direct contacts with influential military figures in near future as it possibly can. We recognize the problems inherent in doing this securely in face of present limited entree to military figures of stature and in doing this surreptitiously (in effect) without blessing and cognizance of [name not declassified]. If useful, HQS is prepared to bring in under any guise or arrangement you deem best (and without knowledge of [less than 1 line not declassified]) suitable [less than 1 line not declassified] personnel [less than 1 line not declassified] to make such contacts.

3. To render maximum support to this effort HQS is in process of querying [3 lines not declassified]. We will not bother you with all the lateral traffic on this HQS phase of the activity except to indicate that all traffic will be in [less than 1 line not declassified] and, as results thereof are winnowed, you will be provided with leads and possibilities immediately. In this connection, HQS will be prepared to consider having any individual with a useful and significant past contact to TDY to Santiago [2½ lines not declassified].

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Interview with Secretary Kissinger, January 10, 1976. Secret; Priority. Printed from a previously redacted text; the full text was not found.

² Message from Assistant Secretary Meyer and [name not declassified] requesting a "cold-blooded assessment" of the realism and feasibility of any action by the military. [Footnote is in the original.]

4. HQS is quite aware of the delicacies, risks, and other problems associated with this program. Despite these factors, we—and this includes [name not declassified]—place the highest priority on it as is obvious from the foregoing. With respect to ref program, for the record we are to proceed with our fair share of the burden in those deliberations and activities as though nothing else is on the drawing board.

5. Finally, all of us certainly recognize what a burden you have carried over the past months and what fine job you have done under, certainly, less than ideal conditions. This, we know, is asking undoubtedly the most difficult series of maneuvers yet in the final stages of this operation. If there is anything we can do to support or assist your endeavors, we will if it is possible to do so. Please give us any thoughts you may have in that respect.

6. [name not declassified] will arrive 11 Sept on [less than 1 line not declassified] to discuss this with you. [less than 1 line not declassified] will be travelling on [less than 1 line not declassified] and has requested return reservations [less than 1 line not declassified]. Please cable contact instructions for outside [less than 1 line not declassified] discussions. Do not repeat not discuss this visit with Chief, [less than 1 line not declassified].

73. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 9, 1970, 1800Z.

3548. Subj: One and Only One Hope for Chile. Ref: Santiago 3537.²

1. Reftel sent last night is very accurate reflection of opinion of all my senior colleagues in this Mission. It states the rationale for “no hope for Chile.” The only dissenting opinion to my cable is my own. And in writing that strange sentence I recognize the inevitable reaction it will produce. But before St. Elizabeth’s is contacted, hear me out. Like President Frei I have at times to act like the character in a French play who says “even if my hands were full of truths, I wouldn’t open it for others.”

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Immediate; Nodis.

² Document 68.

2. I reached the conclusion yesterday that neither the political right nor the military merited our hopes for over-turning the Allende triumph. Each can play a supporting role but they cannot act effectively.

3. I had also concluded that our contacts with these forces were becoming overly risky and that we had to disengage. Such disengagement if properly executed could bolster the prudent but realistic hopes I do retain.

4. I have always believed—and I am alone today in this mission in this faith—that the future of Chile would be decided by only one man: Frei. I believe he is playing his cards with extraordinary astuteness in the circumstances. I believe he knows that he can count on my support when he needs it if as is a doubtful proposition, he will need it. I am persuaded that no one in or out of Chile understands the political situation as he does when he is thinking calmly and purposefully. In a small way I think I have helped him to stop lingering in gloom and to start thinking positively.

5. I became persuaded too that it was necessary to create a mood of US business as usual, partly because of my concern for longer-term US interests whatever the results of the Oct 24th congressional runoff and also because of my wish to contribute to an inflated sense of confidence among the exultant Allende forces. I know that the mood of an Embassy, despite the many precautions that may be taken, is quickly transmitted to many outside; I have had painful experiences these past eight years with leaks of sensitive matters from the Washington end. For the one hope to materialize, I welcome too the growing exodus of US newsmen who think the story has ended, that the US is truly uninvolved and who are planning to return for the congressional runoff.

6. Finally I needed a justification in the form of a cable that will be diffused throughout the Mission insofar as the thrust of it is concerned to rationalize measures we shall be taking to reduce some of our activities. When we send our recommendations they should be read in the light of the foregoing and addressees should not hesitate to question me as to whether they really do mesh with my private optimism and our official necessity to prepare prudently for the worst. I would appreciate that all messages dealing with this subject and with this cable be sent Eyes Only.

7. All politicians know that “we have two kinds of friends: our friends who like us and our friends who loathe us.” We are in that position in Chile; Frei is in that position; his Christian Democrats are in it. The game is how to make these two varieties and some overt enemies as well contribute to our purposes.

8. The Communists are keeping their eye on the military; I have given them enough of a scent to put their nose to right against the men in uniform. They are also worrying a great deal about the political and

economic right and are doing their best to reassure all Alessandristas except the very wealthy and the very militant. They cannot afford to be distracted from these representatives of what they consider their inevitable enemies. But they are also lending more attention to what is happening in the PDC, in the largest party of Chile, and the force that will determine the future of the country.

9. There are two political tendencies among the Christian Democrats. One believes society can be structured to create paradise on earth; they are dogmatic and eschatological. The other is more realistic about man, more pragmatic about the possible, more political. The first is typified by Tomic; the other by Frei. The first group was genuinely surprised by the election results and tends to believe that the results prove their view of society; they consider Allende's triumph proof of their own illusions. The other was shocked not by Tomic's showing but by Allende's relative majority and by the significance of it for Chile and for them. In defeat, political parties are assailed by the forces that disunite and by a delayed but no less strong sense of stick-togetherness for survival.

10. As of last night, the PDC in the hands currently of Tomic and the GOC still in the hands of Frei had survived the worst of the first shock without much damage. Tactically their position has improved considerably since Tomic's typically ill-conceived embrace of Allende, an act that was emulated by his closest circle of advisors. But what could have been fatal did not occur—that the PDC formally recognize Allende as President-elect. The party's national council in its meeting Monday night³ avoided that miss-step thanks to the delaying pressures of Freistas and thanks to some, such as my old protagonist Senator Fuentealba whose anti-Americanism is part of his strongly nationalistic views. The fact that we did not intervene with the party in any way may have helped to maintain his independent posture and to postpone a PDC position re Oct. 24th. At the same time Alessandri cooperated by not recognizing Allende and by retreating into silence, thus keeping alive the possibilities for the political transactions that Chileans favor.

11. Frei on Monday also refused Allende's demand in person to recognize him as the future President. He treated him icily. And yesterday the President met with the leaders of the three armed services, ostensibly for discussions on the economic situation. The President has also acted to keep Chile in as healthy an economic position as possible and to stem the tide of panic that has overtaken many. I understand too that he has moved to maintain the independence of those organs of opinion he controls or can influence; I detect a shift as a result; there is

³ September 7.

new emphasis from the PDC that the game is still going on, that no final whistle has blown and that Oct. 24th is still 45 days off.

12. The leaders of the armed forces now know as well as I do that they simply have no confidence in their forces or themselves and that they are totally dependent on the President. I think this recognition of reality is a big plus; it places the military command in Frei's hands and is a very important card to be played at the right time. Similarly I believe the Cardinal, for all the impotence of the Church in Chile, will respond to the PDC and Frei when and if the right moment comes. The only question I have is the right, the political and economic right, who must understand that panic is destructive and that their only hope is Frei even if ultimately a new govt is even more reformist. I shall do what I can and I believe that I have given the US business community the guidelines (septel on that later today with wider distribution)⁴ to play a significant role. Incidentally that community is displaying with only one or two exceptions from noisy but minor representatives a very great degree of maturity and common sense; I consider myself fortunate to have their full confidence.

13. The important immediate goal is to foster a sense of equal maturity in the PDC and among the right. The PDC has that most powerful of latent and active impulses—the desire to stay in power. They also have a means—what I called in the refel a “Rube Goldberg contraction”. This political contrivance is the best, indeed the only way, they can realize an aspiration that satisfies their crude individual interests, the requirements of the party and the sense of doing something for the country. I am troubled only by the equally human dislike of Tomic for Frei, of Tomic's propensity to do the reverse of Frei, and of the reinforcement of this proclivity provided by his electoral defeat and the inevitable comparisons with Frei. (These matters I will discuss in another way in a septel.)⁵

14. Forgive a somewhat crude analogy as the end of this message. I have tried to place myself in the position of another—of Chile and of Frei. But I am painfully aware that “it is only in the acts of sensual pleasure that one measures the glory that man assumes in putting himself in the other's place.” Maybe I should stick to such activities but I confess that my hopes, albeit modest, are a mildly exhilarating and satisfying substitute for the moment.

Korry

⁴ Telegram 3580 from Santiago, September 10. (National Archives, RG 84, Santiago, Classified Allende Files, 1968–1973, Box 6, United States/Chile Relations, Sept–October 1970)

⁵ Telegram 3564 from Santiago, September 9. (Ibid., RG 59, Central Files 1970–73, POL 15–1 CHILE)

74. Telegram From the Department of State to the Embassy in Chile¹

Washington, September 10, 1970, 0048Z.

147740. Ref: Santiago 3548.² Eyes Only for Ambassador from Crimmins.

1. In spite of categorical nature your statements, I must assume Station Chief is privy to reftel and its implications. Is that assumption correct?

2. If it is not, you should understand that reftel must be discussed by us with CAS Headquarters here as part of our continuing examination of courses of action possibly open to us. They, as well as we, have taken Santiago 3537³ at face value, and misconceptions created by it must be corrected.

3. Please comment by 8:00 AM Thursday, September 10.

Rogers

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 14 CHILE. Secret; Immediate. Drafted and approved by Crimmins; cleared by Rueckert in S/S.

² Document 73.

³ Document 68.

75. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 10, 1970, 0335Z.

3568. Eyes Only for Crimmins From Korry. Ref State 147740.²

1. I briefed extremely skeptical CAS on my opinions before sending Santiago 3548.³ I did not show him or anyone else reftel for following reasons:

A. Ever since Alessandri defeat CAS has been rather demoralized. The departure from Chile of his most intimate friends and the general

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 14 CHILE. Secret; Immediate; Eyes Only. A stamped notation on the first page reads, "Action Copy."

² Document 74.

³ Document 73.

helplessness of the situation added to the very profound distrust and lack of confidence he has always had in Frei.

B. I want him to continue to wind down. At this point it is essential that CAS not repeat not be involved beyond minimal informational gathering.

C. I sent Santiago 3564⁴ (PDC opposition to Allende taking shape) and Santiago 3565⁵ (Alessandri stays in runoff) that clearly confirm the opinions I had expressed to CAS and all the other doubting Thomases before the confirming evidence began coming in. They have read those. I believe these cables and ensuing events are having the desired effect of re-awakening the battle flame but I do not wish it to spurt into unwanted, unnecessary and even harmful fervor.

2. Santiago 3537⁶ was approved totally by CAS and by other senior officials in Mission. It represents the unanimous view that army is not geared to do anything effective. It represents the unanimous view that the military, aside from the unpredictable Viaux type muckup that is always possible, will only play a supporting role to Frei. The same cable represented the equally unanimous view that the economic and political right also had only one remaining option—the same as the military in support of Frei's play.

3. Alessandri's statement on which I have worked since before the elections and which was made a few hours ago has set off a political storm.⁷ It will, I hope, galvanize the panicked Alessandri camp into a last ditch fight behind Frei who met in extraordinary session with his Cabinet tonight. The Alessandri statement was cleared with Frei beforehand. It carries the support of Senators Bulnes (National Party) and Senator Duran (Democratic Radical) who speak for the Alessandri camp. I met tonight with Deputy Silvia Alessandri at her request. Her only interest was to beg me for visas for her family; I sought to convert this tearful scene into political action. I think I did.

4. The point of all the foregoing is that you have enough in the cables cited in Para 1–C above to discuss my true views with CAS Headquarters there. And you can draw on my Nodis message as you best see fit. Events have moved so fast that the contents of my Nodis are really public knowledge here in that Alessandri and Frei have showed

⁴ Telegram 3564 from Santiago, September 9. (National Archives, RG 59, Central Files 1970–73, POL 15–1 CHILE)

⁵ Telegram 3565 from Santiago, September 9, reported that Alessandri had announced that he would not withdraw his candidacy prior to the Congressional run-off. (Ibid, POL 15–2 CHILE)

⁶ Document 68.

⁷ Alessandri announced on September 9 that he would resign the Presidency if Congress elected him. ("Chilean Rightist Won't Take Office: His Apparent Aim Is to Bar Marxist From Presidency," *New York Times*, September 10, 1970, p. 2)

their hands. What my colleagues have persistently correctly labelled a Rube Goldberg contraption and which I alone have persisted in making the repository of my hopes to overturn Allende is sputtering into action. It is still a long shot that it will work but the odds are improving by the hour. And the US need not do anything for the moment although inevitably I expect some requests for some kind of material support.

5. In connection with the Rube Goldberg contraption, could you tell Ambassador Doug Henderson to permit Professor Rosenstein-Rodan to telephone me at Dept expense tomorrow. FYI I briefed the good prof who is a confidante of Frei on the contraption a week before the election and arranged for him to provide some necessary moral support for Frei from non-Americans with the potential to touch the President. Now is the time for him to come to the aid of this party and the prof apparently understood that need by having Henderson message he would be available for calls in Washington starting Sept 10th. He should be informed that overseas calls are probably being tapped now.

6. Dare I conclude by saying “put yourself in my place?”

Korry

76. Memorandum From Viron P. Vaky of the National Security Council Staff to the President’s Assistant for National Security Affairs (Kissinger)¹

Washington, September 10, 1970.

SUBJECT

Chile

It is important that you focus on the attached three cables. They are as extraordinary as any I have ever seen, and they reflect a very delicate situation.

In a separate memo of September 9 I enclosed a long assessment cable from Korry (Santiago 3537)² written in the first person, which ex-

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Sensitive; Nodis. Sent for information. Kissinger initialed at the top of the page.

² Document 68.

pressed his conclusions that Allende could not be prevented from taking power. In the *Nodis* cable at Tab A (Santiago 3548)³ Korry says that the previous cable reflected his staff's view but not his! He implies in that cable that a convoluted political formula resting on Frei is the only hope, but his reasoning and meaning are unclear.

In the cable at Tab B (State 147740)⁴ Crimmins (ARA) asks Korry if his CAS knows what he is thinking, pointing out that we have to talk to CIA to come up with the plans you asked for and that we are confused because of his previous cable.

In the *Nodis* cable at Tab C (Santiago 3568)⁵ Korry says he has not taken CAS into his confidence. There is the clear hint that he is operating in some form and may be making commitments. But it is not clear what he is really doing, or what it is he really thinks. Para 5 of this cable is especially worrisome if he is "operating" in an undisguised way through third parties such as this Professor Rosenstein-Rodan or in face-to-face contact with "walk-ins" such as Alessandri's daughter. The last sentence of this cable is revealing. He is worried that he will be accused of "losing" Chile and thinks he has to do something.

I have the most uneasy instinctive feeling. His cables make Korry sound as if he is under too much stress, almost hysterical (see para 14, Tab A). I am most of all concerned that he is operating in such a way as to present us with problems, faits accomplis and perhaps most serious situations. His quarterbacking must be perceived as at least quasi-official.⁶

³ Document 73.

⁴ Document 74.

⁵ Document 75.

⁶ Vaky wrote "by the Chileans" at the end of the sentence. Below it he wrote, "I am working on a 'reining in' instruction."

77. **Telegram From the Embassy in Chile to the Department of State**¹

Santiago, September 11, 1970, 2244Z.

3640. Subj: Some Hope for Chile? Ref: Santiago 3537, 3538.²

1. Last Saturday night,³ President Frei, mulling the election results, was like a quarterback of the last place Falcons after being battered by the Vikings rush for 59 minutes. With only 50 seconds to go, it was fourth and 12 with the ball on his one inch line. Even the wives knew the call. As the hobbled quarterback took the snap, he bobbled the ball and stumbled like a holy roller in communion with a higher power. Somehow he faded to the white line of the end zone before flopping an end over end (shades of Joe Kapp!)⁴ pass to his aged, unhinged right end, Alessandri. The receiver brought the crowd to its feet with his famed St. Vitus step, a kind of palsied shuffle that caught napping the left safety, Allende, a ball-stealer of no mean repute. Squeaks of hope and roars of anguish welled from the stands as Alessandri clutched for the ball and fell across the sideline with Allende atop. First down and ten, the ref ruled, as the Vikings stormed from their bench. When, to coin a phrase, the rhubarb ended, the ball was on the 13 and shifty Frei quickly ran off a series of short flips that bought it to the 24. Now there were 43 seconds left and the Vikings with their eleven best fielded were spoiling for blood.⁵

2. We have 43 days to go in what might well be the last of the complex Chilean political dramas. Without doubt, it is of transcendental importance and certainly no “game.” The sequence that has produced a ray of hope for the beleaguered defenders of democracy are:

A. A midweek statement by defeated Alessandri stating he would not accept election by Congress Oct 24th to be President and would resign. What he actually meant was that if Congress should elect him over Allende, he would step aside for Frei or possibly another PDCer in new elections. Considering the compatibility of Alessandri and Frei,

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 15 CHILE. Secret; Priority; Limdis. Repeated to Asunción, Bogotá, Brasília, Buenos Aires, Caracas, Guatemala, La Paz, Lima, Mexico City, Montevideo, Panama, Quito, Rio de Janeiro, San Salvador, Santo Domingo, and USCINCSO.

² Documents 68 and 69.

³ September 5.

⁴ Joe Kapp was a quarterback for the Minnesota Vikings from 1967 until 1969.

⁵ In telegram 3668 from Santiago, September 14, Korry wrote, “We noted with interest the coincidental fact that the Vikings (Minnesota) won their weekend game with a touchdown pass in the last five seconds.” (National Archives, RG 59, Central Files 1970–73, POL 15–1 CHILE)

this maneuver might be compared to, say, President Hoover stepping aside for President Roosevelt.

B. The Armed Forces after goose-stepping through pro-forma bluster discovered to no one's surprise that they are paper tigers. They cannot count on their troops, they believe and they cannot count on each other, they know. In any event, it has been so long since they acted like an army and so long since they learned to behave with civility in a democratic structure that they are more like Ferdinand the Bull than their Spanish progenitors. Frei steered them with dexterity into self-satisfying support of his constitutional play. (Whether they can stay there or will succumb to the lures of Allende cum Tomic is not an entirely closed question.)

C. The Christian Democratic Party, a disparate collection of politicians covered by an umbrella with stripes of trompe l'oeil morality and genuine populism, initially behaved like Gadarene swine. Tomic led them to the Marxist slaughter-house by embracing Allende before TV last Saturday; his troupe of fools and knaves rushed behind in his footsteps. But by mid-week because of the indecent haste with which the Popular Unity forces sought to seal their relative majority of 36 percent of the vote as a "popular" mandate and because of the heavy-handed efforts of the Marxists to silence the voices of dissent and because so many of Chile's professionals began to leave the country, second thoughts in this land of the eternal second thought began to assail some of the more pragmatic members of the delusion-prone party. (With some, second-thoughts probably came when it became apparent that situation permitted party construct strong position from which to bargain with and extract concessions from Allende.)

D. The Alessandri supporters, at least those who could keep their heads, recognized that Frei was their only chance and that even if his long-shot gamble paid off, they would no longer enjoy their former privileges. As several have told me, they did not realize how deep and broad was the Chilean desire for reform. Hence they are rallying behind Frei in their way to save the country and their honor. They are fighting for the right to live in Chile.

E. A number of truly independent figures, men whom I know who have broken with Frei for not pushing reforms fast enough or for accelerating them, have rallied to his cause too. They include some of the best minds in this country and their adherence is a meaningful plus in organizational and brain power.

F. The Church in the form of Cardinal Silva has remained as silent and as prudent as can a church with no great influence over the mass and with too few clergy to do much more than steer for safety. However the Cardinal will take those symbolic actions necessary to help Frei when and if the moment presents.

3. We have described in a series of cables how the Communists and Allende have reacted to this new opening to the future. The strongest weapons they have are their encroachments on the freedom of expression combined, as it is, with the trumpeted menace of civil war. The Communists are as united, energetic, cool, determined and effective as they were during the campaign they won for Allende. They are employing sedatives and scares, indeed every weapon in the manual, as we have reported in other messages. Even the Alessandrista traders in the central markets are impressed by promises from Allendistas that their profit margins will be increased from 20 pct to 30 pct.

4. It was the threat of civil war that frightened enough of the middle class women into voting for Tomic instead of Alessandri last Friday and thus providing Allende with his first placement. It was and is the threat of violence that has stopped the saber-rattlers in the Army. Fear for country and for personal future combined with artful blandishments are dividing the Armed Forces and creating a mood of rationalizing Allende's right to the Presidency. Similarly the Christian Democratic Deputies and Senators are torn and many who might fight to the end want guarantees of some way out of Chile if they lose the struggle.

5. I would not be surprised if the two camps—Frei's and Allende's—turn the country's most patriotic holiday of September 18th into a turbulent outpouring of partisans. At the least Frei, who is the focus for the military parade, will be acclaimed by a mob his supporters are organizing.

6. At this juncture his team believes it has 38 of the 74 PDC Congressmen firmly aligned (the seventy-fifth PDCer had been in a coma for five months). With the 45 Alessandristas in Congress and perhaps five radical defectors, the paper total at this point would thus be 88 for the phantom Alessandri. On the other side, there are 75 Allendistas plus 17 PDCers who currently favor the Marxist solution for a total of 91. And in the middle are 19 PDCers still sitting on the fence. The PDC in its declaration last night by Party President Prado has kept all options open, thanks to Frei's stage-managing of defensive forces against Tomic's death wish.

7. Frei has kept himself and his name out of all compromising positions. He acts officially as the President of all Chileans. He refuses to recognize Allende as President-elect (although no less than the President of the Inter-American Bank in Washington, Felipe Herrera, has made such an indecorous commitment). He refuses to establish political liaison with Allende although he has acceded to requests of first the Allende and then the Alessandri forces to have liaison with the Minister of Finance in the latter's efforts to stabilize the worsening economic situation. He refuses to allow anyone to mention his name as the future candidate for a runoff against Allende; instead he posits others.

8. In short, for a hobbled player, he is surprising alert and alive in a long-odds game that will get very rough indeed as those seconds tick off before Oct 24th.

Korry

78. **Memorandum From the Ambassador to Chile (Korry) to the 40 Committee¹**

Santiago, September 11, 1970.

SUBJECT

Ambassador's Response to Request for Analysis of Military Option in Present Chilean Situation²

1. We believe it now clear that Chilean military will not repeat not move to prevent Allende's accession, barring unlikely situation of national chaos and widespread violence. All info available to us indicates that Armed Forces' chiefs are unprepared go beyond seeking minimal "guarantees" from Allende which in their view would protect existing rank structure and prevent politicizing of military. (We regard such guarantees as virtually worthless over the long haul.)

2. Our own military people have had fairly extensive contacts with their Chilean colleagues during last few days. They are unanimous in rejecting possibility of meaningful military intervention in political situation prior to October 24 Congressional election of President. There is apparently some talk among some officers of doing something after that date if Allende is elected. In our judgement such mutterings are not to be taken seriously.

3. You will have seen from our recent reporting that the Alessandri—to new elections—to Frei formula has acquired new life. We cannot yet be optimistic; we believe that the scheme might just possibly work if intense pressures on PDC build up (disintegrating economic situation, spreading fear aroused by premature Communist moves,

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive. Although the memorandum is dated September 12, Korry noted in Document 83 that it was sent on September 11.

² As chairman of the 40 Committee, Kissinger had requested Korry's "cold-blooded assessment" of the situation in Chile. See Document 70.

etc.) and if Frei succeeds in what is beginning to look like an all-out effort.

4. Military in their current and customary state of flabby irresolution have no part to play in this scenario until the final act. Whatever the outcome of any discussions with Allende which may take place, we foresee no significant, sustained pressure from that quarter on Frei and PDC. We have to accept fact that this military establishment simply lacks cohesion and political purpose; its only real unifying instinct is to survive so as to enjoy minor privileges (cars, houses, pensions and the like) and dazzle parade-ground audiences. Fears in the Armed Forces of what a Marxist regime will mean for the institution—and they do exist—can all too easily be tranquilized by Allende appeals to these petty self-interests, accompanied by the hollow guarantees to which we have referred. In all fairness, we must add that military are also afflicted by nightmare of confrontation in the streets with “popular forces” and are unwilling or unable to consider how they might preempt or contain such forces. Unless backed by unambiguous constitutional and legal authority, they would shrink from prospect of having to shoot civilians and others provoking what they see as possible civil war. Armed forces are so disorganized and inexperienced in these matters as to make impossible the kind of quick bloodless military intervention (including prior roundup of leftist leaders) we are familiar with in other Latin American countries.

5. As stated, however, military would have a vital part to play on October 24–25 if scenario were to unfold favorably. Troops in the background prepared to maintain order in Santiago, and to ensure that the constitutional will of the Congress prevailed, would be necessary. It is our judgement that Frei again is the key to this problem. The commanders can be expected to obey his orders, and we think it likely that the troops, despite some Marxist penetration, will obey theirs. It seems to us, then, that the success of such an enterprise in all its aspects must depend on the President’s will and skills—personal qualities on which experience counsels we cannot pin more than modest hopes.

6. What we are saying in this “cold-blooded assessment” is that opportunities for further significant USG action with the Chilean military are nonexistent. They already know they have our blessing for any serious move against Allende, and we can manage to repeat the message if circumstances should so dictate. But this is as far as we can prudently or reasonably go. There is no group or individual within the Armed Forces around whom a coup effort with any real chance of success could be organized. Even Viaux is reportedly seeking to meet Allende. We repeat that our best intelligence makes it clear that nothing will move the Armed Forces on their own except near apocalyptic developments. For the time being it is therefore our intention to restrict our ef-

forts in this field to normal contacts. More could be risky to us and harmful to the Frei effort.

7. Although the foregoing does not respond specifically to hypothetical questions you put to us,³ we believe that our analysis does adequately cover the realities in terms of 40 Committee deliberations. We also realize, however, that the shift to what can be called the political alternative will raise new questions about possible USG political action to support new-election scenario. These may be satisfied by making the following points: (a) There is considerable loose talk among rightists and certain Christian Democrats concerning the buying of key votes in Congress. At present this is nothing more than wild speculation. In any case, vote buying will be a waste of time and money unless PDC junta takes party decision favorable to scenario: i.e., to instruct parliamentarians vote for Alessandri (most unlikely) or to allow them free choice. Otherwise, Allende will have more than enough votes. Junta, which has more than 400 members, can neither be bought nor directly influenced by U.S. action. If we reach the point, we will of course be prepared recommend immediate exploitation any realistic opportunity for manipulative action in Congress. (b) In meantime, Ambassador is in close but discreet touch with key people around Frei who are transmitting to and from that central figure information, ideas, influence and implicit evidence of USG support. Ambassador is also using range of contacts and methods in quiet very contained effort to create propitious atmosphere for scenario. He will be reporting separately on these moves. Embassy and CAS are maintaining lowest possible profile and non-involvement beyond necessary intelligence collection activities.

8. Situation is still too fluid and uncertain to permit intelligent assessment of prospects for effective covert action under Allende. We will, however, be working on identifying possibilities and will report as soon as realistic recommendations can be made.

³ See Document 71.

79. Backchannel Message From the Ambassador to Chile (Korry) to the 40 Committee¹

Santiago, September 12, 1970.

Following was drafted at Ambassador's instruction as additional input for 40 Committee deliberations. Ambassador is in Vina del Mar today in connection meeting there of OAS Education-Scientific Council. Any amendments or additions he may have to this message will be forwarded promptly.

1. Ambassador had three separate, unannounced visitors at residence evening of September 11, each coming alone and leaving before the next arrived: Min Def Sergio Ossa, Senate Pres Tomas Pablo and former Min Finance Raul Saez. First two had same message: Saez has been designated as channel between Amb and group in GOC/PDC (including Frei) who are working to bring about anti-Allende vote in Congress and new Presidential election. Saez prepared to transmit ideas and information to and from. He is old and close friend of Amb's with whom frequent contacts are only natural. He is also man of unquestioned rectitude who, interestingly enough, has not spoken to Frei for two years as a result of the dispute that arose at the time he left GOC. It was agreed that further meetings with Ossa, Pablo or other prominent figures in the group would be restricted to essential occasions and would only take place under most careful security conditions, [*less than 1 line not declassified*]. (Amb will be meeting with Frei today in Vina. Min Education Pacheco, a notorious unguided missile, insisted on arranging call by Asst. Sec. John Richardson on President with Amb accompanying. Initiative was entirely Pacheco's.)

2. Current line up. Ossa told Amb that Frei is committed to formula, all-out to make it work, and prepared offer himself as candidate for Presidency if it does. All of Cabinet is with President except Justice Min Gustavo Lagos and Pacheco. (Former indicated his leanings by leaking to leftist media data on passport applications of *El Mercurio* repeat *El Mercurio* publisher Agustin Edwards and family; latter described by Ossa as "floating off in space".) Ossa and Pablo confirmed that 38 PDC parliamentarians are now lined up to vote for Alessandri, with 17 prepared back Allende and 19 undecided (see Embtel 3640.² We will send separately actual breakdown by names.) Organization of anti-Allende PDC forces is apparently rather complex. There is committee of Lower House Deputies, including such stalwarts as Carlos Sivari

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive.

² Document 77.

and President's nephew Arturo Frei. There is also a working committee of individuals not directly connected with Congress or GOC. Key man in congressional effort is Deputy Jorge Santibanez (whose contacts with Embassy have now been terminated). Others, including Deputy Emilio Lorenzini who has strong ties to Campesino organizations, will play important roles in creating support for anti-Allende position among party bases. (This latter is an essential element if the formula is to work. As explained in our previous message, the party junta repeat junta must take a favorable decision. That body will be heavily influenced by rank and file attitudes.) We will provide more later on organizational and tactical details.

3. U.S. input. On his own initiative Ossa spelled out what he needed from us: (A) Above all, those participating in this effort who are the most firmly committed and/or the most vulnerable to retaliation from the left, want assurance that there will be a way out of the country for them and their families if they fail. Amb pledged that he personally would do everything possible to arrange that sufficient commercial air transportation is available out of Santiago during Oct 25–Nov 4 period. Red tape problems currently hindering quick exits would, of course, be up to GOC. (B) Ossa has little confidence in the intelligence he is receiving on attitudes and maneuvers among his own military. He is fearful—with some reason—that armed forces will strike a bargain with Allende which would close the door on his group and its formula. Ossa said he wanted info from us, the only source he considered reliable. Amb explained our limitations in this field, but indicated we would do what we could on very discreet basis to help keep Min Def abreast of developments in military. (C) Ossa believes it important that the lawyer son of Anaconda's Guillermo Carey be taken out of Chile ASAP. Latter, an indiscreet bumbler, is egging General Viaux on, feeding his pathetic Peronist ambitions. This feeble maneuver muddies the military waters and poses the gravest risks for the Anaconda (and US) position in this country. Amb said he felt Carey's early departure could be arranged.

(D) Ossa asked for help in listing and locating those key individuals in the Marxist camp whose absence from Chile might be desirable if it comes to point of possible violent leftist reaction to congressional decision against Allende. Amb made no commitment.

(E) Of prime psychological importance, particularly in terms of PDC junta repeat junta action, is getting the word to the Chilean people as to what is really happening here: e.g., aggressive FRAP³ moves to grab levers of local and institutional power in advance of Oct. 24; intim-

³ In this sentence, FRAP is crossed out and replaced with UP.

idation of non-Marxists in the media, universities, campo, local organizations, etc.; financial panic, rising fear of the Marxists and their intentions, etc. This picture can best be fed into the country from abroad; reports from abroad unfavorable to Popular Unity are easier for the domestic media to handle under present circumstances and have a considerably greater impact than stories originated locally. In Ossa's opinion we could be of great help in this exercise. Amb said he would look into how we might discreetly assist, while pointing out that the information itself must come from Chilean sources.

(F) Finally, Ossa passed on rumor "from university" that two Cuban ships are bound for Chile with arms. Amb skeptical, but said we would check.

4. Question of future U.S. posture. For his part, Pablo told Amb that question of USG aid relationship with an Allende govt is critical factor affecting the choice PDC'ers must make. Tomic is saying that U.S. assistance will not be cut off; that world now changed and old Cold War standards no longer apply; that he—Tomic—has the connections in U.S. Congress (Fulbright, Kennedy, et al.) To assure a reasonable attitude and continued aid. Those not convinced by this siren song are deeply preoccupied. They fear U.S. will allow Chile sink into oblivion as economic troubles pile up. Prospect of substitute Soviet aid is another element being weighed in the balance. Amb made it clear that he personally would oppose any initiative for a U.S. bail-out of Chile under Allende, and reminded Pablo of continuing Soviet efforts lighten their Cuban burden, preferably by transferring some of it to the U.S. He also recalled that Soviets responded to Peruvian approach on aid with advice to make it up with the U.S. Hopes for substantial support from that quarter should be regarded as very thin indeed.

One final point on Pablo conversation: he reported from personal observation that Tomic was summoned to the telephone election night to take a call from the "State Department." We can add that rumor is all over town that Tomic has received some kind of direct message from the Dept. Any light you can shed will be appreciated.

5. The U.S. role. Amb sees possibilities for meaningful political action on the ground here in support of the formula as presently limited to the exchange of the kind of ideas, impressions, information and the like which the Saez channel will make possible. Pablo, Ossa, Saez—all are in agreement that the USG must stay completely in the background; any showing of our hand would be disastrous in terms of reactions from such key PDC nationalists as Renan Fuentealba and as confirmation of Marxist line that effort bar Allende is an imperialist plot. Saez and those he will be communicating with on the other end can be trusted. It is the most discreet possible kind of relationship, but also one which will enable us to monitor this effort closely while exerting influ-

ence and providing counsel. By keeping in close touch we can also determine when and if the contribution of U.S. resources and/or political action mechanisms might prove decisive. In meantime, remainder of this Mission will hold to line of absolute non-involvement in the Chilean political process, restricting our activities to normal information collection.

80. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 12, 1970, 0125Z.

3642. Eyes only for the Secretary from Ambassador Korry. Ref State 149384.²

1. To answer your questions in chronological order:

2. The entire Embassy has formally been instructed to seek no contacts and only respond to requests for appointments. In certain cases we have urged that the Congressmen and other politicians seeking repeated appointments desist from coming to this Embassy. Furthermore I requested CAS 48 hours ago to prepare a message to his Director with my approval informing the latter of our joint recommendation to cease all CAS political action mechanism. In fact such CAS political action stopped several days ago. The DAO's office has been similarly instructed to hold contacts to the barest minimum. The US business community was similarly advised by me as reported.

3. As for the contacts we have, the message we give to them is contained in the President's message to the Congress outlining known U.S. attitudes.³ We have made no commitments; we have turned aside requests for money; we have held to our line of no intervention in Chilean internal affairs.

4. As for "worked on" as an operative verb, it was a poor one and I can only apologize that the press of much business does not make for careful drafting of every message, especially on three hours sleep a

¹ Source: National Archives, RG 59, Central Files 1970-73, POL CHILE-US. Secret; Immediate; Nodis; Eyes Only. A stamped notation on the first page reads, "Action Copy."

² Dated September 11. (Ibid., POL 14 CHILE)

³ Reference is presumably to Nixon's first annual report to Congress on U.S. foreign policy, February 18, 1970. (*Public Papers: Nixon, 1970*, pp. 116-190)

night. I had reported prior to the elections via CAS channels that it was essential that Alessandri not cede to Allende if flexibility were to be retained. That statement of fact was conveyed to Alessandri by Chileans to whom the fact had been stated by CAS reps and who then acted upon it.

5. As for methodology, prior to receipt of reftel tonight I had in quick and unexpected succession three different high level reps of Frei visit my home, each barely missing the other—Min Defense Ossa, President of Senate Pablo and ex-Finance Minister (and one of original wise men of Alliance for Progress) Raul Saez. Each was seeking information of what we knew of situation and indirectly asking for advice. Equally indirectly they received the advice but nothing committed the USG at any time. However if you wish I shall inform them that the USG is considering the question of our attitude to Allende govt and that we cannot give any indirect or direct encouragement to their actions. Such a message, I should add, will guarantee the election of Allende.

6. The questions put to me in the CAS Sept 9 cable were answered this evening and I believe are available in CAS Headquarters/Washington.⁴ I cannot check at this hour to verify that they have actually been sent from here by their communications. In any event it clearly rules out any military role.

7. I wish to make it most clear that if the Frei forces are left totally to their own devices and resources intellectual first and material second, or if they meet with the posture laid out in para 6, it is my very considered opinion that (a) Allende will be elected (b) that the USG will be blamed by many and publicly by the most influential after his election for having taken that decision. I want to be equally straightforward in saying that if such are the desires of the USG I shall carry them out but with those clear assumptions in my own mind.

8. I appreciate your sympathy. I would only note that the same hesitations and same concerns were expressed in the pre-electoral period. Nothing warranted them and our actions were carried out without a hitch of any kind that exposed the US except for one known to the Dept done without my knowledge. We are in a very fluid situation in which events overtake planning as the message to CAS Headquarters clearly states. An act of commission [*omission?*] is no less an act. What one does not do is as much an action as one does do. The question of whether Chile will be a Communist state or not is being decided now. I would hope and I would expect that a decision as to which the US would prefer and what it permits to be done about it will not await committee meetings whose decisions will once again be over-

⁴ Documents 71 and 79.

taken by events. In the interim I shall bear uppermost in mind your views.

Korry

81. **Telegram From the Embassy in Chile to the Department of State¹**

Santiago, September 12, 1970, 2340Z.

3644. Subj: "Frei" Pessimistic But Not Discouraged!

1. Asst Secy John Richardson and I had 45 minute conversation alone with Frei today at Presidential Palace in Vina del Mar where OAS sponsored educational conference being held. From conversation it was obvious, contrary to my original interpretation, that Frei had set up meeting in order to have direct private access to highest levels USG. Despite breakneck 100 mile per hour efforts I arrived 15 minutes late and what follows is reconstruction of conversation as coordinated with Richardson.

2. Frei gave a melancholy recital to Richardson of campaign. He said he had tried in the final weeks of the campaign to convince his associates in the GOC, his friends in the Christian Democratic Party and some outside that there was a very real danger of an Allende first majority. He had told this to the editor of *El Mercurio* in the final days but the latter had scoffed, citing polls and other data. (It is possible Frei was referring to Augustin Edwards as "Editor".) No one had heeded his warnings.

3. Frei outlined the present perspectives stating he was "pessimistic but not discouraged." When Richardson asked if there were no hope, he replied that there was hope of preventing Allende from assuming power but the Oct 24th vote in Congress depended largely on whether the climate in Chile remained calm and whether Allende and his forces encountered growing concern. He gave details on the current economic situation, (repeating what we have been reporting), stating that the long-term harm to Chile could be very grave.

4. I arrived at this point and President went on to say he was certain that his views would be in 100 percent accordance with mine. First,

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 12 CHILE. Secret; Immediate; Nodis.

he considered it 98 percent certain and he said he thought he was understating the case, that Chile under Allende would be a Communist country. Secondly, he thought the Armed Forces would do no more than preserve the constitutional order, that the Generals felt the politicians had to find a solution. The Armed Forces were innocents who were being beguiled by the promises emanating from the Allende camp but the President felt they would most likely maintain law and order and sustain a legal political process. Thirdly, the modest bank run, the drawdown on the savings and loan associations, the tremendous brain drain of professionals quitting Chile, the layoffs of workers, the dry up of credit, the cutbacks in production and the eight week standstill on the exchange rate meant inevitably at least ten to 15 more points of inflation (to a rate of 40 to 45 percent at year end). Such deterioration could have an effect on the political situation. Fourthly, there was a widespread feeling in Chile because of the lack of any violence on or after election day and because of the faith in the fair play of democratic processes that Allende should have his chance in the Presidency. A great many still did not understand the consequences.

5. Frei then said the US should say nothing, that it should be as correct as it possibly could. I interjected that all the USG had said until now was that a constitutional process was continuing in Chile and that whoever became President at the end of that process we hoped that good relations could be maintained. Excellent, said Frei, adding to Richardson that the performance of the US Embassy during a trying year had been and was "impeccable."

6. Frei said he wanted for us to know what had transpired in his last conversation with Allende a few days ago and he wished us also to know very confidentially that he had covertly tape-recorded the conversation, an action that he described as of great importance. Allende, who had arrived with his advisors asked after some general discussion if he could see the President alone. When alone he asked if they could speak as old friends and not as future President to outgoing President. Frei agreed (explaining to us that he had always had good relations with Allende over the years). Allende said he was very concerned by the "rightist machination" to wreck the economy and to create panic. Frei replied that it was no plot but the reaction of a lot of modest people to Allende's own statements and to the Popular Unity platform. (Frei told us similarly it was the first time that Allende & co had not blamed the "imperialists.") Frei gave Allende an example of what his program and statements provoked. The Federal German Republic, he told Allende, had stopped 50 million marks credits to Chile after learning of Allende's electoral victory because of his pledge to recognize East Germany. (FYI German Amb told me in midweek that an Allende friend had raised this story with a FRG Emb officer and that the Ambassador

genuinely knew nothing of it and had so replied. However my excellent colleague is prepared not to deny such stories now if it were of utility.) Frei said that Allende simply had not stopped to consider such matters.

7. Allende requested that Frei make a public statement to calm the Chileans and get them back to work. Frei replied that the panic was not of the GOC doing, that indeed his administration had taken a number of counter-steps to ease the situation and that it was Allende's responsibility to tranquilize the country.

8. Allende said that if the PDC were quickly to adopt a position of recognition of Allende as President, the country would be tranquil and get to work. Frei agreed that might be so but that if the PDC National Council took such a decision, he would be the first to refuse to accept it. But why, Allende protested. I have been a democrat all my life, he said; I believe in free elections and in free opinion. Yes, said the President, I believe you, Salvador and if it were you alone, there would be no problem. But your Popular Unity is composed of a Socialist Party of which at least half detests you; the Radical Party is a collection of corrupt hacks; and there are few other minor hangers-on. You depend upon one force and only one force, the Communists, who are cold and calculating and who will convert Chile into something quite different than your conception. But, said Allende, I would resign if they did that. Frei recalled that Urrutia had resigned as President in protest against Castro. Who remembers him today, he asked and had Cuba become any less a Communist state? No, said Frei, he was sorry but the record showed that wherever the Communists had the power it was an irreversible road and in Chile they would have the true power under Allende.

9. When I asked if Allende had said anything about US or Soviet aid, Frei said that the subject had come up and that he had asked Allende if he knew that US laws regarding a foreign government's recognition of Cuba and North Vietnam meant an end to US aid. Frei said that Allende had never reflected on the subject and that he, Frei, had gone on to cite the example that all of Chile's electric energy is dependent on US and West German machinery. Frei added that he could add a great number of other industries and that Chile was very unlike Cuba. In Cuba, he had told Allende, it was only sugar, tobacco and cattle; in Chile there is considerable industrialization, a great need for foreign credits and a dependence on foreign supplies. Allende said it might take six years to find other sources for the state power companies. Say only three years, Frei answered but do you realize what would happen in Chile in those three years and the political consequences of such changes as the Communists hardened their control?

10. I told Frei at this point about my conversation with Senate President Pablo last night in which the PDC Senator had been most insistent on how the US and the USSR might react to an Allende govt. (I believed that the President had a full report on that conversation and that we were doing an Ev-Charley routine but I preferred it that way for the record). I had told Pablo about the same laws Frei had cited to Allende and said the ball was in Allende's court, not ours. As for the Soviets, I had recalled that they had been trying for almost two years to unload on US part of the cost of keeping Cuba going and that in Peru they had replied to the junta's request for large aid by suggesting the GOP work things out with the US.

11. Frei said that Allende had asked him for advice. The President had suggested that the only way Allende might maintain some independence was to keep inviolate the Armed Forces; they might be his only salvation if he chose at some point to challenge the Communists.

12. Frei said that the day after the conversation with Allende, he had been told by a close friend of the latter's that Allende had been very satisfied. Allende had said that it was Frei who had provided his best advice and that his description of the President had been that of a worshipper before God. (It is significant that Allende has been applying the sedation very strongly to Chile, that he did approach us through Senator Miranda and that he has been doing his best to seduce the Armed Forces with "guarantees".)

13. I asked Frei the following questions as the hour struck for the lunch in the next room with all the OAS Education "Ministers":

A. Would it help his position and his country if the world press, particularly European, were to focus on the manner in which the Communists are encroaching on all the media? "Stupendous," said the President, adding, do not forget that they are doing it in the low income neighborhoods too (where according to a PDC Deputy's charges published in *Mercurio* today, they are intimidating Tomic supporters, physically if necessary).

B. Would it help his position and that of Chile if the world press were to publish stories about the economic situation, what was likely to happen to aid, what the consequence for Chile would be etc. "Stupendous," said Frei.

C. Would it help him and help Chile to have the world press and particularly highly reputed professional journals publish stories about the Armed Forces, speculating only on how a country with three less than friendly neighbors could manage the job of totally replacing most of its equipment, particularly when hard currency reserves would be eaten up by increasing food imports, etc. Such stories would be in very serious form and would not deprecate the Armed Forces in any way. "Stupendous," said Frei.

14. Frei told me after the big lunch that he had been most impressed with Richardson and cited his intelligence and serious manner. I took advantage of this last brush to tell the President that I felt that his Ambassador's description to the State Department of the current play as a "gimmick" had had an effect that I believed was not in tune with the President's. Frei said he was particularly grateful for that confidence.

15. OAS SecGen gave his xerox of the Chilean situation to me after lunch: "Chile is not Cuba and Allende is not Fidel; he is a democrat and there is nothing to worry about here." Since I regard Gallo as a fatuous incompetent, one of a triumvirate that run the key Latin American organizations as ineffectively, inefficiently and unimaginatively as is possible (the other two being Herrera of the Inter-American Bank and Sanz Santa Maria of CIAP), I made no comment and waited for Gallo to air these views elsewhere, as he promptly did to anyone innocent enough to listen.

16. Education Minister Pacheco told Richardson at lunch how the Popular Unity forces were moving into the University of Chile Law School and how they were setting up new structures that would force out dissenters in the faculty. We are getting many similar reports from the education sector.

17. Frei was at his best. He is calm and cool. He believes he has a one in twenty chance (I suggested to him one in five) and that he cannot afford, as he said, to be anything but the President of all Chileans at this time. The implication was clear that if the right messages could quickly be brought to the Chilean public that is daily hearing from fewer and fewer sources of straight news, the climate might shift to permit Frei a more open role of challenge to Allende. Without such a climate, he thinks Allende will be it. To my Frei-trained ear, he is also thinking of how to worsen the economic situation in Chile quickly without hurting the country over the longer-term. While it was true that his analysis tallied exactly with my own, as Richardson told him, it is nonetheless important that Frei wanted to say it himself and to get it through to President Nixon.

Korry

82. **Transcript of a Telephone Conversation Between President Nixon and the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, September 12, 1970, 12:32 p.m.

[Omitted here is discussion unrelated to Chile.]

[K:] The big problem today is Chile.

P: Their stock market went to hell.

K: I had a call last night from McCone and Kendall this morning. McCone thinks it would be a catastrophe if we let it go. Latin American Bureau at State is against doing anything. Korry has stopped all appointments unless they come to him.

P: Did I see those instructions? I want to see them.

K: They came over here and one of my staff members agreed to it.

P: I am following it and I want a personal note to State that I want to see all cables to Chile.

K: Maybe I should send a backchannel to Korry saying you are interested in keeping it open.

P: By all means. I want an appraisal of what the options are. The options are having another run-off election.

K: Helms has sent someone down for a first hand look to give their appraisal.

P: Does State want to give them aid?

K: Let Alicande [*Alessandri*] come in and see what we can work out and work out opposition to him.

P: Like against Castro? Like in Czech.? The same people said the same thing. Don't let them do that. Meyer knows better. Tell Kendall to call Meyer.

K: I did and he is beside himself. Augustin Edwards has escaped and is coming here Monday. I am going to meet with him on Monday for his feel of the situation.²

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box 364, Telephone Conversations, Chronological File. No classification marking.

² Kissinger met with Kendall and Edwards for an 8 a.m. breakfast meeting on Monday, September 14. (Library of Congress, Manuscript Division, Kissinger Papers, Box 438, Miscellany, 1968–1976, Record of Schedule) No other record of this meeting has been found.

P: We don't want a big story leaking out that we are trying to overthrow the Govt. We want his judgement on the possibility of a run-off election.

K: I will do that. That's essential.

P: It's going to hell so fast. Their stock market is down 50%.

K: Korry sent in a cable today that said while you meet in committees [omission is in the original]

P: Korry may have wanted to put us on the spot. He is a Kennedy Democrat. Get a backchannel to him right away.³

K: Exactly. We will have a meeting on Mon. The British Ambassador called this morning and said he feels he must greet you at Chequers. I know your preference but I said I would check with you and get back to him.

P: Lunch there? We will do it.

K: I will call Freeman.

³ See footnote 2, Document 83.

83. Backchannel Message From the Ambassador to Chile (Korry) to the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, September 14, 1970, 0403Z.

415. To: Henry Kissinger (for delivery prior to 0800 hours of 14 September). From: Ambassador Korry.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, 1970. Top Secret; Sensitive; Exclusively Eyes Only. A note attached to the message reads, "General Haig: Copies have been given to HAK and you. Vaky copy is being held pending your approval." Haig wrote, "No copy to Vaky." However, Vaky most likely saw the message. A September 14 memorandum from Kissinger to President Nixon summarizing Korry's backchannel message was sent under cover of a September 17 memorandum from Vaky to Kissinger recommending that the memorandum from Kissinger to President Nixon be forwarded to the President. The Vaky memorandum to Kissinger bears the notation, "DRY [David R. Young, Jr.] hand carried to AB [Alexander Butterfield] 9/18." There is no indication that the President saw the memorandum from Kissinger. (Ibid., Box 774, Country Files, Latin America, Chile, Vol. II)

1. This responds to your message re Santiago 3462.²

2. In the two messages sent through CAS channels Sept. 11 (Santiago 2844) and Sept 12 (Santiago 2850),³ I provided the basic analysis on which this message rests. Santiago 3462 said we were in a very fluid situation and through State and CAS channels today, we reported following late developments of significance:

A. Frei's message to the President via John Richardson and me (Santiago 3644).⁴

B. Frei's message to Santiago Garrison commander Gen. Valenzuela and to CG of Carabineros that he intended to resign soon after most patriotic of Chilean holidays (Sept 18–19) to permit, by constitutional methods, interim govt and new elections in which he would stand.⁵

C. Parallel move to have retired Gen. Viaux, leader of last October's army sitdown strike, issue anti-Communist declaration in few days time.

D. Allende's speech to rally Sunday in which he threatened mass take over of factories and farms by "the people" if his victory was "stolen."

E. Plans to make of the big military parade Sept 19th a tremendous anti-Communist rally for Frei.

F. Formation of a joint Alessandri-Frei cum PDC covert propaganda mechanism to inflate Frei and to stiffen backbones of media personnel opposed to Communist takeover.

3. I confess that prior to Secretary's message to me⁶ I have encouraged in all prudent ways possible, without risking President's prestige, these above measures. I have also sought to arrange the following:

A. To have the GOC accept Allende's request to seek to calm the panic that is profoundly affecting the economy by having much respected MinFinance go to nation by radio and TV ostensibly to calm

² Document 80. Message WH 1783, September 12, reads as follows: "The President has read your Santiago 3642 and would like to have for his eyes only your views as to the feasible courses of action available to the US in the present circumstances. You are, of course, free to contact any persons you feel are necessary in order to collect required information. Please reply via this channel by 0800 Washington time Monday, September 14." (National Archives, Nixon Presidential Materials, NSC Files, Box 423, Backchannel, Europe—Mideast—Latin America, 1970) Kissinger also noted in message WH 1777, September 12, to Korry, "The President has asked that I inform you that he has been impressed by your perceptive reporting during recent difficult days. He is very appreciative of your efforts. Best regards." (Ibid.)

³ See Documents 78 and 79.

⁴ Document 81.

⁵ See Document 85.

⁶ Not found.

people and then recite the horrendous details that are affecting the country, the point being to create the most serious doubts among the masses that supported Allende and to force the Christian Democrats into serious reflection.

B. To have the Church in some form provide support to Frei. I believe that the solemn *Te Deum* in the cathedral Sept 18th will include an address by a respected prelate that will bolster the Frei position.

C. To have the Armed Forces gently rpt gently reminded that US laws would under certain conditions be automatically invoked by Allende govt actions and would lead to total ban on US arms and spare parts sales, thus leaving Chileans defenseless.

D. To have the Christian Democrats and rpt and the Allende camp reminded that almost all of Chilean industry, which is incomparably larger and more complex than Cuba's, is dependent on U.S. technology, U.S. credits, U.S. machinery.

4. The point of my efforts is to seek a position that at best helps Frei in the constitutional play to stop Allende and at the same time improves our (and PDC) bargaining position with an Allende govt if that is what we shall have to confront. The focus of the pressure is both on the masses and the Christian Democrats, a good many of whom are either ready to rationalize an Allende govt or are so terrorized that they fear for their lives if they oppose his accession. Hence at the minimum I want to increase their bargaining demands; at the maximum I want them to support Frei.

5. I have had to speak with many voices including a semi-public one that is calm, cool and above-it-all. I wanted the US press to report the USG was out of it; they have unanimously done so. I wanted the US business reps to report that my advice was total non-intervention, some disappointment with the election results and business-as-usual; they have done so. I wanted the leaky bureaucracy in Washington to spread the same word and thus keep our true options open. Unfortunately this last effort has been so successful that the Dept failed to forestall the statements of Inter-American Bank President Herrera in Washington and of OAS SecGen Galo Plaza in Vina del Mar and of Latin govts which have served to rule out the constitutional process by accepting Allende as President. The statement of the man responsible for Galo Plaza's accession to the OAS post, Sol Linowitz, as extensively cited by Allende today, is proof of what I mean: Linowitz is responsive if handled correctly. He can correct the impression he has given here.

6. Frei is absolutely correct in wanting the US to say nothing and to do nothing overtly that would make his task harder by converting a constitutional process to defense of US interests. That does not mean that he or I want US to act as if we believe we are impotent. Like my German colleague, I believe it essential that we upend this Soviet tri-

umph, that we not advertise to Latin America and to the world that our own backyard is an open hunting ground. If we can defeat Allende, and if a man such as Frei is the instrumentality, it can only serve our purposes in the region and in the world.

7. Terror is the key weapon now being employed by the Allende forces. But there is a counter-terror weapon—the economy, the condition of the Armed Forces and, as I have suggested to the key Frei men, direct action against the mechanism that trumpets “civil war.” Frei must be prepared, as I have told him indirectly, to use blackmail to counter blackmail, to take out every skeleton in the crowded Christian Democrat closet to produce converts among his Congressmen, to be prepared at the opportune moment to have the Carabineros detain the leaderships of the Communist and Socialist Parties, to frighten the hell out of his Armed Forces and to panic the country into more dire economic circumstances.

8. Frei is half-Swiss and he is extremely cautious. He likes his ducks in a complete row. Hence the separate visits to me Friday night of MinDefense Ossa, Senate President Pablo, and the most brilliant organizer in Chile, Raul Saez, were designed by Frei for them to hear my views so as to remove any doubts. He then arranged for the next day the private talk with Richardson and myself. Now he has gone to the Army and the Carabineros, choosing the Army General to whom last Sunday I delivered a very prudent message of encouragement.⁷

9. I am not certain that Frei really means to resign as he told the two generals. I think he may be engaging in counter-terror of a sort. He knows that Allende is seeking to seduce the Armed Forces with every kind of promise; he knows that that fool Tomic and his colleagues believe in Communist guarantees to the Armed Forces; he knows that Allende has supporters in the Armed Forces. He may well be stirring the pot to stop any recognition by the Armed Forces of Allende (who is actively seeking it and from Viaux too) and to keep them in the constitutional line that he knows is their overwhelming preference.

10. In these circumstances, these are my action recommendations:

A. An immediate effort that involves both clandestine and “background” efforts to have published, particularly in the European respected press, stories about the precipitous Communist take over already of the media, of the universities and of many key elements in the society.

B. A similar effort re the economic situation and the consequences.

C. A similar effort but restricted to select publications re the dependence of the Chilean Armed Forces on US supplies.

⁷ September 6. See Document 65.

D. A specialist to write this material for dissemination to be sent here immediately since no one aside from myself could do the actual writing. He would work under my direction.

E. A deep background by a high, much respected official such as you, for a very select and small group of US editors or publishers on the facts here, based on the material that we are preparing most carefully—such briefing to be done by no later than Wednesday of this week.

F. An effort by the White House to persuade the US carrier, Braniff, and as many scheduled Latin and European airlines to make preparation now to have extra flights from Santiago to Buenos Aires for the period Oct 24th to Nov 3rd so that those many Chileans who are willing to make a fight for their country can be soon assured they will have a way out if Allende is to be President.

G. Dispositions as may be possible to permit me to assure those key Chileans who need such assurance that they will be able to enter the US if this effort fails.

H. An immediate effort with Gen. Lanusse of Argentina, currently in the US, to have the Argentine Govt remain quiet and uninvolved but to have that govt allocate publicly extra funds to handle the flood of Chileans who might leave the country next month—the point being to keep influential groups here to fight the battle but with the knowledge that if they have to leave everything behind at the last moment, they will receive lodging, food, etc.

I. Funds to handle covert support of the new pro-Frei propaganda mechanism and to fund some essential players in the game. A standby-fund for suborning of Congressmen should also be set aside now.

J. The Department support my position that in the circumstances there can be no rpt no disbursement of A.I.D. funds in the pipeline unless specifically recommended by me and that with a threat of civil war, it would be imprudent to permit any A.I.D. new personnel or contractors to come to Chile unless as specifically recommended by me.

11. Finally, I must express my concern that there seems to be a lack of complete understanding between the Department and myself as to the basic US policy line in this situation. I hope that the deliberations now underway will result in a clear policy line and unambiguous support for this Embassy in its efforts to forestall or at least mitigate what could be a serious defeat for the United States. I may add that this Mission in all its elements is in complete agreement and working harmoniously to support the policy that I have recommended.

12. I wish you to know of my most profound gratitude for the President's message and for the support he has always provided. It has been indispensable and essential; it is deeply appreciated. With warm regards.

84. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, September 14, 1970.

SUBJECT

U.S. Aid to Chile

You requested information regarding the amount of assistance we have provided to Chile as compared to other major Latin American countries.

Since July 1961, the beginning of the first fiscal year under the Foreign Assistance Act, the U.S. has provided a total of \$1.2 billion in foreign assistance to Chile. Of this total, \$564 million was in AID loans and grants. The remainder consisted of PL 480, Exim Bank loans and military and other economic assistance. During this period Chile was the second largest Latin American recipient of U.S. foreign assistance (Brazil received \$2.3 billion).

In FY 1970, Chile received \$41.1 million and the level of aid tentatively projected by the agencies for FY 1971 is \$71.6 million. Foreign aid legislation for FY 1971 has not yet been passed, and the FY 1971 projected level is, of course, subject to change.

Attached for your information at Tab A is a table which provides a summary and breakdown of our assistance to Chile compared with that given to other major Latin American countries during the same time period. The table at Tab B summarizes U.S. assistance provided to Chile in FY 1970 and estimated in FY 1971.²

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Confidential. Sent for information. This memorandum was written in response to a September 8 memorandum from John Brown of the Office of the Staff Secretary. (Ibid.)

² Both are attached but not printed.

85. Backchannel Message From the Ambassador to Chile (Korry) to the 40 Committee¹

Santiago, September 14, 1970.

1. The following information was given to the [*less than 1 line not declassified*] Ambassador [*less than 1 line not declassified*]. The Ambassador wishes that it be included in the 40 Committee deliberations.

2. [*3 lines not declassified*] the previous day to speak with President Frei. The message from Frei was that he could not afford to wait until October 24th to move against Salvador Allende. Frei admitted he has been amazed by the speed and extent of the moves being made by the Popular Unity forces to consolidate their position. Frei told the two generals he has decided that he will resign after the National Day celebrations (September 18–19) leaving the next in line, Senate President Tomas Pablo, as the interim president until new elections can be called.

3. [*1 line not declassified*] Pablo is to name a military cabinet except for two positions which Frei has specifically asked be filled by their present incumbents—Minister of Economy Carlos Figueroa and one other [*less than 1 line not declassified*]. It is Frei's hope that under Pablo and a military cabinet steps can be taken to neutralize the Communist Party. After the country is cleaned up, Frei said he would accept to run as candidate for the presidency in new elections.

4. Valenzuela gave the impression that among the generals who will support Frei in the above plan, the strongest person is [*name not declassified*]. As Frei put it, Schneider has "constitutionalism sickness" and is therefore a problem.

5. President Frei is undoubtedly aware of the Embassy's contact [*name not declassified*] which had been alluded to earlier by me in my recent talk with Sergio Ossa, Minister of Defense.²

6. As to the accuracy of the above information, no one can judge. It was quite clear and in keeping with his close personal friendship [*less than 1 line not declassified*] appeared [*less than 1 line not declassified*] as sincere in what he reported and willing to help in the above plan as presented to him by Frei.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only.

² See Document 79.

86. **Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, September 14, 1970.

SUBJECT

Chile—40 Committee Meeting, Monday—September 14

Attached is the CIA paper prepared as the basic document to be considered. You should read it carefully, especially Section I, pp 2–8, outlining the significant new developments that have occurred.² This memo summarizes the CIA paper, provides analytical comment and my conclusions.

I. *Summary of the Paper*

A. *The setting the paper describes includes these major elements:*

1. *Military action is impossible; the military is incapable and unwilling to seize power. We have no capability to motivate or instigate a coup.*

2. *Because of significant changes in circumstances, a political plan which Frei has contrived has some chance of success. It is still a very long shot, but it is the only possibility.*

3. *The plan involves an effort to corral enough PDC, Radical votes to elect Alessandri; he would then resign; a new election would be required; Frei would be eligible this time and would run; presumably he would be elected. The process is constitutional and legal, if unusual and untraditional.*

4. *The unqualified support and effort of Frei is central to this plan because moving the majority of the PDC congressional bloc to Alessandri is the essence of the maneuver. The attraction to the PDC is another six years of political power. Frei has taken the necessary preliminary steps to position the PDC and himself for such an effort.*

5. *The U.S. cannot operate this plan; it must be Chilean and Frei's. Our support and stimulus may be critical, and resources may become important. But in essence we would be backstopping a Chilean effort.*

6. *Korry has in fact already encouraged and pushed this plan, if he did not participate in its creation. He has already committed us to at least*

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive. Sent for action.

² The memorandum, "Review of Political and Military Options in Chilean Electoral Situation," is attached but not printed.

moral support and encouragement. Therefore, the issue is not whether we go or do not go; but whether we continue this encouragement and do any more, or draw back.

B. The possible courses of action to support and stimulate the Frei re-election gambit are described as:

1. Authorize the Ambassador to encourage the gambit through whatever resources are available to him locally, but on the most discreet basis to minimize exposure of USG's role.

2. Authorize the Ambassador to assure Frei directly that the USG strongly supports and encourages his efforts. This might include an oral message from President Nixon to be used if appropriate.

3. Parallel Ambassador's efforts with outside support to influence Frei—stimulate foreign political figures whom Frei respects to encourage him.

4. Work through European Christian Democratic parties to bolster Frei's leadership and encourage the PDC leaders to contest Allende.

5. Encourage the Radical Party, through established assets, to abandon Allende in favor of Alessandri.

6. Generally keep information lines into the military and close communication to be prepared for any future eventuality.

The risks of exposure are appreciable, and rise the broader our involvement and contacts.

C. The paper asks the Committee to address the following questions:

1. Should the Ambassador be authorized to continue to encourage and support the Frei plan but with as little risk of exposure as possible? If so, should he be provided with a confidential message of support from President Nixon to Frei to use at the appropriate time?

2. Should his efforts be complemented through outside diplomatic and covert activities designed to encourage Frei? Should a propaganda campaign be conducted outside Chile in support of the Frei gambit?

3. Should an effort be made to swing Radical votes to Alessandri? Should the German Democratic Socialist Party which has close ties be encouraged to weigh in with the Radical Party in this sense?

4. Should we expand and intensify military contacts to be assured of requisite intelligence and stand-by channels of influence?

II. Analysis

The description of events and the proposals must be examined through the following questions:

—What are the chances of success?

—What element would USG involvement provide that would not otherwise be there and what difference would it make?

—What are the consequences of success, and the consequences of failure?

—What are the dangers to the US in getting involved?

—Why should we run these risks and incur these costs at all? Is it really necessary?

Without long narrative, I think a fair analysis would have to say:

1. *Chances of Success.* Frei says one in twenty; Korry says one in five. No one really knows with much precision, but it is clear that the chances of success are considerably less than even.

2. *What does USG involvement add?* Probably a great deal in terms of moral support and encouragement. Now that we have already begun this, to quit would almost surely kill the effort. It may not be able to continue without our support. There is less evidence that any material resources would be needed, but some money may be.

3. *The consequences of success.* It is vital to understand that it is not just a question of defeating Allende and that's it. This sets in motion a number of serious problems:

If Allende is defeated in the run-off, he and his supporters are most likely to go to the streets. Widespread violence and even insurrection is a possibility. He is unlikely to simply meekly run in a new election.

If there is a new election, we would want to make sure Frei wins; hence we would be drawn into further action to support his election.

If Frei is elected, his would be an unstable government facing serious dissension. Such a situation would probably require massive US economic and military assistance support.

4. *The consequences of failure.* If the gambit fails it will discredit the parties and the democratic institutions. It will give the Communists the excuse to push Allende quickly into a radical course. The restraints that would have been available to slow down or modify his actions would be gone. Failure would in short guarantee a fate that may not have been inevitable.

5. *Dangers to the US.* The biggest danger is exposure of US involvement. This would wreck our credibility, solidify anti-U.S. sentiment in Chile in a permanent way, create an adverse reaction in the rest of Latin America and the world and perhaps domestically. Exposure of US involvement with an effort that failed would be disastrous; it would be this Administration's Bay of Pigs.

A second major danger is that while we might begin with a limited plan of encouragement, this is a slippery slope; we may very well find ourselves irresistibly sucked into rising degrees of involvement at rising risks to "protect the investment" and find ourselves having slipped into a disastrous situation.

6. *Why the need for USG involvement.* This is the crux of the issue. Do the dangers and risks of an Allende government coming to power outweigh the dangers and risks of the probable chain of events we would set in motion by our involvement?

What we propose is patently a violation of our own principles and policy tenets. Moralism aside, this has practical operational consequences. Are they rhetoric or do they have meaning? If these principles have any meaning, we normally depart from them only to meet the gravest threat to us, e.g., to our survival.

Is Allende a mortal threat to the US? It is hard to argue this. Is he a serious problem that would cost us a great deal? Certainly. Is it inevitable that he will consolidate his power? He has a very good chance; but it is far from inevitable or that if he does that he will be a success. Does an Allende government start a South American dominoes? Unlikely; the impact of a Marxist state in the rest of Latin America is containable.

III. *Conclusions*

I conclude that:

1. *Any covert effort to stimulate a military take-over is a non-starter.* There is no practical possibility at this point.

2. We should keep our lines open and broadened into the military. An opportunity may open up later; but for the moment we should gather information and establish standby channels.

3. Korry has already started us on a political track. We cannot backtrack without killing the Frei plan.

4. The Frei plan has some chance, and it is the only chance.

5. Our support can be important to its success.

6. It is possible to backstop it at this point with a minimum involvement and with acceptable risks.

7. *But* there are limits to what we can do acceptably. It is not a question of just adding more effort and money. Our capacity to succeed is simply not a function of how much effort we put in, and the greater our involvement the sharper the danger of exposure.

8. We should therefore enter into this in the knowledge that the calculus can change to make it wiser to cut out rather than just progressively be sucked into massive and disastrous involvement to “protect the investment.”

9. We should also understand that this is not a limited operation. If it succeeds it opens up still more serious problems as outlined above. We are almost sure to be called upon for continued support of one kind or another for years, (See II 3 above) and success of the plan will almost surely trigger violence in Chile.

10. *I would recommend the following:*

a. Authorize the Ambassador to continue to encourage Frei to use resources at his command, but with the utmost discretion and tact and with absolute minimum USG involvement. (I would *not* authorize a personal message from President Nixon; we should protect the President.)

b. Organize efforts from the “outside,” i.e.

—encourage European Christian Democrats to funnel support, encouragement and ideas; perhaps even funds.

—encourage other leaders to do so.

—develop an outside propaganda campaign as Frei suggested.

c. Develop an internal propaganda campaign to stir fear of a Communist take-over, and expose Communist machinations.

d. Use our separate assets to work on the Radical Party; try to get the German Social Democrat Party to do the same.

e. Ask for weekly reports and establish some mechanism to monitor this carefully.

87. **Memorandum From Winston Lord of the National Security Council Staff to the President’s Assistant for National Security Affairs (Kissinger)¹**

Washington, September 14, 1970.

SUBJECT

Chile, Vietnam, and Elections

There are many powerful arguments against U.S. meddling in the Chilean internal scene to thwart an Allende victory in the congressional run-off. With most of these you are undoubtedly thoroughly familiar—the risk of exposure and the damage to our policy throughout Latin America, doubts whether effective actions are possible, the general repugnance of our trying to arrange the political structure of another country, etc.

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, 1970. Secret; Sensitive; Eyes Only. Sent for information. A copy was sent to Haig.

There is however another compelling reason against our interference, which you may not have fully focused on: *It could completely undercut our policy on Vietnam.*

Revelation of our directly moving to reverse the unpalatable electoral outcome in Chile would make a mockery of our stance on South Vietnam, would make hollow the following tenets of our policy:

—We are for *self-determination* of the South Vietnamese people *without foreign interference*;

—We think this can best be accomplished through *free elections*;

—We will *abide by the outcome* of elections, even if this means Communist influence or control.

It would be most difficult to sit across the table from the North Vietnamese and assure them that we are not trying to trick them through elections while the newspapers are describing U.S. attempts to thwart the outcome of the electoral process in Chile, a country where we have not lost some 50,000 American lives.

It would mercilessly expose our Vietnam policy of self-determination, elections, and acceptance of the political outcome to attacks not only by American doves, but also by middle-of-the-roaders. And it would signal to the present South Vietnamese government that they need not take us seriously when we press them for political compromises.

As for the argument that Allende “only” won about 38 percent of the electoral vote, this proportion is almost precisely what Thieu-Ky received.

88. Transcript of a Telephone Conversation Between Secretary of State Rogers and the President’s Assistant for National Security Affairs (Kissinger)¹

Washington, September 14, 1970, 12:15 p.m.

[Omitted here is discussion unrelated to Chile.]

R: Okay. On Chile, CIA has prepared a paper² with general conclusions which I think are pretty good—our people agree. But whatever

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box 364, Telephone Conversations, Chronological File. All blank underscores are omissions in the original

² Rogers is apparently referring to “Situation Following the Chilean Presidential Election,” dated September 7. The memorandum is Document 18 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

we do, I think there are two things we should take into consideration: one, we want to be sure the paper record doesn't look bad. No matter what we do it will probably end up dismal. So our paper work should be done carefully. I hope there aren't any CIA backchannels we don't know about. I talked with the President at length about it.³ My feeling—and I think it coincides with the President's—is that we ought to encourage a different result from the _____ but should do so discreetly so that it doesn't backfire.

K: The only question is how one defines "backfire."

R: Getting caught doing something. After all we've said about elections, if the first time a Communist wins the U.S. tries to prevent the constitutional process from coming into play we will look very bad.

K: The President's view is to do the maximum possible to prevent an Allende takeover, but through Chilean sources and with a low posture.

R: I have been disturbed by Korry's telegrams. They sound frenetic and somewhat irrational. I know that he's under pressure but we ought to be careful of him. He's got tender nerve ends. I don't know if you saw his telegrams.

K: Yes, I did.

R: And I think we've got to be sure he acts with discretion. He's a high-strung fellow.

K: I think what we have to do is make a cold-blooded assessment, get a course of action this week some time and then get it done.

R: I talked to John E _____. I think it's important that he understand that what he's doing is not his doing but encouraging the Chileans to do what they should. If it's our project as distinguished from Chilean it's going to be bad from [*for?*] us. I'm not sure he's the best man to do it. I'm not sure he's the most discreet fellow. But we want to be sure CIA is not dealing with him through backchannels.

K: Is it?

R: Not that I know of right now. We ought, as you say, to cold-bloodedly decide what to do and then do it.

³ According to the President's Daily Diary, Rogers called Nixon at 1:48 p.m. on September 13. The two men talked until 2:16. No substantive record of the conversation has been found. (National Archives, Nixon Presidential Materials, White House Central Files, President's Daily Diary)

89. Memorandum for the Record¹

Washington, September 14, 1970.

SUBJECT

Discussion of Chilean Political Situation

PARTICIPANTS

Richard Helms, Director of CIA

Donald Kendall, President of Pepsi Cola

Agustin Edwards, Owner (Publisher) of *El Mercurio* and a chain of other independent Chilean daily newspapers, as well as banks and important agricultural and business enterprises

[name not declassified]

[Background]

The Chilean presidential election was held on 4 September 1970. Socialist Senator Salvador Allende, the candidate of the Popular Unity (UP)—a coalition of the pro-Cuban Socialist Party (PS), the Communist Party (PCCh), the leftist-led Radical Party (PR) and other small leftist groups—won a plurality (36.3%) of the votes cast in a three-way race. Jorge Alessandri, independent candidate of the center right, including the National Party (PN), was generally expected to come in first, but was a close second with 35%. Radomiro Tomic, candidate of the Christian Democratic Party (PDC), came in third with 27.8%.

The Chilean constitution requires that because no candidate received a majority of the votes cast, the Congress will meet on 24 Oc-

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile 1970. Secret; Sensitive; Eyes Only. Drafted by Millian. Although the meeting took place on September 14, the memorandum was drafted and sent to Kissinger on September 18 with a note from Helms that reads: "Here is a write-up of the talk we had with Mr. Edwards from Santiago. Further conversations and a more exhaustive debriefing are going on with Mr. Edwards right now." The only other record of the meeting with Edwards, reporting a series of conversations held on September 15 and dated the following day, provides no substantive information regarding the discussion other than "the meeting went well." (Central Intelligence Agency, Job 80B01086A, DCI Eyes Only File, 1970)

The background for these meetings is discussed briefly by Kissinger in *The White House Years*, p. 673, and by Thomas Powers in his biography of Richard Helms, *The Man Who Kept the Secrets*, p. 228. In his congressional testimony, Helms recalled that "prior to this meeting [with the President (described in Document 93)] the editor of *El Mercurio* had come to Washington and I had been asked to go and talk to him at one of the hotels here, this having been arranged through Don Kendall, the head of the Pepsi Cola Company . . . I have this impression that the President called this meeting where I have my handwritten notes because of Edwards' presence in Washington and what he heard from Kendall about what Edwards was saying about conditions in Chile and what was happening there." (*Alleged Assassination Plots*, p. 228, footnote 1) [Ellipses are in the original footnote.]

tober to elect a president from the two top vote-getters. The Congress has selected the top vote-getter on the three occasions in this century when no candidate received the required majority. Alessandri has said publicly that if Congress elects him president he will resign, thereby forcing a new presidential election in which he would not be a candidate. Tomic, the Christian Democratic candidate, has publicly recognized Allende's victory. Outgoing President Eduardo Frei, a Christian Democrat who was not eligible to run on 4 September, would qualify in a new election if Alessandri were elected by the Congress and then resigned. Frei has said that constitutionally he cannot recognize anyone as president until after the Congress has voted. At present the PDC holds the 75 swing votes in Congress.]²

On 14 September Mr. Kendall and Mr. Helms met with Agustin Edwards, owner of the independent newspaper *El Mercurio*, [*less than 1 line not declassified*]. Mr. Helms attended the meeting at the request of Dr. Henry Kissinger who, with Mr. John Mitchell, the Attorney General, had met earlier with Mr. Kendall and Mr. Edwards. Mr. Edwards, who had left Chile on 10 September and arrived in the United States on 13 September stopping in Argentina, expressed the following views on the Chilean political situation:

a. *Reason for Alessandri's Loss*

The abstention figure was 16%, indicating that the Alessandri forces had failed to get out the precinct vote. Women voters probably comprised the bulk of the 5% increase over the 1964 abstention figure. Edwards said that it was "too bad that we could not have been allowed to take votes away from Tomic." This was a reference to the U.S. Government caveat which limited Edwards' efforts on our behalf to an anti-Allende campaign with no direct support to Alessandri.

b. *Possibility of Constitutional Solution*

On election night, Frei, after allowing Allende to have a victory parade, heard of Alessandri's plan to try to win the presidency on 24 October and then step down in favor of a new election which would probably find Frei opposing Allende. Frei sent Bernardo Leighton, an influential Christian Democrat national deputy as his emissary to Alessandri. Their discussions resulted in Alessandri's statement issued several days later (9 September) that he was not conceding to Allende and that he would resign if elected by the Congress. The chances of Alessandri's being named president are slim. Allende needs at most only 18 additional Congressional votes to secure his victory in the full Congress of 200. Alessandri, on the other hand, needs to attract 58 votes, most of them from the PDC. Frei is "scared blue" of Allende's

² Brackets are in the original.

coming to power, but he can only count on 20 PDC Congressmen to vote for Alessandri. Edwards has heard that some people may be “getting scared.” The Communists are circulating blacklists with the names of PDC bureaucrats. These blacklists may boomerang against the Communists to the extent that PDC Congressmen who were neutral or inclined to vote for Allende may decide to vote for Alessandri.

The Congressional route to prevent Allende from coming to power, while remote, should not be ignored, but it entails the following risks:

1) It might not work, and then what? (The new president takes office on 4 November.)

2) Some Congressmen might move too soon or announce their intention prematurely, thereby triggering the Communists to “move into the streets.”

3) Retired General Roberto Viaux, leader of the military dissension of October 1969, [*1½ lines not declassified*] or “some other nut” might try to stage a coup, thereby precluding any serious effort. (*Comment: Viaux, in October 1969, led a 24-hour rebellion of the Tacna Artillery Regiment in Santiago to express military dissatisfaction with its poor pay and equipment. The rebellion ended without bloodshed when the government promised to meet some of Viaux’s demands. Viaux had widespread moral support because of overall dissatisfaction in the military. He was convicted of “military rebellion” and eventually placed on parole. At present he does not appear to have substantial support among active duty military personnel.*)

c. *Timing for Possible Military Action*

By mid-October after the PDC Congress, it should be clear what will happen on 24 October in the Congress. Edwards asked: “Can we run the risk that the Alessandri/Frei plan will work?”

d. *Carabineros (National Police)*

[*name not declassified*] believes that the Carabineros, particularly their commandant, General Vicente Huerta, want to do something to prevent an Allende presidency, but they cannot do it alone. [*3 lines not declassified*] The Carabineros, a well formed and disciplined force of 24,000, [*2 lines not declassified*].

e. *Navy*

14,000 (145 in the Naval Air Force and 2,200 in the Marines) largely based at the port of Valparaiso, an elite service. Edwards described Rear Admiral Fernando Porta, Commander-in-Chief of the Navy, who opposes Allende, as indecisive and overly cautious. [*1 line not declassified*] Porta, who took a stance similar to that of General Rene Schneider, Army Commander-in Chief, to the effect that the military would support the constitution. At that time it was expected that Alessandri

would win a plurality but not a majority and the Congress would elect Allende. Of 11 Navy admirals, eight are anti-Allende and three are pro-Tomic, including Rear Admiral Luis Urzua Merino, Commander of the Marine Corps. [3 lines not declassified] the Navy enlisted men would be much more reliable than those in the other services. Allende's political forces, however, had been able to shift the votes of some of the wives of the Navy enlisted men by promising them that if Allende became president, enlisted men could move up to become officers.

Captain Carlos Le May Delano, Deputy Chief of the Navy General Staff and the most intelligent man in the Navy, [less than 1 line not declassified], has considerable influence on Porta but is a staff man, not a troop commander. Le May felt that manipulation of the Navy fuel supply for its small fleet might have some effect in pressuring the Navy to act, but alone it would be ineffective. (Le May studied electronics at Monterrey and was once an alcoholic.)

f. *Air Force*

9,720,490 of them pilots, with 227 aircraft, 60 of them jet-powered.

General Carlos Guerraty, Commander of the Air Force, wants to act against Allende, but Guerraty is not very intelligent and his immediate deputy, General Cesar Ruiz, Chief of Staff, is "doubtful." [name not declassified] did not see any significant role for the Air Force and noted that it was incompetent and poorly equipped.

g. *Army*

23,000 in six understrength, inadequately equipped divisions.

The Army is quite divided, partly because of the Viaux episode. Before the election [name not declassified] went to see Alessandri to alert him that there was too much talk of a coup in the event Allende won the election. He said the organization should be tightened up and either Viaux or the military chiefs should decide which group should lead the coup.

[name not declassified] said that the key to a coup would be to get General Carlos Prats, Chief of the National Defense Staff, to move, which would involve neutralizing Schneider, the Commander-in-Chief of the Army. [name not declassified] has considerable respect for Prats [less than 1 line not declassified] Prats was Army Attaché to Buenos Aires three years ago.

[name not declassified] has been able to contact General Camilo Valenzuela, Commander of the Santiago Garrison who, during elections or under a state of siege, takes command of all troops in the Santiago area, including the Carabineros, but usually, as now, has no troops under his direct command. Valenzuela has agreed to cooperate with the military chiefs. [name not declassified] described Valenzuela as tough, well-mannered, and honest. Valenzuela said that, if necessary, he would "go

it alone" and would support General Prats for Commander-in-Chief if Schneider could be given an honorable way out.

After the election, the only significant military contact [*name not declassified*] had was with Valenzuela. [*name not declassified*] lost some of his respect for Valenzuela's capability—however, when he asked [*name not declassified*] to check on the reliability of General Orlando Urbina, Commander of the Second Army and Valenzuela's direct subordinate. It seems that Urbina has a relative who is an advisor to Allende.

[*name not declassified*] said the Army is concerned about the reliability of non-commissioned officers (NCO), particularly those in the NCO School. He added, however, that he believed Viaux could neutralize them. A danger, [*name not declassified*] believes, is that "some junior officer will crop up (probably in the Navy) and prematurely start something on his own against Allende.

(*[less than 1 line not declassified]* Chile produces limited quantities of small arms and ammunition. It is dependent on the U.S. and Western Europe for all categories of equipment including additional quantities of types produced locally.)

[*name not declassified*] added that in discussing the post-election situation with Valenzuela and some of the key Naval officers they were concerned with two basic points:

1) If the Chilean Government were overturned in a military action, would the new government then installed receive diplomatic recognition from the U.S.?

2) Would the Chilean Armed Forces receive logistical support for an action against the government? (*[name not declassified]* quoted Captain Le May as having said that saber rattling activities by Peru or Argentina against Allende could trigger a military move as would a decision by the U.S. Government to withhold aid.)

[less than 1 line not declassified]

[*5 lines not declassified*] The main worry of all those who might be involved in a military action is the protection of their families and of their followers should they decide to act against Allende.

Frei

[*name not declassified*] said that he was fond of the President as a person but asked "how many presidents would enjoy spending the evening reading about Catholic influence on modern literature?" He described Frei as one who traditionally collapses under pressure. He said [*1 line not declassified*] to his knowledge, "Frei has never in his political history crossed a major rubicon." He cited as an example the election of 1958 in which Frei ran third only because he failed to write a letter asking for the proffered support of the Conservative Party. Ed-

wards said Frei is indecisive, always balancing, always waiting for the “other guy to move.”

United States/Chile

A key question in the average Chilean’s mind, according to [*name not declassified*], is: Does the U.S. care? The eight-hour TV interview given by Fidel Castro, which was played extensively in Chile prior to the election, told the Chilean people not to worry about U.S. intervention if Allende won since the present “non-interventionist attitude” in the U.S. combined with pressure in the Near and Far East—plus domestic unrest in the U.S.—would keep the U.S. neutralized.

In answer to the question on how an encouraging word could be passed to the military, [*name not declassified*] said it would be disastrous if it were delivered openly. If word of the U.S. attitude were delivered discreetly, it might help.

In reviewing the present arrangement of forces on “our side,” [*name not declassified*] noted that, as far as he knew, our State Department was pressing the constitutional line while Ambassador Korry “was running around like a lunatic” and would probably ignore the State Department if he saw a way out. In any event, Frei would probably “chicken out” at the last minute—probably deciding not to act on little more than a phone call from a worrier.

Replying to a question as to whom [*name not declassified*] knew who still had good contacts with the military, [*name not declassified*] said that both Sergio Onofre Jarpa, President of the National Party (PN), and PN Senator Francis Bulnes of the National Party could be helpful, but he added that others in the Alessandri campaign were not really tuned in properly. The best man, [*9 lines not declassified*].

[*name not declassified*] was somewhat emotional at times and frequently rambled. He appeared to be seeking possible solutions but his conversation did not indicate that he had yet found one that he considered feasible or effective.

[*name not declassified*]

90. **Letter From John McCone to the President's Assistant for National Security Affairs (Kissinger)**¹

Los Angeles, California, September 14, 1970.

Dear Henry:

As I told you on the telephone on Friday, I am deeply concerned over developments in Chile. My concern stems from my experiences as Director of the Central Intelligence Agency in 1964 as well as my recent contact as a Director and member of the Executive Committee of International Telephone and Telegraph Corporation. As you know, this company owns and operates the Chilean telephone system and other enterprises in that country. The book value of their investments is about \$150,000,000 against which they hold United States guarantees (I believe through AID) totalling \$95,000,000 to \$100,000,000.

There is no question in my mind that Allende is a Marxist and his announced policies of nationalizing most industry, communications, etc. are dictated from outside of the country.

In June of 1964, three months before the election, Allende fielded some 300 sound trucks and employed from 3,000 to 3,500 political workers. This substantial effort was financed by \$1,000,000 of United States currency which reportedly came from Communist sources outside of the country—presumably, Moscow.

American business interests became alarmed over the prospect of Allende winning the election and offered to support Frei's campaign, volunteering a fund of \$2,000,000. This, naturally, was refused but the Agency, with the approval of the President, the Secretary of State and the Secretary of Defense, gave assistance to the Frei campaign both by guidance and financial support, the latter figure totally about [*dollar amount not declassified*] if my memory serves me correctly.

The campaign was successful. Frei was the first man in recent years to carry a clear majority, his vote exceeding 54% and his success carried over to the subsequent congressional election when his party won some 55% or 56% of the seats of their parliament.

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL108, Geopolitical File, Chile, 3–30 Oct 1970. Personal and Confidential. McCone was Director of the Central Intelligence Agency from 1961 to 1965 and was a member of the ITT board of directors at the time this letter was written. Kissinger signed an October 7 reply prepared by Vaky that reads, "Thank you for your letter of September 14 on Chile. You may be sure that we are all concerned about the situation. It is a difficult one, and I assure you that the President is similarly concerned. I appreciate you sending me your thoughts and I shall certainly keep them in mind. Perhaps when I return from Europe we can have a chat." (Ibid.)

I give you this background because I feel that we acted very wisely in 1964 and while Frei as President took many actions inimicable to our interests, nevertheless, his administration was always free of outside influences.

The ITT officers and directors are deeply concerned over the future of Chile if Allende is seated as President and they are also fearful that his policies will extend to neighboring countries in Latin America, most particularly, the Argentine, Brazil and Peru. Therefore, they feel that anything that can be done between now and October 24th to prevent Allende taking office as President should be done and ITT alone are prepared to put up a minimum of \$1,000,000 for this purpose.

Understandably, however, and consistent with their policy, they will not engage in political action in Chile or in any other country unless they are acting in concert with United States Government policies. Incidentally, representatives of the three neighboring states mentioned above have all contacted ITT urging some immediate action on their part.

It is a disappointment to me that we did not take more aggressive action prior to the election. However, it may not be too late and it is for that reason I am writing expressing my concern and indicating the extent to which at least one company in the private sector is willing to go.

I know this is a sensitive subject and should you wish to discuss it further, I am willing to come to Washington to meet with you and others at your convenience and request. Please hold this letter in your complete confidence.

Sincerely,

John

91. **Memorandum From the Chief of Naval Operations
(Zumwalt) to the Chairman of the Joint Chiefs of Staff
(Moorer)¹**

Washington, September 15, 1970.

SUBJ

Chile (U)

1. The final results of the recent election in Chile pose serious problems for the United States. If the forthcoming meeting of the Chilean Congress decides in favor of Salvador Allende, U.S. strategy and policy could be threatened throughout the Western Hemisphere. Accordingly, I desire to provide you with my views on this issue:

a. Quite apart from general concern over the penetration of a Marxist-Leninist regime into the South American continent, I explicitly disagree with any judgment that the U.S. has no vital strategic interest which would be threatened by the establishment of an enlarged Soviet presence in Chile.

b. I do agree that the caution which would characterize both sides of the Chilean-Soviet relation would make unlikely the establishment of Soviet military bases in the short run.

c. I believe that the odds are about even that this short run period will take two years. By the middle of 1972 we could face a situation in which:

(1) The Marxist-Leninist government of Chile had sufficiently overcome opposition elements, including the military, that a deal with the Soviet Union for an overt military presence became possible.

(2) The Soviet presence could by that time have proceeded to the extensive use of Chilean territory for the geographically ideal support of Soviet space and, more seriously, Fractional Orbit Bombardment programs (with all that the latter portends for increased first strike capability).

(3) The Soviets in Chile could by then risk the revelation of naval and air bases in Chile and in the offshore islands.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile 1970. Secret; Sensitive. An attached covering memorandum from Robinson to Kissinger indicates that Moorer provided Packard with a copy. Zumwalt sent Moorer a draft of this memorandum on September 14, which noted that policymakers favored a "restrained, deliberate posture" on Chile. Moreover, it took issue with the CIA for the assessment that an enlarged Soviet presence would not threaten any U.S. vital strategic interest. (*The History of the Joint Chiefs of Staff*, Volume X: *The Joint Chiefs of Staff and National Policy, 1969–1972*, Historical Division Joint Chiefs of Staff, 1991, p. 159)

d. The acquisition of the Soviet Navy of bases along the 3,000 miles of coastline from which to project Soviet power into the South Pacific and Atlantic Oceans and into the South American continent, would result in a significant additional diminution of U.S. power and a corresponding increase in Soviet power. Because it would come about slowly, this change would be less dramatic to the public than the Soviet attempt to emplace missiles in Cuba, but would probably be even more profound because it would represent conventional power, more usable, in a conventional struggle and for military-political purposes.

e. Although I evaluate the chances of the foregoing happening in 1972 as about even, I judge that the chances would increase closer to unity by 1974.

f. The consequences of the foregoing are of such significance in world politics and in the hemisphere, and the extent to which U.S. forces would be required to reverse them later, so marked, that I believe they raise the threshold of risk that should be taken before the Chilean Congress votes for Allende.

2. I, therefore, recommend that the position of the U.S. Government be:

a. To view with great concern and urgency the need to find ways to prevent the election of Allende because of the strategic implications of a Soviet presence in Chile in the long term.

b. To initiate actions to get this done which have moderately high political risk.

E. R. Zumwalt, Jr.

92. Backchannel Message From the Under Secretary of State for Political Affairs (Johnson) to the Ambassador to Chile (Korry)¹

Washington, September 15, 1970.

1. Meeting of 40 Committee Sept 14 covered at length and in some detail the changing panorama in Santiago and focused on the Frei

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Sensitive. On September 15, Johnson transmitted telegram 151170, "Strictly Eyes Only" to Korry. In it, Johnson informed Korry that he would receive instructions regarding the "Allende election problem" in a backchannel message and noted that, "In carrying out and interpreting this instruction, I want

re-election gambit via the scenario by which Congress elects Alessandri who resigns leaving Frei constitutionally free to run for the presidency.²

2. You should ascertain from Frei whether and to what degree he is committed to this line of action. You may indicate to him that if he is, we are willing to support his efforts in suitable and discreet ways. You should report his precise words to us as promptly as possible. If he has suggestions as to how we might support these efforts, please report those fully as well.

3. You have at your discretion the contingency fund of [*dollar amount not declassified*] previously requested for covert support of projects which Frei or his trusted team deem important.³ More can be made available. If in your judgment Frei is willing to commit himself to this course of action, you may in your discretion inform him of this availability. (This fund may be disbursed as agreed between you and the Station Chief.)

4. The Agency has begun and will continue a propaganda campaign outside Chile on the danger of an Allende take-over. This will be expanded to include support of the Frei re-election gambit.

5. Military contacts by all appropriate members of the Mission should be intensified for the purpose of assuring ourselves that we have the requisite intelligence to enable independent assessment of the military determination to back the Frei re-election gambit.

6. Your role is thus very delicate one and you will be required to walk fine line. We do not want to get out in front and we do not want to "take over." Yet we do not want their will to flag for lack of support.

7. In this regard we ask that you keep us currently and continuously informed of the attitude and plans of the Chileans involved together with your recommendations so that we can jointly make judgments on how far we want to go.

you to know that its language has been very carefully considered and approved at the highest levels, including the President. Few Ambassadors have been given a more difficult or delicate assignment; the keynote of which is contained in para 6 of the instruction. Good luck." (Ibid., RG 59, Central Files 1970-73, POL 14 CHILE)

² No memorandum for the record of the September 14 meeting of the 40 Committee was found. In an October 22, 1971, memorandum for the record by Peter Jessup of the National Security Council Staff, the September 14 meeting was listed as one for which there were no detailed minutes due to the illness of the Executive Secretary. As a result, there were only records of decisions. It noted that Kissinger, Mitchell, Packard, Johnson, Admiral Moorer, Helms, Meyer, McAfee, Vaky, Karamessines, and Broe attended the September 14 meeting. (National Security Council, Nixon Intelligence Files, Subject Files, Chile, 40 Committee Minutes)

³ According to Jessup's memorandum for the record of decisions, on September 14 the 40 Committee approved [*dollar amount not declassified*] "for use at Ambassador Korry's discretion in supporting President Frei and the PDC and other sympathetic elements." (Ibid.)

93. Editorial Note

At 3:24 p.m. September 15, 1970, President Richard M. Nixon met with the President's Assistant for National Security Affairs Henry A. Kissinger, Director of Central Intelligence Richard Helms, and Attorney General John N. Mitchell at the White House to discuss Chile. The meeting lasted until 3:44 p.m. (National Archives, Nixon Presidential Materials, White House Central Files, President's Daily Diary) During the meeting, Helms took the following notes:

“MEETING WITH PRESIDENT
ON CHILE AT 1525 SEPT 15, '70
PRESENT: JOHN MITCHELL + HENRY KISSINGER
1 in 10 chance perhaps, but save Chile!
worth spending
not concerned risks involved
no involvement of embassy
\$10,000,000 available, more if necessary
full-time job—best men we have
game plan
make the economy scream

48 hours for plan of action” (Central Intelligence Agency, Job 80B01285A, DCI Helms Files, DCI Misc Papers on Chile, 1 January 70–31 December 72.

A facsimile of the notes is in *Hearings Before the Select Committee to Study Governmental Operations with Respect to Intelligence Activities of the United States Senate*, p. 96. Further information regarding this meeting was provided by Helms in his 1975 testimony to the Church Committee; see *Alleged Assassination Plots Involving Foreign Leaders*, pp. 227–228. In Kissinger's August 12, 1975, testimony before the Church Committee, he gave the following account of this meeting: “Now, at that meeting with President Nixon, to my recollection President Nixon did almost all of the talking. He indicated that he wanted the CIA to take an active role in carrying out this general consensus, to see what it could do to get the military to move. I don't think he expressed it that clearly, but that was the gist of what he was saying, and he used the figure of \$10 million. Now, I want to be perfectly candid about this. Anyone who worked with President Nixon day after day as I did wouldn't have paid the slightest attention to that figure of \$10 million. That simply indicated that he wanted the project to be given high priority and, in any event, no such sum was ever spent, budgeted, used.” (National Archives, RG 59, Chile-ITT-CIA 1963–1977, Lot 81D121, Chile ITT (Testimony)). Kissinger offers a similar account in *The White House Years*, pp. 673–674.

94. Memorandum for the Record¹

Washington, September 16, 1970.

SUBJECT

Genesis of Project FUBELT

1. On this date the Director called a meeting in connection with the Chilean situation. Present in addition to the Director were General Cushman, DDCI; Col. White, ExDir-Compt; Thomas Karamessines, DDP; Cord Meyer, ADDP; William V. Broe, Chief WH Division; [*name not declassified*], Deputy Chief, WH Division, [*2 names not declassified*] Chief, Covert Action, WH Division; [*name not declassified*] Chief, WH/4.

2. The Director told the group that President Nixon had decided that an Allende regime in Chile was not acceptable to the United States. The President asked the Agency to prevent Allende from coming to power or to unseat him. The President authorized ten million dollars for this purpose, if needed. Further, The Agency is to carry out this mission without coordination with the Departments of State or Defense.

3. During the meeting it was decided that Mr. Thomas Karamessines, DDP, would have overall responsibility for this project. He would be assisted by a special task force set up for this purpose in the Western Hemisphere Division.² The Chief of the task force would be Mr. David Phillips, [*2 lines not declassified*].

4. Col. White was asked by the Director to make all necessary support arrangements in connection with the project.

5. The Director said he had been asked by Dr. Henry Kissinger, Assistant to the President for National Security Affairs, to meet with him on Friday, 18 September to give him the Agency's views on how this mission could be accomplished.

William V. Broe³

Chief

Western Hemisphere Division

¹ Central Intelligence Agency, Job 79M01476A, File 010175–300475. Secret; Sensitive; Eyes Only. Drafted by Broe.

² The records of the task force that oversaw the operation in Chile, commonly referred to as "Track II", are in Central Intelligence Agency, Job 80–00012A. Records from this collection were made available to Department of State historians for review, but copies were not provided for inclusion in this volume.

³ Printed from a copy that indicates Broe signed the original.

95. **Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, September 16, 1970.

SUBJECT

Chile—Our Modus Operandi

This is to confirm and elaborate on my oral recommendations to you on mechanisms to carry out the 40 Committee's decisions on Chile.

Unless some tight control and guidance is established, the action program that was approved will not work. It is going to be a long-shot as it is; we cannot afford the additional handicaps of unprofessional activism, of lack of coordination and of bureaucratic resistance. Unless we are to be professional and efficient about this and run it all very tightly, we should stop mucking around.

The troubles are these:

—State is timid and unsympathetic; it will provide neither the imaginative leadership nor the tight coordinated overview we need.

—Korry is imaginative, but he is an unguided missile. It is professionally bad from an intelligence-operation point of view for the Ambassador to be the project chief. He is too exposed; it is too dangerous.

—But Korry does not trust his staff to do this, and feels he must take the responsibility—and credit—for the operation. The Station Chief cannot operate in these circumstances.

—CIA is unhappy, but does not feel it can impose discipline on Korry; it certainly cannot do it through its present Station Chief.

—There is neither enthusiasm nor consensus among agencies up here for doing any overall planning and thinking. Hence we tend to react to what happens in Santiago, and ideas about new things to mesh into the operation are neither forthcoming or—if they are—are implemented adequately.

—The 40 Committee does not have the time for this kind of close supervision, and the long-lag would make it impossible anyway.

The result is that although no one particularly wants him to have it, Korry has the ball and is running. Yet there is a curious lethargy and muddled confusion with regard to doing anything about it. Everyone just seems to have his fingers crossed hoping that no leaks or exposure

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive; Eyes Only. Printed from an uninitialed copy.

occur and that it all works out. We are not really sure if what we are doing is professionally sound as possible or what more we might do technically to improve the plan's effectiveness.

I think this is a dangerous situation because (a) our risks of being found out are maximized this way, and (b) our efficiency is cut.

There are only two alternatives it seems to me:

1. Establish an action task force here to run things; this would meet on a daily basis, make decisions, send out directives, keep tabs on things. It would coordinate activities on several fronts and be able to think up and plan various operations to implement the program. There are precedents for this. For it to succeed, the task force would have to have the necessary authority to instruct the Ambassador; it would have to work fast and in utmost secrecy—not through normal bureaucratic procedures. It would need to be run essentially by CIA, because it is the professionalism of a covert operation that we seek. It would need a chairman of the authority of someone like Karamessines.

While this idea is infinitely better than our present situation, it still suffers from the time lag that would necessarily be involved. In a fast moving situation operational decisions may have to be made on the spot.

For that reason, I prefer the following course:

2. *Send to Santiago an expert to take over the program and to implement it under the Ambassador's (and Washington's) broad guidance.* The Ambassador would oversee and approve, but would draw back from personal operations and involvement to protect himself. The activities would be planned and run by the professional under the parameters established. The expert would report to the Ambassador, but would generally be the field general for our activity. (This is about what we did in 1964.)

The argument against this is that Korry will never let it happen. He will still insist on doing it himself. That is probably true if CIA or State take the initiative; he will just think it is the bureaucracy kibitzing. But if the White House gives him the directive, he would do so—he would have no choice. Even if his feelings are somewhat hurt, I see no alternative. The risks are too great otherwise.

96. **Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson)**¹

Santiago, September 16, 1970.

1. I am extremely grateful for the confidence and support of President Nixon and the 40 Committee.

2. I am painfully aware of the delicacy of my situation and I trust that you and your colleagues are equally aware of the long odds involved.

3. President Frei's attitude is very clear to me: He is 100 per cent opposed to Allende but he will not repeat not move unless (a) he is convinced he has a certainty of winning the fight and (b) he has a moral base to justify his struggle.

4. To provide that moral base is largely our task in rapidly bringing to the attention of the world that the process here is almost exactly the same as that which led to the establishment of a Communist dictatorship in Czechoslovakia in 1948. Frei is Benes and people such as Minister of Defense Ossa may be the future Masaryk, although not of the same intellectual quality.²

5. It is highly unlikely I shall be able to see Frei. I cannot go to the Presidential palace without creating a storm; I cannot go to his home any more since it is subject to the same observation that my residence is. There are no U.S. visitors such as John Richardson in sight to provide an innocuous cover for another talk. Hence I delivered my message to Frei one hour after receipt of your message³ through Minister of Defense Ossa [*less than 1 line not declassified*].

6. I told Ossa that there was no point in further analysis of the situation. Of course, I added, I wanted to be kept informed, but I was not going to do anything aside from getting the truth to the world unless and until the President made up his mind. We were prepared to give appropriate support if Frei could decide his own course, but if he preferred to live interminably the Hamlet role, if he preferred to cite all the reasons he could not act, there was no justification for anyone else to be

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive.

² Edvard Beneš, President of Czechoslovakia from 1935 to 1938 and again from 1945 until 1948, and Jan Masaryk, Czech Foreign Minister from 1940 until 1948. Despite their commitment to democracy, neither Beneš nor Masaryk was able to prevent the Communist takeover of Czechoslovakia in February 1948. Masaryk died on March 10, allegedly pushed from his bathroom window. Beneš died of natural causes on September 3.

³ Document 92.

concerned about his fate or that of Chile. If he chose immobility, I would regard him personally, and I was not speaking for my government, I stressed, as a pathetic castrate unworthy of either sympathy or sustenance. I wanted to know precisely what he was willing to do. Frei could reflect but if he had not made up his mind sometime in the week after the big weekend holiday, I would take that indecision to mean that he had opted for a Communist Chile. In the interim I would be able to make tentative judgments by such public actions as the GOC might continue to take in support of Allende in the economic and other key sectors. Frei could not have it both ways, bemoaning his future and hastening it.

7. Your instructions re military in Paragraph 5 of your message will be applied by me in a manner best designed to obtain optimum political mileage and the necessary intelligence on military plans and attitudes on which policy decisions can be based. I see little hope that they can still be galvanized into action by anything we may or may not do. They are a union of toy soldiers who need an order to move and that order can only come from Frei. Otherwise they will rationalize and reinforce their impotence. Ossa has been seeking for days to elicit a statement from them stating they support the constitutional process and will maintain law and order in defense of the constitution. They have so far refused on the grounds it could be misinterpreted as political interference. Also, they have insisted that the September 19 planned demonstration for Frei not include any banners or signs in favor of the president since the day was strictly a military one and could not be “despoiled” by political acts. My recommendation—and indeed my instructions unless specifically countermanded—to our military except in the case of our ubiquitous Army Attaché is to limit all social contacts and all communications with Chilean armed services aside from the most minimal technical activities of the MilGroup. Such disdain will probably have no effect of any great significance but we should show indirectly that we do not consider them of any import. Perhaps some of them will begin to reflect upon their moral cowardice and their lack of qualification as either officers or gentlemen. You must also bear very much in mind the message that I have persistently transmitted from here for three years—that the elimination of grant military aid, the low limits of MAP sales and the slashing of training funds (the most recent example contrary to approved CASP) could only lead to the elimination of meaningful U.S. influences on the military. The MilGroup has no repeat no influence. I am reviewing all possible means of utilizing our military for some effect and I will perhaps submit some concrete recommendations in the near future but we must keep in mind the need to protect President Nixon from any unnecessary vulnerability, particularly if our actions would most likely be ineffectual.

8. I will send a joint message with [*less than 1 line not declassified*] on what I shall be expecting from them.

9. Finally, we must keep the pressure on Frei and Frei principally. If he is not going to make the moral commitment in the form of action, no one should seek to make it for him. He told me and John Richardson what he wanted from the U.S.—propaganda abroad—and he has informed me through his lieutenants that he wants my advice. They in turn are transmitting my suggestions and views; they also have indicated they need assurances of being able to get out of Chile in extremis and of funds at a certain point in time. I would hope that key members of the U.S. business community would handle much of the funding problem when and if we get to that point. But we are not there yet.

10. Other reporting follows in State channels; where unsourced it is based on Ossa conversation.⁴

⁴ Apparently a reference to Document 99.

97. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson)¹

Santiago, September 16, 1970.

1. In a separate State message I am reporting (a) the mounting pressures on the Cardinal of Santiago to recognize Allende, (b) on the pressures abuilding against holdout *El Mercurio* and (c) the French negotiations with Allende.² I would welcome very prompt assistance from Washington on all three:

A. [*2 lines not declassified*]

B. Is there some way to get First National City Bank to take heat off *El Mercurio*? Bank, which is preparing to fold its local tent, is dunning the paper for its loans. This kind of pressure is no less pernicious than that of the Communists.

C. Can Department take any diplomatic action in Europe to prevent rug-pulling.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive.

² Document 99.

98. **Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, September 16, 1970.

SUBJECT

Korry's Reply to 40 Committee Cable

Attached are two cables from Korry in reply to the one we sent yesterday. Tab A is the general reply and at Tab B is a specific request.²

I find Korry's answer very unsatisfactory and I believe we are now in a most delicate and difficult position. We were led to believe that there was at least a "Rube Goldberg" plan in operation. It seems evident from Korry's cable that that is not the case. He is apparently trying to construct something out of whole cloth and I submit that as an Ambassador he cannot do that without irretrievably exposing himself and the USG.

He states he has passed our message on to Frei through the Defense Minister. This is curious because his previous cables had indicated another channel had been designated by Frei to represent him. You can see from paragraph six (Tab A) that Korry is still trying to persuade people to take some political action.

Paragraph seven (Tab A) says he will implement our instructions re military contacts in a way designed to "obtain optimum political mileage and the necessary intelligence." I do not know what political mileage means but this is clearly outside of what he was instructed to do. All of paragraph seven is a remarkable paragraph.

The requests in the message at Tab B are obviously not difficult to fulfill but my question is to what end? Whom are we servicing, a Frei plan as we thought, or Korry's efforts to play kingmaker?

I believe you have to focus on this. If Korry is not reined in, we are going to be in a mess. I remind you of my memorandum of this date on mechanisms to carry out the 40 Committee's recommendations.³ I think it now urgent to get somebody down there to assess (a) Korry (and his stability) and (b) the situation.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive; Eyes Only. Printed from an uninitialed copy.

² Tabs A and B are Documents 96 and 97. They are in reply to Document 92.

³ Document 95.

99. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 16, 1970, 2255Z.

3741. Subj: The Communists Take Over Chile.

1. There is a graveyard smell to Chile, the fumes of a democracy in decomposition. They stank in my nostrils in Czechoslovakia in 1948 and they are no less sickening here today.

2. President Frei is more clear-minded than Benes. He has no doubts that Allende means Communism, but he is frozen by indecision, by self-pity, by an unwillingness to risk all for democracy. He wants an excuse for action and the certainty of success.

3. Frei has his potential Masaryks although here there will be no demonstrations; rather, if Allende comes to power, they will either slip out of the country or fade away.

4. For the moment, Frei and his supporters from both the PDC and Alessandri camps are engaged in an under cover organizational operation that is unknown to a public that is being hammered only by Allende propaganda. They want to keep open the option of what I have accurately called a Rube Goldberg contraption—a vote in the congressional runoff Oct 24th for Alessandri who would renounce the Presidency and thus provoke new elections in which Frei would run.

5. But there is an essential difference between the Christian Democrats-with-Frei and the Alessandri people. The former are also thinking that if this ploy does not work, then as a fallback, the PDC will negotiate such “guarantees” from the triumphant Popular Front as to assure a chance of maintaining democracy in Chile.

6. The current Christian Democratic leadership is concentrating on these illusory “guaranties.” Negotiations are underway on different levels between PDCers and Allendistas. The defeated candidate, Rado-miro Tomic spoke at length in the Party National Council Monday night in favor of immediate recognition of Allende as the President-elect. He was answered effectively by Frei’s men who are seeking the conflicting yet convergent goals of electing Frei and of extracting maximum safeguards.

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 15 CHILE. Secret; Immediate; Limdis. Repeated to U.S. Southern Command and Asunción, Bogotá, Bonn, Brasilia, Buenos Aires, Caracas, Guatemala, Kingston, La Paz, Lima, Managua, Mexico City, Montevideo, Moscow, Panama, Paris, Port au Prince, Port of Spain, Quito, Rio de Janeiro, Rome, San José, San Salvador, Santo Domingo, Tegucigalpa, London, The Hague, Madrid, Brussels, and the U.S. Mission to NATO.

7. The economic situation in the country is not good in the short-term. The refusal of many entrepreneurs to risk capital, the stoppage of most private construction, the universal insistence on cash only transactions, the widespread conversion of currency to dollars, the slow but steady layoffs of workers, the downturn in production and considerable emissions by the state of currency will doubtless add considerably to the high inflationary rate (30 pct as of Sept 1) and other economic problems. It could have a snowball effect. Rather than seek to use this deterioration to his political advantage, Frei is employing govt resources to stabilize the economy, as Allende wishes.

8. Similarly the Armed Forces, more a trade union than anything else (as I stated during last October's army sitdown strike) is only willing to support constitutional processes. Frei will give them no order to act and will take no action to provoke their action. The Armed Forces CINCs have refused a suggestion from a high Frei lieutenant to issue a public statement that they support the constitution and that they will guarantee the law and order necessary for such processes. By choosing silence, they are in effect endorsing the spurious Communist-Socialist threat of civil war if Allende is blocked from the Presidency.

9. The Armed Forces have also requested the supporters of Frei to tone down the major demonstration planned in favor of the President on the most patriotic of Chilean holidays, Sept. 19th, when the three services put on their major parade of the year. They wish no banners or signs in favor of Frei because they consider political action to be a disruption of the one day of the year that is truly the military's. The Armed Forces are by and large convinced that if they retain their "professionalism"—the word is used in the conditions set forth by the PDC in its talks with Allende & Co—democracy will be maintained in Chile. Equally innocently, they assume there will be no disruptions between Chile and the US that could affect them and they are reinforced in this view by the almost complete disappearance of US military support for Chile in the past three years. (The end in 1967 of grant milaid, the congressional restrictions on sales, the modest ceilings on MAP sales and the almost complete disappearance of CONUS training have had the depressing effect we have long been forecasting.)

10. The Christian Democrats are the lever Frei (and everyone else) wants to pull. But it is a divided party—some would say split between knaves and fools. A few have no illusions about Allende's dependence on the Communists and, therefore, the nigh-inevitability of the future structure and direction of Chile. These few, who are leading the organizational effort on behalf of Frei, have been directly threatened by "friends" with the loss of everything if they do not desist; "everything" has been spelled out to include murder. They, in turn, have recruited perhaps a total of 38 PDC Deputies and Senators of the party's repre-

sentation of 74 who are more or less pledged to vote for Alessandri in the runoff. Opposed to them are, by their count, perhaps 18 who favor Allende's accession. Thus in mathematical terms, Alessandri could count on his 45 supporters, 38 PDCers and at least five and perhaps ten radical defectors or a total of between 88 and 93 of the 199 congressional votes.

11. But a paper tally can be as misleading as polls. Not only do the Communists believe they have 30 certain PDC votes in support of Allende plus the minimum of 75 they count as being firmly in the Allende camp (an absolute majority of 105) but more importantly the PCCh is cock-a-hoop with confidence that they have all the trends in their favor. Their skillful blend of mass terror via the civil war threat, private terror against holdouts, negotiations with the PSC and almost complete control of the media and universities is, in their view, an unexcelled elixir. As Baudelaire said of the devil: "and the rich metal of our own volition is vaporized by that sage alchemist."

12. Will, that most precious of all faculties, is not one of Frei's trademarks. "Will is what appears most clearly in a masterwork," said Valery. "No vagueness as to ways and means. No uncertainty as to objective." Frei has at least three objectives: to act as President of Chile without exposing himself to anyone's darts; to be a shadowy alternative to Allende; and to rationalize the deal that his PDC might strike with Allende. If he cannot choose soon, that most clear-minded and cohesive force in Chile, the Communist Party, will do it for him. Allende is their masterwork in Latin America and they do not lack for purpose or will.

13. I can hardly blame Frei when I read the world press. There is hardly a flicker of interest in the disappearance of South America's exemplar of democracy; there is hardly any awareness abroad of how the press is being silenced, how the radio and TV is almost totally in Communist-Socialist control, of how the Army has been cowed and the politicians terrorized. If our and the European press can rationalize what is doubtless the most important event in this hemisphere since Castro, why should not Chilean politicians indulge in the almost unlimited human capacity for adaptability?

14. A few postscripts of some import:

A. Tomic in his plea for Allende told the PDC that the "rightists and the State Department" are the only opponents. Tomic is doubtless referring to the Dept's statement and my echo of it to Allende's emissary last week that the constitutional process is still underway, a statement that a man of Tomic's persuasion could only interpret as support of the Rube contraption.

B. The leftist press is applauding Foreign Minister Valdes for having circularized his Missions to counter, as *Clarín* put it, "conspira-

torial maneuvers of ultra right Chileans and actions such as those of *New York Times* and is intended to support true situation and future of Chile.”

C. The secret negotiations between the PDC and Popular Unity on the army include discussions of a secret annex proposed by the PDC to maintain the present high command for one year and then any change with their approval.

D. The Frei camp is concentrating on gaining delegates to the PDC party junta that will take the final decision sometime in October.

E. Frei had a talk in Vina del Mar with OAS SecGen Galo Plaza that may have shaken that gentleman’s view that Communism could not happen in Chile. Other Latin Americans attending OAS conference there have also begun to have second thoughts.

F. The only strong voice of press dissent—*El Mercurio* of Chile—is still thundering in its editorial columns but nowhere else. Its management is under such threat of physical harm that it is questionable if the paper can resist the terror campaign.

G. The Cardinal of Chile has just been dissuaded for the third time from making his call on Allende. Unless there is divine intervention, he may soon go the way of all flesh. And the faithful will flock behind him in an over-powering wave.

H. The French Ambassador is busily seeking a deal with Allende. In return for recognition there would be major advantages for French firms. Can the British be far behind? Or the Italians?

Korry

100. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, September 17, 1970.

SUBJECT

Chile

Unless we establish tight control and professional guidance, the covert action program approved by the 40 Committee for Chile will not work. It is going to be a long-shot as it is; if we have to face the additional handicaps of well-meaning but unprofessional activism, of lack of coordination and of bureaucratic resistance, we will be dangerously exposed.

The situation is as follows:

—State is timid and unsympathetic to a covert action program; it will not be able to provide either the imaginative leadership or the tight coordinated overview we need.

—Ambassador Korry is imaginative, but he is an “unguided missile.” He is acting now as his own project chief and is trying to construct an operation all by himself. *This is dangerous from a professional intelligence-operations point of view*, and inefficient because there are so many inhibitions on his capacity to operate. *He is too exposed and visible to do this kind of thing*, and it may even affect his objectivity and analysis.

—But Korry does not trust his staff and will not use it; most of his key officers, including the CIA Station Chief, have been cut out of the operation.

—Only Korry is doing any real reporting, and while it is voluminous, it is inconsistent and contradictory. We cannot be sure of what the situation really is and how much Korry is justifying or camouflaging.

—CIA is unhappy at the modus operandi, but does not feel it can impose discipline on Korry; it certainly cannot do it through its present Station Chief.

—There is no consensus among agencies here concerning the full scope of operations and some lack of enthusiasm for overall planning. Hence, the bureaucracy is simply reacting to what happens in Santiago.

¹ Source: National Archives, RG 59, Chile–ITT–CIA Files, Lot 81D121, Interview with Secretary Kissinger, Monday, January 10, 1976. Secret; Sensitive. Sent for action. Although no drafting information appears on the memorandum, the text is largely based on Vaky's September 16 memorandum to Kissinger, printed as Document 95. An attached note, September 21, reads: “*Back from President Chile Program Approved (Haig has seen).*”

—The 40 Committee does not have the time for this kind of close, detailed supervision, and the time-lag would make it impossible anyway.

Thus, in effect, although no one particularly wants him to, Korry has the operational ball and is running, with everyone just hoping there are no leaks or exposures. We are not really sure if what is happening is professionally sound as possible or what more we might do technically to improve the effectiveness of our actions. Thus our risks of being “found out” are maximized, and our efficiency is cut.

To rectify this situation, I recommend the following:

1. *Establish an action task force here in Washington to run the program. This would meet daily, make decisions, send out directives, keep tabs on things. It would coordinate activities, and plan implementing actions. It would work fast and in secrecy—not through normal bureaucratic procedures. It will need your authority to do this, and to be able to instruct the Ambassador.*

2. *Send to Santiago an expert professional to take over the operational program under the Ambassador’s and the task force’s broad guidance. This would enable the Ambassador to draw back from personal operations and involvement. In addition, it will help with the time-lag problem. In fast-moving situations some operational decisions may have to be made on the spot.*

Recommendation

That you authorize the establishment of this kind of mechanism.²

² President Nixon initialed the Approve option.

**101. Backchannel Message From the Ambassador to Chile
(Korry)¹**

Santiago, September 17, 1970.

Situation Report.

1. Trust that consumers understand that Embassy 3741 “Communist take over” is designed to provide base for propaganda action that I hope will unfold in Europe and LatAm.²

2. Copei anti-Allende declaration given good play *Mercurio* today under Caracas dateline and helpful.

3. Anticipated Viaux statement came out last night and in *Mercurio*, Channel 7 (govt) and several radio stations. It just might provide the spur to the Armed Forces CINCs to issue their own statement which was my intention in forcing Ossa to stop working against Viaux statement. Emb will send septel.³

4. MinFinance Zaldivar had himself interviewed by national TV. He took as pretext alleged breaking of rules by Popular Unity liaison Vuskovich’s declarations to press, Zaldivar stating agreement had been that only Minister could make statements on economy. Zaldivar cleverly emphasized deteriorating economic situation in country while reciting how GOC taking all appropriate measures. Emb will send septel.⁴

5. You can regard both Viaux and Zaldivar statements as earnest of intentions from at least Ossa since these two items were high on my list of insurances in my Monday talk with Ossa.⁵

6. Can someone convince USIA (suggest talk to Shakespeare) to have his organization replay *Mercurio* editorials that we have been sending past few days but which they refuse to use? How can they distribute Allende propaganda material such as *Time* Magazine interview

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile 1970. Secret; Sensitive. Broe transmitted a copy of this message to Vaky. It was received at the White House at 12:15 p.m.

² Document 99.

³ Telegram 3763 from Santiago, September 17, reported that “Although Viaux insisted that he has no political commitments, he also underlined that he is not Marxist nor has he ever been one, and that ‘Fatherland is not negotiable nor liberty compromisable.’ Viaux concluded terse pronouncement with assertion he would never be party to maneuver to divide army and announced readiness to ‘take place alongside comrades-in-arms should higher interests of Fatherland require.’” (National Archives, RG 59, Central Files 1970–73, DEF 9 CHILE)

⁴ Not found.

⁵ September 14; reference, however, is presumably to the meeting between Korry and Ossa on September 15, as reported in Document 96.

with Allende (on VOA) and refuse to touch *Mercurio's* excellent editorials?

102. Backchannel Message From the Ambassador to Chile (Korry) to the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, September 17, 1970.

Set forth below is a message for Dr. Kissinger from Amb. Korry which was received at 2030 hours 17 September, 1970.

1. I reckon that if something is to happen to stop the Allende Presidency, it will occur this weekend or never.

2. What I believe could happen, starting in a few hours, is the following scenario:

A. A public declaration over all media from the Minister of Finance and/or the Minister of Economy informing the country that the economic situation is desperate.

B. The resignation of the two Ministers tonight or tomorrow, followed by the resignation of other Ministers.

C. The appointment of military to fill the portfolios of Interior, Defense, Health and Labor. (The two economic slots are question marks because the military considers these sectors beyond their competence but I trust they can be persuaded to use advisors.)

D. The resignation of President Frei and his appointment, as the constitution permits, of an interim President who would be one of the Armed Forces CINCs.

E. A declaration by the junta that it wishes to assure the country a democratic choice of its system and of its next President.

3. There are several weak points in this script, all named Frei. He had maneuvered skillfully to produce the crisis, but, as is his habit, always permitting others to push the process step by step for him. If he were not to permit the resignations of the two Ministers, if he were not to resign as a consequence, if he were not to persuade the Army CINC General Schneider, the most constitutionalist of all the military, to go along with this scheme, it could become unstuck. And if the military

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile 1970. Secret.

does not act with speed and skill, qualities with which they are not ordinarily endowed, the coup could become a very sloppy and bloody mess.

4. The military situation has been at least temporarily transformed by the statement last night of retired General Viaux.² While the public considers the declaration to be trivial and egocentric, the Army, the Armed Forces and Frei believe it to be of transcendental significance. Viaux is considered by the military, with good reason, to have considerable influence with the younger officers and the non-coms. The men who really control the troops. As President Frei said to a trusted source today, the Viaux statement “served to bring the army in line, unifying it while at the same time demonstrating that Chilean generals are not for sale.” (The latter is a reference to Viaux’ rebuff of Allende.)

5. Because my interpretation of Viaux’ influence tallied with Frei’s, I persuaded MinDefense Ossa Monday night to cease trying to block the Viaux statement on which I had given the green light to Raul Saez last weekend. Incidentally, for the record, [*less than 1 line not declassified*] has performed a very valuable service for me in helping to elicit this message from Viaux.

6. Equally strongly with Ossa—and that means Frei—I pushed for the MinFinance statement that I hope is coming shortly. Since Frei insisted on a moral justification for any action, I could think of only the economic situation as providing it. The MinFinance and the MinEconomy are determined to resign; they are so persuaded because they want to provoke the crisis and push the military and Frei to action. They are both good friends; indeed they are the only two Ministers in whom I have absolute confidence and with whom I have maintained the most special friendships. But I have stayed totally clear of them, preferring to deal with the minimal contacts, in this case, Ossa and Saez. The latter exercises considerable influence with both.

7. Most of Chile began at noon today the national independence holidays. The Armed Forces have been goose-stepping through their parade drills for days in preparation for the big parade I will attend Saturday. Tomorrow morning there is the Te Deum in the Cathedral with all of us diplomats in our monkey suits. The mass of the country is prepared to drink itself into a stupor, to spend its extra wages and to have a respite from the intensive political talk in this country that should be rechristened Blahblandia. But the forces that Santiago Garrison Commander Gen. Valenzuela informed me two weeks ago Sunday³ would be concentrated in Santiago are here in less but sufficient numbers and

² See footnote 3, Document 101.

³ September 6; see Document 65.

for the moment the army is more or less united for the first time in a long time.

8. Frei believes that the combination of the Viaux and the economic statements will be sufficient to provoke the army takeover. Frei this morning compared the Armed Forces to a stretched rubber band that was ready to snap. He said they were now fighting “as a caste.”

9. However, Frei did not say he would specifically give the approval to the army takeover. He did not say he would convince Schneider. He did not say he would resign. And these lacunae worry me. He may be assuming that he has structured the situation to move itself, his favorite method of political action. His may be a very large assumption. He was much more final in his judgement about the future if the Armed Forces did not move. He said he would have not hope in the Rube Goldberg political contraption; he said that he could not win more than 25 per cent of his own party for the political formula route and that he had “discarded” it. It was the army or nothing.

10. My moment of decision is at hand. I must decide what if anything I must do to make Frei’s decisions again for him; I did it in the case of the Anaconda negotiations last year but that was kinder-garten exercise in comparison to this olympic gymnastic. I seek no advice because we have done everything possible to touch all bases: Gen. Valenzuela knows very clearly my views; the Ministers of Economy and Finance are fully aware of my sentiments; Frei has been told; and they all are informed as to how they must proceed against those who threaten to plunge the country into civil war. I have excellent support for [from?] those here who need to know.

11. Tally ho.

103. Backchannel Message From the Ambassador to Chile (Korry) to the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, September 18, 1970.

PROGRESS REPORT 1

1. Minister of Finance and Minister of Economy neither spoke nor resigned so far (i.e., 18 September, 1300 hours). Possible explanation is that timing would be much more effective after holiday, perhaps Sunday night when public has begun sobering after wet weekend.

2. First rule of all successful coups has been broke, too many civilians are aware of the scenario. I must assume Allende and Tomic forces are in the know.

3. Te Deum attended by entire government, all top military, diplomats and hardly anyone else. Almost empty Cathedral guarded by largest concentration of police I've ever seen with one every five feet inside. Believe crowd kept outside because of fear of extreme rightist plotting against life of Frei.

4. Soviet Ambassador was in evidence for first time after two months vacation in USSR.

5. We transmitting today to Helms text of my message to General Valenzuela of September 6 that he read four times before reluctantly handing it back.²

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, 1970. Secret; Sensitive; Eyes Only.

²Reference is presumably to the message transmitted to Valenzuela by the Army Attaché; see Document 65.

**104. Memorandum for the Record of a Meeting of the 40
Committee¹**

Washington, September 19, 1970, 10:45–11:15 a.m.

SUBJECT

Chile

PARTICIPANTS

Chairman—Henry A. Kissinger

State—U. Alexis Johnson

Defense—David Packard

CIA—Richard Helms

JCS—Admiral Thomas Moorer

NSC Staff—Viron P. Vaky

SUMMARY OF DECISIONS

1. To hold another session at the end of the Middle East WASAG meeting Monday morning, September 21–8:30 a.m.²

2. a. Admiral Moorer to prepare material on possible military assistance.

b. Mr. Vaky to prepare material on possible outcomes of proposed action and possible U.S. postures.

A cable from the CIA Station in Santiago was distributed to the principals to read. (Dr. Kissinger has copy.) It was made clear that no one else other than the principals has seen this report.³

Dr. Kissinger pointed out that the operation apparently is underway spontaneously, and that he does not see anything that we can or should do. The question was what happens when and if it starts. We will have to examine whether there is anything for us to do in those circumstances.

Mr. Johnson pointed out that it might create widespread violence, perhaps leading to civil war.

Mr. Packard said that he wasn't sure of that because Allende just might wait for the next round. It is difficult to know how to assess the situation.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 40 Committee Minutes. Top Secret; Sensitive. The meeting took place in the White House Situation Room. A handwritten notation on the first page indicates that Vaky drafted the minutes.

² No mention of Chile was found in the September 21 WSAG (Washington Special Actions Group) minutes. A meeting of the 40 Committee was held Tuesday, September 22, at 8:10 a.m. See Document 111.

³ Document 105.

Mr. Vaky commented that first it should be understood that the Popular Unity (UP) was a heterogeneous group. Not all of the elements would resort to violence; some, such as the Radicals, might even welcome this turn of events. Secondly, it was not clear that Allende himself would stay to fight; he might well leave the country. Thirdly, the Communist hard-core and the Socialist extremists probably would resort to violence. They had a labor union core and a local peasant core and might well cause widespread and serious internal security situations. Another element to consider was the previous intelligence reports that the non-commissioned officers were infiltrated by Leftists and were in sufficient number Allende sympathizers. The question as to whether the troops would respond to orders needed further assessment.

It was agreed that the movement reported in the cable was self-generated.

Mr. Helms confirmed that we were not in specific contact with the military on this point.

Mr. Johnson said that then we really had only two choices: either tell them to turn it off, or encourage them.

Dr. Kissinger said the President would certainly not approve the course of action telling them to turn it off. We do have the choice of merely standing back or egging them on. He saw little point in the latter.

Admiral Moorer and Mr. Helms commented that other Latin American military would stand clear.

Mr. Helms reported a conversation he had with [*name not declassified*]. It was quite clear that Argentina and Brazil are up-tight. The Bolivian military are apprehensive. Only Peru seemed to welcome the course of events, and there was no idea there that they would intervene in any way.

Mr. Packard said we had to decide how we would like all this to come out. In his view what we wanted was a successful military action but without us involved.

Dr. Kissinger said that if it happens, however, we need to be ready for contingencies. For example, what do we do if there are civil disorders; what do we do if there is civil war; what do we do if asked for equipment.

Mr. Helms pointed out that the Chilean Army might very well need munitions or crowd-control weapons.

Mr. Vaky added that if we were asked to supply them we might consider clandestine channels rather than through MAP.

Dr. Kissinger said that the WASAG meeting on Monday should tack this item on at the end.

It was agreed that the WASAG meeting would be held at 8:30 AM Monday, September 21.

Dr. Kissinger asked Admiral Moorer to prepare a paper on how military assistance might be provided. Mr. Vaky was asked to prepare material on various possible outcomes and recommended U.S. posture.

105. Memorandum From the Station in Chile to the 40 Committee¹

Santiago, September 19, 1970.

DOI

17 September 1970

PADA

Chile, Santiago (17 September 1970)

SUBJECT

Possible Move by Chilean Armed Forces to take over Government with the Knowledge of President Eduardo Frei

SOURCE

[9 lines not declassified]

SUMMARY

The Chilean armed forces may stage a coup shortly. Whether they move depends on President Frei who believes there is no longer hope for a constitutional solution and recognizes the necessity of military intercession but has not committed himself in any way. General Valenzuela, Commander of the Santiago garrison is playing a key role in the planned takeover and has reached an understanding with retired General Viaux. The armed forces do not rule out a violent reaction, possibly bordering on civil war, on the part of the left if the military take over the government. End summary.

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive. This memorandum is addressed to Kissinger, Mitchell, Packard, Johnson, Moorer, and Helms. The memorandum was distributed under cover of a September 19 memorandum from Karamezzines, which noted that Kissinger had requested that it be disseminated to the principals of the 40 Committee and discussed at the next meeting. Most of the information in the memorandum had already been reported by Korry in his backchannel message sent the evening of September 17 (Document 102). However, in subsequent discussion at the 40 Committee meeting (see Document 104) and in an NSC memorandum (Document 106), reference is only made to the CIA report and the September 19 report.

1. The Chilean armed forces may move soon to take over the government. Whether they act depends on their receiving a go-ahead from President Eduardo Frei involving authorization to take the following steps.

A. Resignation of the Cabinet: (*Headquarters Comment*: Two independent sources, who are fairly reliable, on 17 September reported rumors that Andres Zaldívar, Minister of Finance, and Carlos Figueroa, Minister of Economics, planned to resign.

B. Formation of a new cabinet composed entirely of military leaders.

C. Appointment by Frei of an Acting President.

D. Frei's departure from Chile.

(*Field Comment*: Source gave the impression that an important segment of the armed forces appears to be prepared to accept the above formula and to act accordingly.)

2. After taking over the government, the armed forces plan to publish a manifesto, stating that two-thirds of the Chilean people should be given another opportunity to opt between the Popular Unity (U.P.—A coalition of Marxist, Socialists and other Leftist Parties), and a democratic regime and that the armed forces are prepared to tender the necessary guarantees of another free election. (*Headquarters Comment*: Marxist Salvador Allende, the U.P. candidate won a plurality (36%) in the 4 September 1970 presidential election in a three-way race against an independent and a Christian Democratic candidate).

3. General Camilo Valenzuela, Commander of the Santiago garrison, is playing a key role in the planned military takeover of the government. Valenzuela's plan involves the arrest of about two hundred key U.P. functionaries.

4. Valenzuela has had several meetings with Retired General Roberto Viaux, leader of the October 1969 military dissension, and a full understanding has been reached between them. A statement published in the 17 September 1970 edition of the independent newspaper *El Mercurio* over the signature of Viaux to still speculation that he might support Allende was cast in its final form by Valenzuela.² (*Source Comment*: In his statement Viaux denies harboring Communist sympathies and stated that he was willing to serve his country in whatever capacity required. The significance of Viaux's statement is that the armed forces now have the necessary assurances that Viaux will not move unilaterally. Frei said that the greatest importance should be attached to Viaux's statement which was well received by the armed forces and

² See footnote 3, Document 101.

which had served to “bring the army in line, unifying it while at the same time demonstrating that Chilean generals are “not for sale.”)

5. The armed forces cannot rule out violent reactions on the part of Allende’s followers which could develop into a situation bordering on civil war. According to Valenzuela, the army has within its ranks no more than five percent of Allende sympathizers. Twenty percent of the air force, on the other hand, is believed sympathetic toward Allende. (*Source Comment*: Since the air force is not going to play a decisive role, other than giving its approval, this factor will not appear to matter a great deal.)

6. In a conversation between President Frei and Rene Silva, the director of *El Mercurio*, Frei said that Minister of Finance Zaldívar is going to make a statement which, in Frei’s opinion, is going to cause major commotion. When asked whether Viaux’s statement and the one planned by Zaldívar would provoke a cabinet crisis causing wholesale resignations, Frei replied he thought it would go that way. If that happened, Frei said he did not rule out the formation of a new cabinet composed of military officers, but expressed his opinion that a military cabinet would not be necessary since it was his belief that the military would take over the government. (*Field Comment*: Source received the impression that Frei may be pushing the military to act using Sergio Ossa, Minister of Defense, to assert pressure on the armed forces.)

7. Frei compared the situation in the armed forces to a “Rubber band on the point of snapping.” According to Frei, something will happen soon because the armed forces now realize that they are struggling for institutional survival and that, as far as the armed forces are concerned, the struggle has now taken on a new dimension.

8. Frei unambiguously stated that all thought of pushing through Congress a political formula, i.e., the election and then resignation of independent candidate Jorge Alessandri—should be discarded. At best Frei said he would be able to round up 25 per cent of the Christian Democratic Party (PDC)’s congressional contingent in support of that formula and would thereby split the party. Having ruled out the effectiveness of a political solution, Frei had come to the conclusion that a military solution was the only one. Frei added that Chile was a country which could not be turned over to Allende.

9. (*Source Comment*: Frei, during the whole course of the conversation, never gave any indication of committing himself in any way. He addressed himself only to the necessity of military intercession and narrated what he thought others would be doing.)

106. Memorandum for the 40 Committee Prepared by the
National Security Council Staff¹

Washington, September 20, 1970.

SUBJECT

Chile

If the Chilean military move to prevent Allende from taking power:

- a. What kinds of problems and reaction can be expected?
- b. What diplomatic posture can or should the US take?

I. *Possible Courses of Developments*

Should a military/civilian coup occur, along the lines described in September 19 report,² the new interim government would have the following major problems to face:

- To cope with the reaction from Allende forces;
- To maintain law and order and a viable economic life for the country;
- To secure reasonable acquiescence or support for a framework and formula for government, e.g., new elections.

Reaction to a military move may take one of the following courses listed below in order of likelihood, i.e., from most to least likely:

A. *Civic pressure by Allende forces to force military back-down.*

This would involve attempts to stage general strikes, transportation stoppages and disruption of public services, street demonstrations, mobilization of public opinion—all with the intent of paralyzing the nation's life so as to create irresistible pressure on the military to back down.

The Allende forces are almost sure to try this course of action—it is the least they can do. They have a very good chance of disrupting things initially, given Communist Party influence in the labor movement. It is less certain they can sustain any significant paralysis for more than several days if met with firmness. In any case, the situation is not likely to stop at this level for long; if strikes and similar activity do not succeed, the Allende forces are likely to escalate their counter-revolution to one of the following levels.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile 1970. Secret; Sensitive. Although the memorandum bears no drafting information, it was most likely written by Vaky.

² Document 105.

B. *Civic violence to force military breakdown or dissolution of military's cohesion.*

This would involve street violence, rural violence, squatter invasions, possibly terrorism and sabotage—all designed to achieve either or both of the following: (1) to create such chaos the government collapses, or (2) to provoke the military into enough violent repression to provoke overwhelming popular opposition to the coup.

There is about a 60% chance that the Allende reaction will merge into this level or move to it immediately. Capacity to provoke riots or sabotage does exist; however, capacity to sustain this sufficiently long to be successful is less clear. Still more doubtful is whether sustained violence of this kind will receive popular support in a country that does not like violence.

The military/police will be strained if violence is spread in several places or sustained for a long period. If the military is not unified, it is doubtful the government could contain the situation. If the military is required to use violence against citizens, e.g., shoot workers or students, it may not be able to hold the situation. Much depends upon government's backing and leadership and the will of the security forces.

C. *Counter-coup—divide the military*

This would involve an effort to persuade units and troops to oppose a takeover, disobey orders or to launch a counter-coup.

The Allende forces will undoubtedly try this, and are already seeking to persuade military personnel not to support any plan to launch a coup. This is unlikely to be successful, but the position of non-coms is admittedly a question mark. If the military, following a coup, must use repression to sustain their success, the chances of a defection or counter-coup rise proportionately.

D. *Long-term insurgency*

This would involve a long-term effort to subvert the coup-installed regime, sabotage subsequent elections, and bring about a leftist government. It would in effect be the result of a failure to prevent the initial military coup or secure its reversal through the preceding courses. It would involve insurgency, sabotage, terrorism, and efforts to spread popular disaffection and to hamper government economically and politically so as to make government impossible.

There is a less than even chance this will occur. If initial efforts fail, the left extremists are not likely to have the leadership or assets left to mount a significant effort of this kind in the immediate future. On the other hand, nuclei can be supported from outside, and this may be the response favored by the Communist and Castroist elements.

E. *Civil War*

This would be the result of steady escalation of civic violence and consequent polarization in the society, with military and para-military units dividing against each other. This situation is not likely to be visible or easily identifiable as such—it is likely to emerge, if it does, only as the extension of other violence and the result of the degeneration of the situation into chaos.

A chaotic, civil war situation will clearly invite external intervention from the outside on both sides. A clearly chaotic situation is one in which legitimized intervention is easiest, i.e., OAS, mediation, Rio Treaty action, Inter-American Peace Committee.

III. [II] *Key Factors*

The following are key factors in determining whether a military move of a kind contemplated succeeds:

A. *What Allende does personally.*

If Allende stays and personally commits himself to violent resistance, the chances for widespread serious instability and violence are sharply increased. If he decides not to do so or leaves the country, or is made to leave the country, the chances for successful violent resistance are proportionately decreased. Allende's personal leadership and charisma are important.

B. *Unity of the military*

No military action, or support of a successor regime, can be achieved without reasonable unity among the armed forces. If there are any defections of major units, no effort is likely to succeed. A particularly key factor is the loyalty of non-coms and troops to their officers. There have been reports of Allende sympathy in enlisted ranks and of doubts on the part of commanding officers that troops would follow them. If this were the case, no coup and no effort to maintain law and order against heavy civic violence are likely to succeed.

C. *What Frei does*

Just as Allende's leadership is important to his forces, Frei's leadership is essential to the coup/electoral formula in the same but converse terms.

D. *The Governmental Formula*

A coup which promises new elections is more likely to succeed than a mere seizure and retention of power by the military. It is more likely to secure the support of civilian and elite elements. A mere power-seizure will elicit opposition among non-Allende forces and be divisive within the military itself.

IV. [III] *Most Likely Situational Problems That May Arise*

From an external point of view, the situational problems most likely to arise are:

A. *Chilean military request for arms and aid.*

The military are very likely to use up their crowd-control supplies (tear gas, etc), small arms, and ammunition fairly rapidly. They may even need additional communications, transportation to cope with a widespread security situation. They will in all probability turn to the U.S. for this aid, but they may also turn to other Latin American or to European countries.

B. *Chaotic civil war type of situation*

If a complete breakdown in order and national life and widespread bloodshed and violence of a civil war kind occur, *or is threatened*, the question will arise as to whether outside intervention is not desirable to stabilize the situation, prevent chaos and bloodshed. OAS, Inter-American Peace Committee, Rio Treaty are all possible in these situations. Effective intervention need not be military intervention; mediation, good offices, OAS-supported formula for elections are all possibilities.

C. *Economic support to shore-up interim Government*

An interim—or subsequently elected government—will probably require additional budgetary resources to keep the situation stable and insure popular support. The need may be sustained and large. Again Chile is likely to turn to the U.S., the Inter-American and World Banks, possibly to Europe.

D. *Consequences of success or failure*

In sum, *if a military/civilian coup succeeds*, the resulting government will have very difficult problems in maintaining law and order; keeping the society together; insuring sufficient popular support to be viable; maintaining a climate in which a new election can be held and the results sustained; keeping the economy healthy.

If a coup is attempted and fails, the military will be destroyed. The Communists will have the opportunity to move quickly and with certainty to destroy most of the societal and institutional barriers to a Marxist regime—military, opposition parties, press.

V. [IV] *U.S. Posture*

A. *Basic Posture.* The policy questions posed for us by a Chilean coup attempt are:

1. Do we support the military effort if our help is needed, i.e., equipment, etc., money? Do we do so openly or clandestinely?
2. Do we adopt a public posture of neutralism, or of support, or something in-between?

It is unlikely that a military/civilian coup can sustain itself without some kind of external assistance. Hence, if we do not extend some kind of help it will collapse. On the other hand, open and visible U.S. sup-

port runs the risk of damaging the Chilean military/civilian base of support—and conversely strengthening Allende—by making the coup appear to be foreign intervention. We would also suffer in the hemisphere and domestically by reawakening the Dominican Republic and Czechoslovakia images.

One possibility of acceptable public action, however, would be OAS concern in the event of a chaotic situation—see below.

B. *Operational problems*

1. *Military assistance.* We can be virtually certain that we will receive requests for equipment and arms. We can supply these through MAP or covertly through third-country sources. We may well wish to do both, but we should be ready to do so.

2. *Economic aid.* We will almost surely have to shore-up any resulting government. We should therefore be prepared to move in massively with supporting assistance.

3. *International.* If the situation deteriorates or threatens to, a relatively easily legitimized way of helping stabilize it is to seek OAS or Inter-American Peace Committee action to mediate, arrange new elections, halt fighting. We should have contingency legal arguments and proposals ready for this.

4. *Recognition.* The question of recognition may arise if the coup occurs in such a way as to indicate clearly a new government has come into existence. On the other hand, if military officers merely substitute for cabinet ministers and convoke new elections, the legal fiction of no extra constitutional change of government may be defensible. In any event, recognition can probably be extended and coordinated with other Latin American countries in a relatively prompt and acceptable fashion.

107. Telegram From the Central Intelligence Agency to the Station in Chile¹

Washington, September 21, 1970, 1648Z.

1. Task force has been established in Headquarters to provide maximum support to Station. If it becomes as effective as we intend it to be, you will never again receive such a lengthy message of this nature.

2. As first act wish engage you in exercise to refine and coordinate our thinking in regard [Track Two] so that we may begin with clear and agreed objectives and courses of action. On perhaps untoward assumption that Frei makes first move, which he must if [this operation] is to succeed, we would like to have as crystalline understanding as possible, under circumstances, of events we are placing in train and what steps we are to follow. This is essential if we are to move forward from one event to another without a pause and Headquarters is to provide you with intelligent and effective support immediately and within days to come.

3. Purpose of exercise is to prevent Allende assumption of power. Parliamentary legerdemain has been discarded. Military solution is objective.

4. First and fundamental task is to induce Frei to take action which will produce desired result. After this we get fuzzy since we have no clear understanding of what we wish Frei to do other than lead military coup himself, something we can hardly expect of this too-gentle soul. We can wistfully aspire to have him act in manner which will not only exacerbate climate for coup but which will actually precipitate it.

5. From your previous communications it our understanding that Frei should:

- A. Seek resignation of cabinet;
- B. Form new cabinet comprised entirely of military;
- C. Frei appoints Acting President;
- D. Frei departs from Chile;
- E. Chile has military junta which supervises new elections;

F. Frei runs in new election. With our help he wins. For reasons noted in para six below this seems to be an imperfect understanding on our part of what you have in mind. Please send us cable outlining ob-

¹Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D21, Chile Papers, Church Committee, August 12, 1975. Secret; Immediate. Released by Broe; authenticated by Phillips. The text printed here contains bracketed excisions and insertions to protect sources and code names. The unredacted text of this telegram is in Central Intelligence Agency, Job 80–00012A. See footnote 2, Document 94.

jectives and course of events as you believe they should unfold if we can influence them, always conditioned by the fact that we have to keep “our feet in the mud of practicality and our eyes on the stars.”² Provide explanation of why you believe these are objectives we should be following and, in separate paragraph, outline what actions you believe should be taken to achieve objectives.

6. Questions on para five above. A) Can Frei successfully inspire resignation of his cabinet without a suitable pretext? Does pretext now exist? If not can we create one? What should it be and what can we do to bring it about? B) Does Frei have constitutional authority to appoint Acting President? Would not Acting President be either Minister of Interior or President of the Senate? In event Minister of the Interior Frei clearly should appoint projected coup leader as Minister of Interior so that he can take over, constitutionally, when Frei resigns. (Please clarify what would happen in the normal and constitutional course of events if Frei resigns after appointing a military cabinet.) C) On Frei’s departure from Chile, can an ex-President leave the country immediately without permission of Congress and still be acting within constitutional limits? Might it be preferable to have him remain in secluded retreat within Chile?

7. Our preoccupation with having Frei act constitutionally is not based on delicate sense of legality but on two realities: A) it might be easier to induce Frei to take necessary action if his acts can all be clothed entirely in constitutional terms—from his selecting military cabinet, to resignation, etc. and permitting only unconstitutional act to be military’s refusal to allow Allende assume power; B) if [this operation] successful it may be that Frei’s chances of re-election and subsequent acceptance for six years as legal President of Chile would be better if it can be shown that he, personally, never violated constitution.

8. Purpose this cable is not to test your tired nerves with yet another bureaucratic exercise when immediate, drastic, and effective action is required. Purpose is to give some focus to our efforts so that every move made henceforth will fit snugly into an agreed framework. Deprived of the presence of COS we forced use this method to come to meeting of minds.

9. Therefore, at your discretion, please send us list of your objectives, course of action you are and will be following and support you expect from us, tasks that must be performed by us and you. You may wish group these tasks into various categories such as: direct pressure on Frei (courses of action); direct and indirect pressure on Chilean mili-

² No reply has been found.

tary (courses of action); propaganda including encouragement to [Santiago newspaper] [2 lines not declassified].

10. We have 33 days in which to reach a crescendo of activity. If you agree there is a need to do so, we solicit your support in making this effort orderly so that we miss no bets and focus on issues at hand as priorities warrant.

108. Backchannel Message From the Ambassador to Chile (Korry) to the Assistant Secretary of State for Inter-American Affairs (Meyer) and the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, September 21, 1970.

SITUATION REPORT

1. During the evening hours of 20 September, Ambassador Korry conversed with Defense Minister Sergio Ossa about the situation in Chile, analyzing steps that President Frei could take in order to precipitate a constitutional crisis. In the intermission of an opera performance on 19 September, Frei had suggested to the Ambassador that he and Ossa get together soonest. The Ambassador's talk with Minister of Economy, Carlos Figueroa, in the morning of 20 September, (previously reported),² had touched on the same pivotal issue and scanned the spectrum of options still available. Both reports should therefore be read in conjunction, bearing in mind that Ossa, by virtue of his cabinet post, is obviously more conversant with conditions in the armed forces of Chile.

2. The Ambassador and Ossa immediately agreed that time was running out and that any planned moves would have to be speeded up. Ossa expected Communist pressures to be building up, especially since the Communists by now may be aware that some military move may be afoot.

3. Ossa confirmed that President Frei had not talked to any members of the high commands recently. He agreed fully with the Am-

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive; Eyes Only.

² See *Foreign Relations*, 1969–1976, vol. E-16, Documents on Chile, 1969–1973, Document 23.

bassador's observation that the least the president could do was to apprise General Schneider of the fact that a favorable parliamentary solution is no longer in the cards.

4. Whereas Figueroa had disclaimed knowledge of any discussion, with Frei participating, about the resignation of certain cabinet members to force a crisis, Ossa stated that this matter had been talked about and that there was agreement among members of the "inner circle" that resignations, if tendered, should be accepted. Frei, in approving the idea, had never indicated that he would follow suit.

5. Ossa told the Ambassador that he had personally broached the issue of a cabinet crisis to General Schneider. The General had replied that he would assume responsibility for filling certain ministerial vacancies, stressing that in so doing he would merely be acting in protection of the constitution by insuring tranquility while the remaining electoral processes are unrolling. (*Ambassador's Comment: It was clear to Ossa and me that what Schneider's reply was meant to convey was that, under any conditions, he would do nothing to prevent Allende's election by congress.*)

6. In discussing the assignment of officers to cabinet posts, Schneider made it clear that he would assign the best and most talented men available, thereby unavoidably destroying their military careers. Schneider expressed a personal preference for the retention of Zaldivar, Figueroa and Ossa in their capacity as experienced technicians.

7. In discussing likely candidates to fill vacated cabinet posts, Ossa mentioned General Carlos Pratts as well suited for the Minister of Interior. His cooperation in any effort to stop Allende could be depended upon. As regards General Schneider, Ossa considers him the strongest single influence among the officer corps which, by and large, espouses the constitutionalist line he propounds. The prevalent feeling among the officers is that the politicians got Chile into the mess in which she finds herself and that it behooves the politicians to extricate her. Schneider therefore, would continue to be a problem, in his present position as well as in capacity of Minister of Interior.

8. Winding up their talk, Ossa and the Ambassador agreed on the following courses of action:

Message from Ambassador to Frei:

I have encouraged many Chileans to stay on in Chile until at least 24 October, but I cannot be party to endangering any lives. Why should I, as United States Ambassador, hold out hope to Chileans if the president tells my Italian and German colleagues that he himself no longer has any hope of an October 24 congressional formula.

If Frei chooses to continue playing self-pitying and inactive role, history is bound to judge him harshly, (and not Allende or Tomic) as

mainly responsible for Chile's loss to Communism. It will be difficult to conceal the record of his stewardship from world opinion which would consider him the Kerensky of Chile. Frei's only concern appeared to be not to have to suffer the physical indignity of handing over the sash of the presidency to Allende.

Frei should know that not a nut or bolt will be allowed to reach a Chile under Allende (and that his recommendations to that effect, the Ambassador is sure, will receive the support of the President of the United States). Once Allende comes to power, we shall do all within our power to condemn Chile and the Chileans to utmost deprivation and poverty, a policy designed for a long time to come to accelerate the harsh features of a Communist society in Chile. Hence, for Frei to believe that there will be much of an alternative to utter misery, such as seeing Chile muddle through, would be strictly illusory.

Ossa voiced total agreement with the points made above and promised that they would be conveyed in toto to President Frei.

9. *Pressure on Military.*

Ossa agreed with the necessity to bring home to the military now already that inactivity in the face of threatening Allende victory would spell a highly damaging reorientation in relations between the United States and Chile. As an earnest of such intent, the Ambassador told Ossa, oral messages would be sent to General Schneider and Guerraty and to Admiral Porta, advising them that all MAP supported trips to the United States will have to be suspended. Ossa declared himself in complete accord with this proposed step.

10. *Cabinet Re-Shuffle:*

Ossa agreed to pursue actively the Ambassador's suggestion that Frei be persuaded either to quit the country or to invite military participation in the cabinet in such a way as to offer Chile an option other than Allende. If necessary, General Schneider would have to be neutralized, by displacement if necessary.

109. Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 22, 1970.

SUBJECT

Chile

Attached are two cables from Korry through CAS channels.² I assume you have seen them. In them Korry

—Describes a confused picture, with some doubt that any plan of action is agreed upon by anyone.

—Describes himself in an activist role encouraging the military formula.

Charlie Meyer wanted to send out a message to Korry last night reining him in. Meyer is still under the opinion that we have agreed only to encourage the "Rube Goldberg" political formula. He thinks Korry is exceeding his instructions. I told him not to send any message last night, and to check with Alex Johnson before he sent anything out. I did not say anything to him about the meeting on the military alternative, nor do I think he is aware of either the meeting or the report that Helms circulated.

There is a very awkward and possibly dangerous gap between what you see as our policy and what Meyer and ARA understand to be the policy. I believe this gap is sincere—they simply are unaware of guidance existing that is any different from last week's 40 Committee.

I recommend that you tell Johnson to tell Meyer what the mood is in the White House so that ARA understands they may be on a different frequency. Otherwise they are going to cross wires. I have also taken the precaution of saying we wanted to clear any instructions to Korry in the 40 Committee line.³

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive; Eyes Only. Printed from an uninitialed copy.

² Document 108 and footnote 2 thereto.

³ Kissinger wrote, "Good," in the left margin of this paragraph.

110. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the Assistant Secretary of State for Inter-American Affairs (Meyer)¹

Santiago, September 22, 1970.

1. I have received following message from General Mather on my proposal to inform Chilean military that we are suspending MAP training pending review after October.

a. "I very much appreciate your message and the opportunity to comment on the proposal contained therein. Similar actions taken in comparable situations have proved ineffective and counterproductive. In this particular instance, I would anticipate that the threat of our 're-viewing' MAP training would not weigh too heavily on the Chilean military as they contemplate intensely grave issues with respect to an Allende government. From our suspensions of MAP in other countries, they can probably forecast suspension and even termination of the program eventually from one cause or another after an Allende accession. Our suspension now as you suggest, however, could be taken either as a sign of our abandonment of Chile's military or as pressure upon them to do what they have apparently decided not to do; viz: rise against Allende's taking office. I do not believe that our MAP program offers enough leverage to compensate for either of those conclusions. Moreover, we have to contemplate possibility that word of such action would become public knowledge and thereby bring U.S. Government into more active role in present crisis than I had understood to be envisaged in current guidance.

b. "I recommend in any case that the action you describe not be taken without consideration and approval of State/Department of Defense."

2. CINCSO's arguments are obviously well considered and carry considerable weight. However, following points also bear on issue: (a) proposal originated with my military advisors who are of unanimous view that Chilean Armed Forces have yet to understand with any degree of clarity what an Allende government would mean to them and their interests. Attachés and Military Group gave detailed study to question and concluded that notice of suspension MAP training would have most favorable impact of anything we could do in terms of awakening Chilean military to the prospects before them.

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive; Eyes Only.

(b) Minister of Defense Ossa and all those in Frei's most intimate group concur that Armed Forces must be prodded out of current somnolent state if there is to be any chance to block Allende by any means. Ossa believes, after checking with Frei, that proposed notification on training would be highly effective and I respect their judgment, particularly if we did it with finesse. (c) As General Mather suggests, such a move could have some damaging impact on our future relations with Armed Forces, but I believe it need not if we communicate our decision in an appropriately elegant way. Question here comes down to judgment as to whether these relations would be really damaged, whether such relations would have significance under Allende, and if so whether any damage that might result could be repaired. I doubt that Allende and PCCh would allow relationship to continue in meaningful form and am also most dubious regarding military's capacity or will to brake the slide to totalitarianism. As for repairing the damage, there should be no difficulty in dividing the action of an individual ambassador, that most dependable of objects. In sum, as far as the Armed Forces are concerned, I think it is probably now or never. (d) As General Mather also points out, leverage in our scanty MAP training program is indeed limited. However, a larger message is involved. Armed Forces all dependent to a critical degree on FMS and U.S. commercial sources for spare parts, supplies and new equipment. If shut off from us, Navy and Air Force would literally grind to a halt. Army is somehow less dependent but has been interested in such items still in FMS pipeline as 106 recoilless rifles. By signaling through MAP training that relationship with U.S. is truly imperiled, we can draw attention to these important factors. We know from reliable sources, including Ossa, that military in surprising numbers believe that it will be business as usual with U.S. Government under Allende. They should be disabused of this notion.

3. There appears to me to be persuasive arguments in favor of going ahead with notification. I do not contend, however, that such would produce miraculous conversion to anti-Allende cause. In fact, there might be little if any impact and perhaps some irritation; I simply say that is worth the small risk involved, there is very little to lose and perhaps something to gain.

4. One very important point made in my first messages after the election that I wish to stress in this context: we must always seek to increase our bargaining position with a President Allende even while hoping he will not accede to the highest office. The military indirectly can add to the pressures abuilding from many other quarters designed to remind Allende that he cannot be totally disdainful of U.S. power nor can he carry out his electoral program in any effective way if he

seeks to impose his will on us. (I am indirectly addressing this question in an overall evaluation that will be transmitted via State today.)²

5. One final point on operational detail: message would be carefully delivered by Military Group Section Chiefs in sorrow rather than anger. Their line would simply be that coming of Allende to power . . . (garble) . . .³ Armed Forces, including assignments of personnel, and that it seems best to us to wait until situation can be carefully examined before proceeding with training that may be inappropriate or unwanted by the individuals involved. I do not expect in any way that this message would become public knowledge since keeping it quiet would be in interests of both Allende and Armed Forces.

6. Will appreciate your reactions and instructions as soon as possible.

² Telegram 3824 from Santiago, September 22, is Document 24 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

³ As in the original.

**111. Memorandum for the Record of a Meeting of the 40
Committee¹**

Washington, September 22, 1970, 8:10–8:40 a.m.

SUBJECT

Chile

PARTICIPANTS

Chairman—Henry A. Kissinger

State

John Irwin, II

U. Alexis Johnson

Defense

David Packard

CIA

Richard Helms

Thomas Karamessines

JCS

Admiral Thomas Moorer

NSC Staff

Viron P. Vaky

SUMMARY OF DECISIONS

1. Mr. Johnson and Mr. Karamessines are to prepare a message to Korry.

2. Mr. Johnson is to compile facts about assistance to Chile and will discuss this again with the Committee.

Dr. Kissinger referred to two telegrams received from Ambassador Korry which described (a) confused situation, and (b) his own role as very activist.² He asked whether since Korry is an Ambassador he was not doing too much and placing himself in an exposed position.

Mr. Johnson said he had not seen the telegrams. (Copies were made and passed out to the principals.) After reading the messages, Johnson said that Korry apparently has the feeling that the parliamentary formula is dead.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile 1970. Top Secret; Sensitive; Eyes Only. The meeting took place in Kissinger's office at the White House. Although the meeting was held on the morning of September 22, it was originally scheduled for September 21. An October 22, 1971, summary of unrecorded meetings of the 40 Committee (see footnote 2, Document 92) states that the Executive Secretary did not attend this meeting due to illness.

² Documents 108 and 110.

Mr. Karamessines, at the Chairman's request, gave a short briefing on the situation. He described the activity of the Allende forces, the reluctance of General Schneider to make any move, and the crucial role Frei plays. He also described propaganda activities we have undertaken. He mentioned as problems: (a) the delicate question of whether [1½ lines not declassified] and (b) an Inter-American Bank loan of \$4 million to the Catholic University.³

Mr. Johnson asked what it was we wanted Korry to do or not to do. Does he need to be cautioned?

Dr. Kissinger said that he thought there were two poles to be taken care of: first, Korry should be told that he should keep a low profile and that he is not the man to be performing all of these activities; secondly, Charlie Meyer needs to understand "the President's view is not Tad Szulc's views; that the President is eager to get this done. Both are leaning too far in opposite directions."

Mr. Helms said that much of what Korry is reporting is, of course, private conversation. His personal presence is not as evident as one might infer.

Mr. Johnson asked if Korry had to be the spokesman.

Mr. Helms replied that the Station had been forbidden by the last two Ambassadors to be in touch with Frei; consequently, they had no assets and no channel to Frei. Korry had to do it.

Mr. Karamessines, in reply to the Chairman's questions, said that he believed there was increasing concern in Chile and that Frei remained the last chance if he could be encouraged. Asked what Frei wants, Karamessines said he probably would like to be assured of support in another election. He might also like to be assured that the military would be helped and not ostracized should they make any move.

Dr. Kissinger asked whether we could not get word to Korry to pass as quickly as possible to Frei two points: first, that in any new election he would have our support; and secondly, that the military should know that they would not be ostracized if they were to act.

Mr. Johnson said that he and Mr. Karamessines would prepare a comprehensive message back to Korry. He said he would also have a talk with Charlie Meyer.

Dr. Kissinger said that the President wanted all aid to Chile cut off. He had not taken action to implement this because he wanted a chance to talk to the Committee principals. He asked whether we could not turn the screws a little bit on MAP and AID.

³ Karamessines's briefing is described in greater detail in Document 112.

Mr. Johnson said he would look into what the facts were, the pipeline, etc. and would be back.

112. Memorandum for the Record by the Deputy Director for Plans of the Central Intelligence Agency (Karamessines)¹

Washington, September 22, 1970.

SUBJECT

Chile—22 September 1970

1. At a meeting in Dr. Kissinger's office at 8:00 a.m. this morning, attended by Dr. Kissinger, Under Secretary of State Irwin, Alexis Johnson, Dave Packard, Tom Moorer, Pete Vaky and Mr. Helms, I described the general situation and our own actions as follows:²

a. The Allende forces have been continuing their propaganda and coercion efforts and threats. The Generals, while talking among themselves about the possibility of a coup, are clearly not about to do anything unless Frei gives them the word. Contact with Frei has been almost entirely through emissaries between Frei and Amb. Korry. Amb. Korry has clearly indicated to Frei through Ossa that the military should move. There is general agreement that the parliamentary contraption is a dead duck. Newspapers and other media around the world are picking up the problem of Allende and papers such as the *New York Times* and the *Post* have carried editorials. We have been active in much of the overseas press work, and American publications of influence are important in overseas replay, particularly in Chile and Latin America generally. [3 lines not declassified]. We note that USIA and VOA have been putting out material which could be considered pro-Allende and this should be watched. We also have noted through State traffic that the Inter-American Development Bank has or will approve a \$4 million loan any day now for the technical university which is a hot bed of Marxism and whose radio is constantly on the air rabidly for Allende.

2. There was discussion as to channels to Frei, and I pointed out we do not have them because both Ambassador Duggan and Korry have

¹ Source: National Archives, RG 59, Chile-ITT-CIA 1963–1977, Lot 81D121, Chile/CIA 1970. Secret; Sensitive; Eyes Only.

² See Document 111.

not wanted us to have them. I also pointed out that the military are thinking twice about a coup since they believe that U.S. attitude might be the same as it has been for the Greek Junta and they would have difficulty getting military aid and support. After some discussion, it was agreed that Mr. Johnson and the State Department would draft a message to Korry telling Korry to get the word to Frei that he will have our support if he goes into an election as a result of a coup scenario, and also passing the word to the military that they will continue to receive military help from the U.S. if a military coup takes over.

Thomas H. Karamessines³

p.s. Secretary Johnson also undertook to look into the Inter-American Development Bank item and the USIA–VOA matter.

Addendum⁴

Washington, September 22, 1970.

Track II

When the meeting adjourned Mr. Kissinger asked me to stay behind for a moment at which time I told him of our sending George Donohue down today to see Frei and Ossa and to convey the very messages that will be conveyed by Amb. Korry but to assure Frei that if necessary he will have twice the amount he had for the 1964 election and also that military aid will continue. He is also to assure Frei that, if Frei makes the effort and it fails, we will help Frei to get himself resettled overseas if that is what he chooses to do. Mr. Kissinger said that our handling of the problem during the earlier meeting had been perfect and he added we were doing fine and keep it up.

T.H.K.

³ Karamessines signed "TH Karamessines" above his typed signature.

⁴ Secret; Sensitive; Eyes Only.

113. Backchannel Message From the Under Secretary of State for Political Affairs (Johnson) to the Ambassador to Chile (Korry)¹

Washington, September 22, 1970.

1. Today (22 Sept.) we considered what we understand is concept that the military take over the government, control the militant leadership of the UP, and offer the Chilean people a general election with Frei as the candidate.

2. You are authorized to indicate clearly to Frei, through such channels as you deem most appropriate and trustworthy, that while the decision to undertake such a course must be entirely Chilean, if the above concept of action is undertaken Frei can count on our financial support in his campaign, and that if the effort to block Allende from taking office is successful the Chilean military can continue to count on us for MAP support and a maintenance of our close relationship.

3. I continue to be concerned that you keep your profile on this matter as low as possible and that you keep strictly within your instructions unless and until they are modified. We are prepared promptly to act on any recommendations you may have. Slug all messages on this subject for my eyes only for me and Kissinger. I will assure that Charlie Meyer and others who need to be are kept informed.

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Chile 1970. Top Secret; Eyes Only. A notation at the top of the page reads: "By secure phone from Amb Johnson's office, 22 Sept. 1970, d[ispatched] 1755."

114. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the Assistant Secretary of State for Inter-American Affairs (Meyer)¹

Washington, September 22, 1970.

1. My two parter—Santiago 3824 and 3828 is based on a series of conversations (too time consuming to report individually) that leads me to believe I now have the situation well-taped.² Without disclosing sensitive sources, it covers the closest advisors to Frei and it explains I believe why I cannot answer the 40 Committee's original instruction to determine Frei's exact reply.

2. I want you all to know of my profound awareness of the double-track on which I have been operating and which I stressed from the beginning: —To do what I can to prevent Allende from assuming office without incurring any risks for the USG and the President and at the same time improve our bargaining position with Allende if he does become president. This latter element is extremely important and it happens to coincide with the priority goal.

3. I would suggest you consider repeating the two-parter to European posts.

¹ Source: National Archives, RG 59, Chile-ITT-CIA 1963-1977, Lot 81D121, Documents Requested by the Department of Justice, 1970-1977. Secret; Sensitive; Eyes Only.

² See *Foreign Relations*, 1969-1976, vol. E-16, Documents on Chile, 1969-1973, Document 24 and footnote 1 thereto.

115. Backchannel Message From the Assistant Secretary of State for Inter-American Affairs (Meyer) to the Ambassador to Chile (Korry)¹

Washington, September 23, 1970.

1. We greatly appreciate your two-part message (Santiago 3824 and 3828)² describing the fast-moving situation in Santiago and how

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, 1970. Secret; Sensitive. Drafted by Hurwitch and Little (ARA).

² See *Foreign Relations*, 1969-1976, vol. E-16, Documents on Chile, 1969-1973, Document 24 and footnote 1 thereto.

you see the various possibilities which Frei is turning over in his mind. Your complementary message of September 22 in this channel put the other two messages in helpful perspective.³

2. We have noted the several possible ways you describe that the political forces might move so as constitutionally to block Allende from taking power. We conclude, however, that both you and Frei have virtually abandoned the hope that Alessandri could get enough votes to be elected on October 24.

3. Your reporting, including both the two-part message and others from your DAO,⁴ indicate that the military seek, above all, a constitutional way out and hope somebody else will provide the means. They appear at the same time to be edging toward some “moral” justification for thwarting Allende. We are unclear, however, as to the relationship of this new military awareness of the danger of Allende taking office to the scenario which would result in entry of military officers into the cabinet. How do you visualize a military-dominated cabinet, oriented toward constitutionality, frustrating an Allende assumption of power on October 24? Would not Frei and his lieutenants then be up against the same wall mentioned in the paragraph above—that is, lack of votes in the Congress—or is there some other formula which could be worked out whereby “constitutionality” could be maintained while

³ Document 110.

⁴ The DAO reporting refers to Defense Attaché cables DATT 250, 251, and 252 from Santiago, September 22, all in the National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, 1970. DATT 250 cites the Commander of the Chilean Air Force Guerraty as stating that, “Chilean armed forces plus carabineros are prepared to step in and take over govt if they can find legal excuse to do so.” Guerraty explained that over the long term the armed forces have “imbued their personnel with the ideal of constitutional legal behavior, and that troops of all services would not respond unless legal pretext exists.” Guerraty admitted that the “Allende govt would ‘destroy armed forces’ as they presently exist ‘within six months.’” The DAO concluded: “This information is a complete reversal of all the info we have received concerning military reaction to elections. It is first indication that Chilean military apparently not living in the dream that all would be business as usual under a Marxist govt.”

DATT 251 reported a discussion between the Army Attaché and the head of Chilean Army Intelligence, outlining the Chilean Army concern that the Unidad Popular was attempting to encroach on the military before Allende was legally elected President. The General also expressed hope that President Frei would persuade the PDC to deny Allende the presidency. The Army Attaché noted that his contact, “like many other Generals, is looking for an easy way out of a difficult situation. He continues to believe politicians will resolve present situation and, although aware of the consequences of a Communist govt, he is reluctant to take any action. As a result these Generals may well placidly allow the Communists to assume control of their country and eventually the armed forces without lifting a finger.”

DATT 252 reported on a conversation with a member of the Chilean Navy General Staff. The Staff member said “that Allende was moving very fast to gain control of the country and it appeared as if the military was the only obstacle in his path to success, but the military needed a moral and constitutional excuse to stop the Marxists from assuming control of the government.” Concern was expressed that if Allende were elected, material support and training from the United States would end.

preventing Allende from taking over? We would appreciate any thoughts you have as to the scenario which might be involved in such a formula.

116. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, September 24, 1970.

Ref: Santiago Nodis 3872.²

1. Appreciate UnderSec's message.³ However, no necessity for me to give any assurances of any kind to Frei since I have emphasized from start that whatever he does will be Chilean and only Chilean. Only requests GOC has made have been reported. They have been limited to propaganda and now (see below) diplomatic.

2. Embassy profile is at zero level and no repeat no risks of any kind have been taken. Frei has been receiving my suggestions that are clearly personal and within the framework of my instructions. I still have my doubts about a "coup" and still have greater hopes it will be a typical Chilean-type kaffee klatch solution. Embassy operates under strictest orders to seek no contacts of any kind and only to receive those who seek us. In some cases we are very dissuasive and the situation is under as tight a control as is humanly possible.

3. GOC and everyone here, including me, hoping for a reversal of Allende "victory" would also welcome a reversal of Department's position of diplomatic non-action with our friends, particularly British whose influence here is not inconsiderable and whose weight is being thrown to Allende with very damaging effect.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive; Eyes Only.

² Dated September 23. (National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II)

³ Document 113.

117. Draft Backchannel Message From the Under Secretary of State for Political Affairs (Johnson) to the Ambassador to Chile (Korry)¹

Washington, September 24, 1970.

Ref: _____.²

1. We are puzzled by reference message, especially second sentence of paragraph 1. We had assumed that offer of financial support to Frei if things worked out so that he could again run for presidency would encourage him to take whatever action is going to be required to block Allende from taking office. We had also assumed that assurance to Chilean military that they would not be ostracized by us but could rather count on us for continued support if they participated in this effort would also be encouragement to them, and we are puzzled that you make no reference to this in your reply.

2. While we reiterate our position that the decision to undertake any such course of action must be entirely Chilean, and that you should keep your profile on this matter as low as possible, you should be clear that we hope the Chileans will find a way to block Allende from taking office. We had hoped and expected that the assurances you were authorized to give by our previous message would serve this end. If you do not believe they will do so, please let us know soonest, together with any recommendations you may have. We are urgently considering what we can do with respect to the recommendation contained in paragraph 3 reftel.

3. Do you feel that the bait of becoming UNSYG is acting as a restraint on Frei and, if so, what thoughts do you have on how we might deal with this.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, 1970. Top Secret; Eyes Only. A notation at the top of the page reads, "Copy to Vaky—hard copy envelope copy Haig (?) file." The message is in draft format, and there is no indication that it was sent. No other version was found. However, the comments made by Korry cited in Document 120 respond to it, suggesting that it was sent. Also at a meeting of the 40 Committee on September 24, Karamessines recorded, "there was discussion of Ambassador Korry's response to the message sent yesterday and it was agreed around the table the response was inadequate and incomprehensible. Ambassador Johnson undertook to send a new message on his own. There was discussion of the British position and it was agreed that Mr. Kissinger would see whether the President might mention this to the Prime Minister during his forthcoming trip." (Memorandum for the Record, September 24; Central Intelligence Agency, Job 78-0717BA, DDP Chron File, January–December 1970)

² Although no reference number is included on the draft, the reference is apparently to Document 116.

118. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson)¹

Washington, September 24, 1970.

1. DAO cable "Chilean Military Looking for Way Out"² resulted from unsolicited information provided to Chief of Military Group, Air Force Section, by Chilean Air Force CINC. Latter called former to his office on a pretext and poured out his talk. Our man properly reported to me and to Air Attaché who quite naturally felt compelled to inform DIA. Neither Attaché nor Air Force Section Chief are aware of what is going on under the surface. Attempting to stop this kind of reporting would obviously create problems and suspicions. DAO messages will continue to be reviewed in advance by DCM and myself, but we are reluctant to cut off normal reporting—which will naturally reflect to some degree state of play in Chilean Armed Forces—unless matters of extreme sensitivity creep up. In that regard, fact that some in Chilean military would like somehow to find a legal way out is widely known here.

2. I have given our military (except Army Attaché) strict instructions not to seek out their contacts and to make no other efforts to gather sensitive intelligence during this period. These instructions are being followed. However, when—as in this case—our people are sought out, they have no choice but to listen. You can be sure we will continue to keep the profile just as low as possible.

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive; Eyes Only.

² The reference is to message DATT 250. See footnote 4, Document 115.

119. Memorandum From the President's Deputy Assistant for National Security Affairs (Haig) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 24, 1970.

SUBJECT

Chile

Attached is the latest message from Korry on the situation in Chile.² I think he has a good point in paragraph 3. However, I would feel much more secure if this were done at the highest levels with the governments concerned and on a priority basis. This is precisely the suggestion made by the Chilean Congressman to me.³ He was most concerned about the following countries:

1. The German Government, whose ties and influence in Santiago are strong and pervasive.
2. The Italian Government which, as you know, has major emotional, psychological and empathetic influence in Chile.

To the foregoing I would add Great Britain based on Korry's own recommendations.

My fear is that if Korry were permitted to romp around, the Ambassadors concerned would merely have to consult their governments. It would therefore be far more appropriate to first discuss it with the governments concerned at the highest level and then, assuming they are sympathetic, give Korry authority for local liaison.

The Congressman made the following additional points which I am sure you have covered in your previous discussion, but which I am listing here as an assist for today's meeting:⁴

—Frei is a good but weak man who needs constant pushing and reassurance. It is especially important that he knows that the United States stands behind him.

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, 1970. Secret; Sensitive; Eyes Only.

²Document 116.

³No substantive record was found of the meeting between Haig and the Chilean Congressman, beyond that which is described here. On September 18, pro-Alessandri Senator Pedro Ibáñez met with Nachmanoff. Ibáñez made nearly identical points as those recorded here by Haig. Furthermore, a note attached to Nachmanoff's September 18 memorandum, reporting his meeting with Ibáñez to Kissinger, stated that Haig had also seen Ibáñez as Kissinger requested. (National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, 1970)

⁴The 40 Committee met on September 24. See footnote 1, Document 117.

—*For your eyes only*, Korry is not an especially effective Ambassador. His views have been troublesome and, though he is an intelligent man, he is fundamentally an idealist and a journalist and hardly a realistic Chief of Mission.

—Those who are involved in our work should be assured of both money and safe-havens and provision should be made now to provide these. I would suggest that CIA be charged with confirming that this has been done with a specific plan which can be used by Korry to reassure his contacts.

—We should give immediate consideration to unleashing the business community in New York on this subject [*less than 1 line not declassified*]. According to the Chilean, there are ample resources which can be made available immediately and which can be used to accomplish a great deal in the way of influencing fence-sitters and those members of the Chilean Government who may be purchaseable.

—A real effort should be made now through our military attachés in Santiago to work on the Chilean military rather than to sit on their hands and add to the doubts of the Chilean military. We must assume that our military representatives in Chile can best judge their style and approaches. They should, however, be armed with authority to convey at least promises of stepped-up, post-coup military support, matériel, hardware and funds and, as a minimum, strong moral support for the kind of action which must be taken.

—Consideration should be given—as Pete [Vaky] mentioned earlier⁵—to sending a hard-nosed, low-profile, yet nonetheless authoritative representative to Chile to orchestrate what must be done and who will be able to convey special authority and influence in this regard.

—When I asked the Chilean whether or not economic difficulties contributed to, or complicated, Allende's chances, he replied that, on balance, subtly applied economic problems posed Allende with real problems and tended to raise concerns about the drift toward Marxism.

—The Chilean emphasized that since the election, Allende has consistently lost support. He said that an effective program, managed and controlled by a realistic and enlightened U.S. coordinator, offered the best hope for success.

—The Chilean concluded that the foregoing suggestions came from him only with the greatest reluctance and agony, but that he was convinced that risks had to be taken and that if Allende were to be installed, Chile's demise was certain and that while initially talk of compromise and modus vivendi would be employed, ultimately as soon as necessary strength was assembled, democracy would be promptly

⁵ See Document 95.

eliminated and a large base for subversion elsewhere would be established.

—Finally, the Congressman emphasized that rumors of massive Soviet aid, military equipment and reasonable treatment invariably are used to placate doubters.

120. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, September 25, 1970.

1. Before offering comments and recommendations, one more fact: PDC technicians weighing their futures have gone this week to Communist Deputy Jorge Insunza, to MAPU Deputy Silva Solar and to MAPU leader Chonchol, the latter two ex-PDC, to inquire about their chances of leaving Chile after November 4. The Communists said they had learned from Cuba they could not permit loss of nation's brains and the other two had said there would be no closing of frontiers but the red tape blocks would be very formidable.

2. I have sought to provide as much mobility [and] as many options as I could for Frei and for Chile in protection of U.S. interests here, in the area and beyond. Frei has fulfilled most of my suggestions; he has created an environment in which something could still happen, particularly if sparked by a declining economic situation. But he has not moved beyond stage-managing to playing the decisive role and he will not.

3. He would welcome the U.S. doing his dirty work for him by seeking to provoke a military coup. Aside from the merits of a coup and its implications for the U.S., I am convinced we cannot provoke one and that we should not run any risk simply to have another Bay of Pigs. Hence I have instructed very strongly our military and CAS to engage in no encouragement of any kind.

4. One of the "in" people on that abortive operation, may I ungraciously insert here, was my predecessor in this post, Ralph Dungan,

¹ Source: National Security Council, Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive; Eyes Only.

whose article in the *Washington Post* yesterday² has had profound effect today, particularly on the PDC. It is interpreted quite accurately as a vote for Allende and as an earnest of U.S. support for what some call a fascinating experiment. I shall comment via State channels on Dungan eventually but I would only note for the moment that his plea for non-intervention and USG maturity is from the same voice that is regarded universally in this country as the single greatest intervener in the history of our relations and the organizer of the massive intervention to stop Allende in 1964.³

5. But rather than wring my hands A La Frei about Dungan or other problems, let us move to the next challenge:—How to create a situation in which the task of imposing a Marxist-Leninist structure is made more difficult for Allende and how to attain this goal while buttressing our leverage in the difficult negotiations with him. As stressed from the outset of this crisis, these objectives have always been uppermost in my mind and convergent with the not-yet-moribund effort to block Allende.

6. Lest anyone imagine that we have time for more serious reflection and decision, I stress that what we do now, and I mean tomorrow and every day until October 24th, will affect the longer-term objectives as well as the immediate one. Indeed, if done effectively and if, by Providence's hand, it were to mesh with other local events, our actions could help to block Allende before October 24th.

7. Popular Unity will come to power as an inherently unstable coalition, afflicted from the outset by ideological differences, political opportunism and corruption, incompetence and inevitable administration confusion. Its partners range from fanatic and violent revolutionaries of the Castroite stripe (left wing of the Socialist Party and the MIR) to a notorious group of political thugs and thieves (Senator Tarud and the Radicals). Its decision-making machinery including a projected high-level policy council with representation from all U.P. groups, is likely to function in the creakiest of fashions; its economic and managerial expertise in key positions is likely to be mediocre or worse. These problems can be overcome as Allende and his Communist partners gradually gain control. But meantime Allende's GOC will face the critical problems of making a fairly complex economy and government work, while delivering on promises of revolution and a better life for all.

² See Ralph A. Dungan, "Chile: Test of American Maturity," *New York Times*, September 23, 1970, p. A22.

³ For the proposal to influence the 1964 election see Document 250 in *Foreign Relations, 1964–1968*, vol. XXXI, South and Central America; Mexico.

8. It will be during this period—perhaps six to nine months—that Allende’s Popular Unity will be most vulnerable. If the economic and administrative problems are sufficiently severe, Popular Unity could crumble. If they are unable to cope, the “Unity” could dissolve, the “revolution” turn into chaos and the people’s support for their government melt away. This is the scenario that would unite the army and set the scene for effective, popularly-backed military intervention.

9. The PDC is preparing for that day—at least some of the healthier elements by worsening the economic situation [*less than 1 line not declassified*] and by buying up a mass of media outlets from frightened or hard-pressed Alessandrista elements. [*name not declassified*] advice is as much directed to that slightly longer-term aspiration as it is to the immediate one of stopping Allende.⁴

10. If one large enterprise here were to shut its doors next week, if one bank were to fail, if one savings and loan association were to collapse, we would still have life before October 24th and we would be contributing to the chaos that has its natural yeast in any case.

11. I see no risks in pursuing with U.S. companies in the U.S., particularly if one totally discreet leader were selected (may I suggest the name of [*name not declassified*], the suggestions put forward by [*name not declassified*]). For U.S. companies it would be naturally prudent to take precautionary measures and even more in one or two cases, particularly since all the hard intelligence on Allende—and that includes his talks with the PDC—has him saying unequivocally that all foreign enterprises are to be nationalized. The question for the companies is whether it will be the first or second year of Popular Unity and whether they get any effective compensation. For the vast majority of U.S. companies that will be affected, Chile is not the costly problem; rather it is the effect on Argentina and the rest of Latin America and beyond.

12. May I cite one funny detail in support. [*name not declassified*] called in the representatives of Shell, ESSO, and the Chilean COPEC company yesterday. He used a pretext but his message according to the ESSO man was very clear: The economic situation is bad and it would be good if it got worse. It was handled with the usual cleverness of my good [*less than 1 line not declassified*] friend (whom I have not seen and who until this week was listed as less than 100 per cent anti-Allende) [*name not declassified*] took aside the Shell man (a Chilean) to ask why in Hell he could not control the British ambassador.

13. The economy will tend to turn up if a conscientious effort is not made to have it go down. People will start to buy in normal terms once

⁴ Korry’s conversation with [*name not declassified*] is related in Document 25 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

they believe Allende is definitely the president. That is why the Allende forces are pushing so hard and fast for PDC blessing now. However [name not declassified] will cooperate in blocking an upturn if there is any possibility to do so legitimately and in some cases, illegitimately.

14. Some objectives we could support without repeat without showing the USG hand are the following:

a. Let the business community know about the unlikelihood of any exit for technicians and managers and professionals after November 4th. It is a matter of semi-public record. The fewer the brains, the more difficult the management problem for Allende.

b. Stop bank credit and as much other credit as possible.

c. Give the widest distribution to the bleak Zaldivar analysis. Business executives would influence banking and other respected journals to diffuse this message widely and quickly.

d. Consider having one large U.S. company fold up. Ford has a perfect justification for doing so and it is doomed. General Motors should not try to hang on to get a taste of the new poison by bringing in spare parts by air as it did this week. The Bank of America is almost bankrupt here; why should it hang on?

e. Mention specifics in any propaganda that the business community (again I caution not the USG) can spread. The two savings and loan associations I mentioned in Part I (Calicanto and Casa Chilena) and the Banco Hipotecario (an Alessandrista group that is the No. 1 target of both PDC and U.P.) are on the ropes and only need a very slight shove.

f. Persuade Anaconda in the current negotiations with its unions to accede to their demands. Anaconda could suggest that a U.P. economist be present at the negotiations, perhaps Vuskovich the Allende liaison to Zaldivar and the future MinEconomy. After all, Allende said publicly after the election that copper workers were vastly underpaid and the Chuquicamata mining area (Anaconda) voted against Allende. It is natural for the GOC's 51 per cent management (all PDC) to cede to their wishes and give a whopping big raise that would have all other workers in the country clamoring for one.

14. In the most discreet fashion possible, the Treasury should ascertain and provide (us too) the amount of Chilean Government's dollar holdings in the U.S. I have in mind for longer-term use—on November 3 or 4 to be precise—the blocking of Chile's assets in the U.S. I recognize that such a proposal is very hairy indeed and that it would represent a form of economic warfare against Allende. But the justification would be the almost immediate nationalization of copper—Allende has said he would do it November 5—and the unlikelihood of any effective compensation. Chilean reserves might be 200 to 300 millions in the U.S., in fact, most of its hard currency cushion. A U.S. freeze

would put Allende to the wall from the start. It should be, needless to say, very carefully considered by the minimum number of people at the highest levels of the government.

15. Finally it would of course be very helpful to have some early Washington agreement among credit-giving agencies. Our proposal is to hold in abeyance any fresh U.S. credits. My reasoning is that our exposure is very large indeed already: —\$800,000,000 in aid guaranties; \$800,000,000 in A.I.D. and EXIM loans and more than a billion if not two billions in replacement value of U.S. enterprises. I see no reason to grant any further credits until we know Allende's intentions.

16. In this connection it would be very helpful if we could get some wider Washington agreement on how to deal with the Allende contingency. The Embassy's paper sent to ARA/AP July 24th ("The Allende Contingency") spelled it out clearly.⁵ But today for example AFTAC, the Peace Corps, AID and almost every agency here has come up with essential reasons for doing business as usual. These parochial attitudes complicate our problems enormously. Today for example, Dr. Seaborg from Vienna informed us that he had told the Chilean delegate to the IAEC general assembly that the U.S. would of course honor its commitment to deliver enriched uranium fuel (of bomb-making capacity) to Chile within the next few months. Did anyone clear this? If so, what was the logic? (Vienna 5484)⁶

17. We shall seek to provide very shortly the elements in the PDC requests to Allende that he does not wish to make public and we shall be equally alert to any other possibilities that can produce the immediate and longer-term impacts we want:

- a. To make the army more suspicious of Allende's intentions.
- b. To make the media (and public) more alert to encroachments and to inspire more resistance.
- c. To make the consumer more doubtful about the economy and less willing to spend.
- d. To make the PDC and other moderate elements more conscious of their role as guardians of Chile's democratic traditions and structure.

⁵ Not found.

⁶ Telegram 5484 from Vienna, September 24, is not printed. (National Archives, RG 59, Central Files 1970–73, POL 14 CHILE)

121. **Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson)**¹

Santiago, September 25, 1970.

Ref: Korry Message of 24 September 1970.²

1. I know that Frei assumes the U.S. will support him; that has been made perfectly clear. Therefore, there is no need to say the obvious, particularly if it were said, it would eventually leak and we would be the scapegoat more clearly defined than the rumor campaign is seeking to paint us in any case. Let me cite one illustrative example as a further clarification of Part I, Paragraph 5, of my second message dated 24 September 1970.³ I am now certain that Frei and Perez-Zujovich have had a falling out of some kind and that Perez informed his co-political workers that the U.S. had offered money. As soon as I had word of this rumor I called Raul Troncoso, MinState at the Moneda. Although cabinet meeting was taking place then (Wednesday afternoon) he immediately called Perez who called me to emphasize that he had said it the other way round—that his co-workers had been seeking money from the Embassy. In fact I have some good reason to believe he is lying and that he is so terrorized that he is seeking to save his skin with some kind of deal with Allende. In any event, and much more significant, Frei left the cabinet meeting ten minutes after my call, got in touch with those same co-workers who had met with Perez to request that they continue their efforts to win the junta.

2. As for the military, they are getting the message from Ossa and others that U.S. Milaid will be cut if Allende has his program. That is a much more effective message than an attempt to buy them with the meaningless promise of “continued” MAP programs when the latter have been reduced almost to the vanishing point. (I understand that total MAP for LA has been reduced from \$77 million in 1967 to about \$7 million this year and that we can plan here on level of less than \$500 thousand in future.) The military will react much more to the negatives than to any positives. Moreover I do not wish to get into the game of trying to buy them off since the exposure factor in this loose-tongued society is very great. They would resent what they consider bribery and

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Top Secret; Sensitive; Eyes Only.

² Document 116.

³ Korry’s September 24 backchannel message is Document 25 in *Foreign Relations*, 1969–1976, vol. E–16, Documents on Chile, 1969–1973.

they would react negatively to it. They assume that there will be U.S. Milaid even in the event of an Allende government with “guaranties.” For the foregoing reasons I had wanted more negatives such as the cancellation of visits to underscore the bleak future.

3. I do not believe Frei has any realistic expectations re the UNSYG and I believe this gimmick to be a Valdes–Teitelboim bait that was swallowed long ago by the Chilean ambassador to the UN, Pinera, a screwball by any definition.

4. One new item. I have slept on my proposal of last night re Anaconda (Paragraph 14 d of message dated 25 September 1970)⁴ and have decided to reverse field. In dealing with the shorter-term problem of stopping Allende, it would be advantageous for the company to hold firm to its current offer of a 38.5 per cent increase in wages; I believe the GOC would support the tougher line since they would like nothing more than a strike at this point. Unidad Popular orders are to avoid strikes at any cost. I would welcome the Allende camp telling the workers that their demands of more than 60 per cent are excessive and that they should be “reasonable.” I would expect that the tough-minded miners would be split wide open and that long or short term, such a development would leave deep scars. I have talked to my very cooperative friend who now heads Anaconda in Chile, Krest Cyr, and stated the hypothetical advantages of playing hard or soft. I think he will recommend the hard approach to his company. However, Anaconda New York has a traditional record of doing the wrong thing and I guess would prefer the soft approach. Therefore, if a business intermediary such as the one I suggested could be promptly located he could deliver the suggestion to Anaconda in New York.

5. In that connection the equally cooperative ESSO is demanding prompt payment from General Tire for a very large outstanding bill. They will cease delivery of the raw material Monday if the bill is not paid, either in kind (tires for their dealers) or in cash. ESSO believes the plant might be forced to shut by Tuesday.

6. I have spoken again to the First NCB manager here and asked why he has failed to fulfill the commitment of his NY vice president Weaver who was recently here re *El Mercurio* and why they are putting *Mercurio* to the wall. I told him I would not like to apprise the White House of this strange action that could only have the effect of muzzling the lone free voice in Chile but I would do so today. He said he would promptly change his tune with *Mercurio*. I also told him I could not understand how he could continue to be giving credits such as to the Alessandri paper company when the U.S. exposure was so great and that I

⁴ Document 120. The paragraph indicator is in error; the correct reference is paragraph 4f.

intended to communicate this equally strange symptom to the attention of the White House. He said he would promptly reconsider the matter.

Post-Script: Date for strike decision for Anaconda is mid-night September 30 although few days of extra bargaining possible if both repeat both parties agree.

122. Transcript of a Telephone Conversation Between the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 25, 1970, 8 p.m.

K: I am leaving—you will be delighted to know.²

J: When, now?

K: In another hour or so. I wanted to touch some bases with you. On the situation we were discussing yesterday afternoon—not the one in which our guidance was so scrupulously followed—the other one. I think he [Korry] has flipped his lid!

J: I am thoroughly baffled. Charlie [Meyer] is coming back in the morning. Tom Karamessines' man is coming in tomorrow afternoon. I want to get together with him.

K: The only immediate action that I remember is to try to get them to turn off water in some places.

J: That doesn't change anything. I looked into the question of aid. We are doing nothing new. We have projects in course down there. Almost all of the disbursements are obligated—we are not obligating anything new. Most are to American companies.

K: How about the MAP program?

J: There is not anything—\$500,000. I get it—trying to read all that stuff—what he is saying is that he just doesn't see any mileage in trying

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box 364, Telephone Conversations, Chronological File. No classification marking.

² Kissinger traveled to Paris to talk with South Vietnamese President Thieu and Vice President Ky and to have a secret meeting with North Vietnamese negotiator Xuan Thuy.

to frustrate . . . now he is talking about how we make trouble for him [Allende] once he gets in.

K: I know nothing about it. Why don't we at least see what we can do about cutting off those water funds? I mean these international institutions.

J: I am told they are making no loans. He goes up and down. One day he wants to make a big settlement and the next day he wants them to go on strike.

K: Can you sort of take over the 40 Committee while I am gone?

J: Let's say I will do my best on it.

K: I will have Haig sit in for me. If you can have one or two meetings to say that something is reasonably being done.

[Omitted here is discussion unrelated to Chile.]

123. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson)¹

Santiago, September 26, 1970.

REF

Korry Four Page Message dated 24 September 1970²

1. Source cited Paragraph 8 (yesterday's) reftel saw Frei at noon today to inquire about Frei–Allende meeting Wednesday night in Valdes home. Frei vehemently denied it adding Allende had gone to Valdes home. Frei would give no details on Allende–Valdes meeting. (U.S. business community reps report Valdes spreading word that Allende should not be regarded as Marxist but more as a radical with whom business can be transacted.)

2. Frei admitted to source that it did not look as if he could win party junta or enough votes on October 24 (as source had insisted) but that he had not totally given up.

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive; Eyes Only.

² See Document 25 in *Foreign Relations*, 1969–1976, vol. E–16, Documents on Chile, 1969–1973.

3. Source suggested that bringing military into cabinet was only way to block Allende. Frei agreed but said that once military was in government how could he be sure at this time they would do anything more than assure Allende's victory.

4. Same source called on Perez Zujovic last night who insisted he still working on winning control of party junta for Frei and that at minimum he wanted to roll up big opposition vote against acceptance of Allende. Added that his strategy was to convince junta that PDC should be given key ministerial posts in Allende government as only sure guaranty. Perez said Senator Carmona had taken his place as main Frei massager with PDC senators and deputies.

5. Another excellent source quoted Esteban Tomic, son of candidate who has recently returned to Foreign Ministry from campaign train, as stating yesterday that it would not be bad if PDC split, that the party would be purified. I believe that Tomic senior favors this solution and also one of loudest exponents of the Italian model theory whereby Chile proves you can have "Christians of the left," Communists and Socialists in one happy bridge-building brigade. He seems to ignore totally that PDC would disappear as political force. In fact Tomic is now a total MAPU man—that is, proselytizing for Chonchol, Gumucio and Silva Solar. (MAPU pulled a maximum of one per cent in the presidential elections for Allende but they have lots of attraction for youth.)

6. I continue to believe Frei is keeping all options open, that he is injecting yeast into different mixes and seeing which ones rise—military, economic or party. For the moment that is the best he can do since I think the essential conditions do not yet exist to have the army move and that a popular justification is necessary. A close vote in the PDC junta in favor of Allende would not be as helpful as a vote against Allende but Frei is working for at least the minimum since a worsening economic situation after the junta (scheduled October 3–4) could still affect the October 24 ballot. A minimal vote for Allende October 24 in a secret ballot even if more than his 80 sure votes could still spark a military reaction after October 24th if the economic conditions were right—and a worsening economy could in turn provoke at any time the kind of leftist violence that would prompt greater army intervention and concerns.

124. Backchannel Message From the Ambassador to Chile (Korry) to the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, September 27, 1970.

1. Following two items spell the end of the ball game here in Chile. We now move into a denied area condition:

a. [*name not declassified*] told me morning 27 September that Anaconda New York has refused to go along with his suggestions, believing that Chile is lost and no further maneuvering warranted. He got call at 0200 hours saying "ball game over. No use trying to quarterback now."

b. British Ambassador Hilyard told me same morning that he had recently requested, and had just received authorization to offer, a total of four million pounds sterling from a group of British private banks. Hilyard has told both present government and Allende of this credit.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 778, Country Files, Latin America, Chile, Vol. I, Korry File. Secret; Sensitive; Eyes Only.

125. Backchannel Message From the Ambassador to Chile (Korry) to the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, September 28, 1970.

Reference: #1–28–70.²

1. Ref message unfortunately was sent in not quite accurate form due to relay under difficult circumstances. Following is what I had in mind:

2. Because of Anaconda decision and British offer of 4,000,000 pound credit, I see little hope unless economic situation worsens. That could still happen. But in order for it to occur, I need support from

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 778, Country Files, Latin America, Chile, Vol. I, Korry File. Secret; Sensitive; Eyes Only.

² Document 124.

Washington that until now has not repeat not been forthcoming in any effective manner.

3. It is puzzling to me to understand how anyone could think that an offer to maintain our MAP Program of a few hundreds of thousands of dollars could be a significant factor while we make no effort to dissuade either the largest U.S. enterprise in the country (Anaconda) or our supposed ally (UK) from taking critical actions to ease Allende into office. It took three weeks for USIA to send a circular asking for material about the encroachments on the freedom of press, by which time the Communists had called off the strong-arm tactics because they recognized that the international furor could hurt Allende. Instead the Allendistas are concentrating on much more subtle methods in every enterprise of any importance in the country, primarily through their Popular Unity electoral apparatus that is very swiftly supplanting the normal union and professional structure.

4. Because I have no optimism about any Army move or any expectation of the biological miracle of transplanting a backbone to the PDC—unless there is economic deterioration—I believe it prudent to have CAS begin moving into a “denied area” stance. This is not to say that I believe “the ball game is over;” it is designed to clarify your thinking and that of a bureaucracy in Washington that appears to be as clear-minded, purposeful and united as the PDC here.

5. It is an absurdity for me to continue to seek by every means to block Allende without U.S. Government support; because man is an absurdity I shall of course continue my efforts since I believe “it is not necessary to hope in order to act or to succeed in order to persevere,” but I would appreciate the company of at least a few who shared this absurd view.

126. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, September 28, 1970.

1. Guillermo Carey, Jr., of Anaconda, told Krest Cyr September 27 (presumably to relay to me) that a group of military persons, excluding the top military leaders, are prepared to launch a coup if they can be given the following three assurances (presumably by the U.S. Government):

a. A sum of U.S. dollars 50,000 (as received) is set aside to take care of each of the families of the ten leaders should anything go wrong.

b. The sum of 200,000 to 300,000 Escudos (less than US\$10,000) is made available for "special items" to be obtained in Argentina.

c. Sufficient food such as wheat and other staples will be made available to feed the populace of Chile in the aftermath of the takeover.

2. Cyr was uncomfortable to be the carrier of this sort of message but gamely asked if I had any response to this proposal. I said there was no answer. I reminded Cyr that I had told U.S. business community Friday that rightists were trying to foment coups and that Allendistas might be pushing them into abortive actions that could only seal Allende's victory. Cyr said he had asked Carey about this and Carey replied he was aware of the danger.

¹ Source: National Archives, RG 59, Chile-ITT-CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive; Eyes Only.

127. Memorandum for the Record¹

Washington, September 29, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee, 29 September 1970

PRESENT

Mr. Mitchell, Mr. Packard, Mr. Johnson, and Mr. Helms.
Mr. Kissinger was out of the country.

Mr. Charles A. Meyer, Mr. Viron P. Vaky, and Mr. Thomas Karamessines were also present.

Chile

a. Alexis Johnson chaired the meeting in the absence of Mr. Kissinger and opened by saying that he had called the group together to “review the bidding.” He noted that several of those present had been able to talk with Chief of Station/Santiago, [*name not declassified*], over the weekend.

b. Mr. Johnson asked if all agreed with the following summary: The initial hope of the election gambit with Alessandri stepping down and Frei replacing him and calling for new elections was now dead. The second best hope of the cabinet resigning and being replaced with military—a sort of in-house coup—also seemed dead, since Frei and the military were passing the responsibility buck back and forth between them.

c. This brought up the Country Team suggestion that by raising the noise level with specific economic pressures there was at least some chance that such signals might be viewed with sufficient alarm to prompt action by the military.

d. Mr. Johnson said that it wasn’t entirely clear how the reins would be turned over to the military in a constitutional manner as had been suggested. Mr. Vaky said what we were really talking about was a coup—although that word might have various shadings.

e. Mr. Packard said he felt that the situation was serious enough so that the need to act now was imperative.

f. The coup was pictured by those thinking aloud as Chilean action with the U.S. as catalyst. We would assure Frei of future financial support; we would convey to the military that they would not be ostracized—they could count on our continued support and cooperation (as opposed to a complete cutoff if Allende came to power).

¹Source: National Security Council, Nixon Intelligence Files, 40 Committee Minutes. Secret; Eyes Only. Drafted on September 30. Copies were sent to Johnson, Vaky, and Helms.

g. It was emphasized that there would be no military action as of this moment unless these economic pressures were put into effect. Failure to make signals at this time strengthens Allende day by day—he can point to the USA not opposing him at all.

h. Mr. Mitchell asked for an inventory of possible economic actions. Mr. Karamessines ticked off a series of possibilities. [*8½ lines not declassified*]

i. Urging some [*less than 1 line not declassified*] to act now would provide definite leverage—about the only leverage we could exact—and the signals would be unmistakable, most agreed. There was also the MAP program, which could be abruptly cut.²

j. Mr. Johnson observed that this approach, swerving from 40 Committee-type action to economic warfare, was tantamount to a change in foreign policy. Mr. Mitchell suggested it was economic protection.

k. [*1 paragraph (5 lines) not declassified*]

l. Mr. Karamessines stated that this parcel of economic pressure actions constituted the only cards left in our hand. Mr. Mitchell asked what was there left to lose.

m. Mr. Meyer regretted that the U.S. posture if Allende wins (the subject matter of NSSM 97) had not been issued. It contained three options: to isolate Allende; to make him the victim of all ensuing actions rather than the USG; to openly cohabit with him.³ He went on to say that with Allende in, we could place the burden on Allende for all he did—not ourselves, and after all, Allende would not be around forever.

n. This prompted Mr. Helms to observe that in his experience he had seen other take-overs where pronounced Marxists had accomplished in far less than six years (Allende's constitutional term) what they had threatened to do and then there were no more elections. He said we should face up to Allende's statements and take them at face value.

² Assistant Secretary of Defense for International Security Affairs Warren Nutter informed Packard on September 22 that the MAP grant matériel program had been terminated at the end of FY 68, with a \$2.5 million undelivered balance from the prior year's programs. Major undelivered items included a patrol craft, radios, ammunition, and spare parts. Nutter reviewed the current program of \$583,000 for training in the United States and the Canal Zone, and for insignificant cash sales under the Foreign Military Sales program. Credits for military sales for the period of FY 1966–1969 had an outstanding balance of \$13.6 million. Major undelivered FMS items under the credit program included sonars, helicopters, 20 M41 tanks, and 25 106mm rifles. The Department of Defense was also withholding action on a major overhaul of a naval crane until the situation in Chile was resolved. (National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II)

³ See Documents 46 and 52.

o. Mr. Johnson said he would play the devil's advocate and interjected that using U.S. economic interests to frustrate Chilean constitutional processes could have far-reaching effects in jeopardizing other U.S. interests in the hemisphere. Mr. Karamessines pointed out contrariwise that a hands-off policy could be read as the USA throwing in the sponge.

p. Mr. Packard repeated his earlier thesis: This is serious enough so we should act now. He offered to stop the MAP program.

q. Mr. Meyer referred to what he considered earlier ground rules of not giving signals until after the 24th.

r. After this give-and-take, back-and-forth exchange, the principals agreed to these actions:

(1) Mr. Packard would (a) act to stop the MAP program, and (b) check on the status of AFTAC pulling out.⁴

(2) Mr. Johnson would talk with [*name not declassified*] formerly with [*less than 1 line not declassified*] intimating that if indeed they intended to withdraw, it would be helpful to the USG if they did that now rather than later.

(3) Mr. Meyer would: (a) talk to [*1 line not declassified*] (b) [*2 lines not declassified*] (c) talk with [*1½ lines not declassified*] (d) talk with [*1½ lines not declassified*] and (e) [*1½ lines not declassified*].

This was the extent of the specifics but, of course, did not preclude others in the administration from talking to other U.S. business interests in Chile.

s. Mr. Meyer reminded those present that the private sector did not always think or act in concert with particular U.S. policies at a given time and one had to consider the local impact of actions taken by U.S. companies overseas.

t. Mr. Karamessines reiterated that Ambassador Korry urged economic actions of this type at this time and Frei was in full accord.

u. Lastly, the matter of Dr. Seaborg announcing the passing of enriched uranium to Chile in support of an experimental reactor (U.S. origin) was raised. Mr. Johnson stated that he had long-term involvement in the problem of retaliation on political grounds in the field of peaceful uses of atomic energy and the South African experience had convinced him that this was not a wise course.

Peter Jessup

⁴ The proposal that the AFTAC facilities be removed was in telegram 3848 from Santiago, September 22. It noted that the AFTAC facilities would be a prime target for Allende propaganda. (National Archives, RG 59, Central Files 1970–73, DEF 15 CHILE) See also Document 120.

128. Backchannel Message From the Under Secretary of State for Political Affairs (Johnson) to the Ambassador to Chile (Korry)¹

Washington, September 30, 1970.

1. In response to your recommendations, we have taken the following steps in the economic and financial field, which where necessary we have justified on the grounds of the economic uncertainties announced by the Chilean Finance Minister:

a. The implementation of the SLC loan on cattle is being deferred for later review.

b. Only major EXIMBANK loan is to steel company which we understand from you is being deferred.

c. We are instructing EXIMBANK to reclassify Chile from "C" to "D" so as to restrict and centralize normal credit insurance transactions.

d. Any new IDB loan will be deferred.

e. I discussed Bank of America situation with senior official in San Francisco office, who said that while they were restricting additional credit lines, they had no intention whatever of seeking to close out Chilean operations. I made it clear that we did not think their future would be bright under Allende. I hope I gave him something to think about, but we certainly can expect no action before October 24.

f. Charlie Meyer has talked to Ford Motor who are perfectly aware that they cannot continue to operate, having lost more than \$25 million to date but it will take them time to extricate themselves.

g. Charlie Meyer will talk with Harold Geneen about uncertainties in private sector.

2. DOD is taking action to suspend MAP-sponsored trips and training and instructions on this will follow.

3. We are doing our best on external press coverage program but by its nature this takes time.

4. We have emphasized to VOA importance of completely balanced coverage.

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 778, Country Files, Latin America, Chile, Vol. I, Korry File. Secret; Sensitive; Eyes Only.

129. Telegram From the Central Intelligence Agency to the Station in Chile¹

Washington, September 30, 1970, 2019Z.

1. Reviewing COS discussions at Headquarters, following three officers are key figures in military planning, and priority effort will be made to contact and influence:

A. *[name not declassified]* understand Station now in touch through *[name not declassified]*.

B. General Valenzuela.

C. *[name not declassified]*.

2. We should make it clear to these officers individually now that political solution ruled out, USG shares President Frei's view that military solution is only answer.

3. Next step is to attempt reunion of *[less than 1 line not declassified]* together. They are to be assured that USG will provide the support and pledges they demand, and welcomes indications as to the dimensions of such support.

4. Other military figures, who might play decisive roles will be approached when possible. COS will use *[less than 1 line not declassified]* and false flag staffers at his discretion.

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Chile Papers, Church Committee, August 12, 1975. Secret; Priority. Drafted by Broe; authenticated by Phillips. The unredacted text of this telegram is in Central Intelligence Agency, Job 80–00012A. See footnote 2, Document 94.

130. Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, October 1, 1970.

SUBJECT

Chile

There are fundamental differences among operating agencies as to how Allende is to be perceived and what the US interest in this situation is. Most of these are honest differences, but they are differences.

The truth of the matter is that no policy decision on how to treat or perceive of Allende has been made or articulated *in a way which the bureaucracy can perceive or understand*. I have not been privy to all that has gone on. If opinions or orders have been expressed, they have not trickled down. I affirm to you that at lower levels of the bureaucracy there is honest confusion and honest belief that no final decisions have been made. In an ambiguous situation, operators who have to make daily operational decisions will do so on the basis of what they think they ought to do. And since there is a variety of opinion regarding what ought to be done, there are a variety of decisions without coherent pattern. This is even more true when you consider agencies normally peripheral to foreign policy formulation such as AEC, NASA, Ex-Im Bank, all of which have operations in Chile.

How we are to perceive and treat Allende is particularly crucial now, because:

—it is increasingly the central point whether we are talking about what to do prior to October 24 or what we do if Allende comes to power;

—everyone agrees that the chances of Allende being denied access to power is considerably less than even; put in reverse this means that there is a considerably better than even chance that we will have an Allende government in Chile in a month. Yet we have no thought-out strategy and no game plan for that contingency;

—there are an indefinite number of complex little decisions that will *have* to be made in the next several weeks. A sample list is attached.²

We commissioned NSSM 97 precisely to determine a conceptual premise and general posture for dealing with Allende which would in

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Latin America, Chile, Korry File, Chile 1971. Secret; Eyes Only. Sent for action.

² Attached but not printed is a September 18 memorandum from Fisher to Meyer listing 18 items in U.S.-Chilean relations that would require action in the near term.

turn be expressed in the little operational decisions we had to make. The bureaucracy looks to that paper as the vehicle by which decisions will be made.³

We stand vulnerable to the charge that we did not reach policy decisions through the reasoned NSC system of examination of the situation and alternatives on which we have prided ourselves.

Recommendation

That you have the SRG meet on NSSM 97 as soon as possible and that a Presidential decision be explicitly made on the issues, either through a memo or a full NSC meeting.

³ See Documents 46 and 52.

131. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, October 1, 1970.

SITREP—October 1

1. Allende rejection of PDC is major development. Although leftist press seeking to present Allende's response as "positive" as trumpeted by all his considerable assets in media, they cannot bury PDC leader Prado's statement that reply was "unsatisfactory."² Allende's tactic does provide a political lever we have been seeking from the outset. But I have my doubts that Frei or the PDC Junta can be persuaded to take the step that Benes turned away from in 1948.

2. To provide additional pressure for that step and to strip away any illusions, I informed Minister of Defense Ossa this morning [1 line

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive; Eyes Only.

² On September 30, Allende issued a statement rejecting PDC demands that he refrain from naming military commanders, as well as PDC demands for constitutional amendments guaranteeing free elections and freedom of the press if he were elected President. The PDC National Council called his response "not a complete and satisfactory answer." (Joseph Novitski, "Allende Rebuffs Some Demands of Chile's Ruling Party as Unnecessary," *New York Times*, October 1, 1970, p. 4)

not declassified] that “if Allende wins, the U.S. will not *repeat* not be in a position to provide any financial support to the PDC for any activity.” In other words, a negative reply to Frei’s and Ossa’s query about U.S. support for the purchase by their group of newspapers and radio stations, etc., for the post-Allende period. Frei and the PDC have too long counted on the U.S. turning the other cheek and although I have done a great deal to end the mutually debilitating link that my predecessor forged with fatal damage to both, I wanted them to know before the Junta that it is now or never.

3. I also provided Ossa with a dispatch that I concocted under a *Reuters* June 3, 1948 *repeat* 1948 London dateline for translation by him and distribution to the PDC Junta of the events that led to the Communist takeover of Czechoslovakia. Ossa was told the dispatch came from *Reuters* archives. (It would take *Reuters* months to search its files and even then it would never be certain of what it sent in the pre-microfilm era. Moreover it will give my active British colleague a useful additional responsibility.) The dispatch begins: “The Communist Party has imposed a dictatorship on Czechoslovakia less than three years after its leader Klement Gottwald pledged to maintain a parliamentary democracy. Here is the sequence of events:”

4. Today is October 1 when a great many bills come due throughout the economy. How enterprises and the GOC react to the conflicting pressures will have additional significant impact. But the uncertainty created by the negative Allende response will not in my opinion provide incentive to the public to reduce its enormous liquidity and begin buying.

5. The Chuquicamata (Anaconda) miners went out on strike at midnight today. The fact that the GOC did not soften is very indicative and heartening. It followed a message that I sent Ossa the morning of September 29th to the effect that Anaconda was willing to cede because of GOC pressures on it to cede but that the company would follow the GOC line. It is interesting to note that Minister of Mines Hales, previously considered doubtful, is now playing his role loyally with Frei.

6. We shall have shortly the eight points that the PDC presented to Allende but has hid from the public at Allende’s request. These must be leaked, I think I could handle a local leak with the overly cautious *NY Times* man (Novitski) who is writing pap generally but my preference is a very strong effort by you to get them to the U.S. press—an exclusive to the *Washington Post* would be my suggestion (I am sending a separate message re the *Post* to Helms.)³ They will also be made available to *Mercurio* here.

³ Not found.

7. In this connection I am sending as much unclassified material via State so as to ease the leakage problem. See Santiago 4022⁴ today on the PDC's statement re Allende and also the daily press sitreps I have begun yesterday with Santiago 4014.⁵ Today's will include the fact contained in Santiago 3956 that Frei's intervention at Vina del Mar is still totally unreported in the media, the most telling indictment of the muzzling of the press.⁶

8. I have just read in the press clips Tad Szulc *Times* story of September 21⁷ which clearly indicates that one of his prime sources is Linowitz and I would make the further guess that Dungan is also a source. I believe it useful to have them spread the word of U.S. non-involvement since that was also my purpose in the pre-voting and post-voting sessions I had with the U.S. press here. As a consequence we do not have any effective U.S. reporters in town and that is a great blessing—Novitski being the only one who remained once the newsmen were convinced we were not going to intervene. However it is of the utmost importance that the two ex-ambassadors not have the slightest whiff of what is going on except through the unclassified cables mentioned above and that the USG continue to give the appearance of confronting quietly the "inevitable."

9. While hoping for the best, we continue to prepare for the worst. We have sought to establish a position compatible with Option Two in the Allende contingency paper prepared by the Department for the NSC⁸—cool correct and pragmatic. Our contacts with Chileans are the minimal possible but the Chileans are educating Allende about the realities of Chile's dependence on the U.S. I believe the time has come to consider when I should come to Washington for meetings to set our policy and tactics. I would suggest that barring unexpected developments, I travel early next week and that all appropriate meetings be arranged with policy-makers. At the same time I think it would be useful that I be made available for off the record questioning by key congressional and senatorial groups and editors for the purpose of providing reassurance about U.S. non-intervention while furnishing some of the true non-polemical facts about what is actually occurring in Chile.

⁴ Telegram 4022 from Santiago, October 1, reported that the PDC National Council had declared the Allende response to their request for democratic guarantees to be unsatisfactory. (National Archives, RG 59, Central Files 1970-73, POL 12 CHILE)

⁵ Dated September 30. (Ibid., FN 9 CHILE)

⁶ Telegram 3956 from Santiago, September 28. (Ibid., E 14 LA-PC)

⁷ See Tad Szulc, "U.S. Government and Business Resigned to a Marxist Chile," *New York Times*, September 21, 1970, p. 2.

⁸ Summarized in Document 52.

10. The actions taken by Washington as detailed in your message of September 30 are helpful.⁹ I think that the unclassified cables mentioned above provide a basis for conversations with Geneen and others whose views and actions could buttress our efforts here.

⁹ See Document 128.

132. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson)¹

Santiago, October 5, 1970.

1. Ambassador has received messages re MAP² but because press of other business will be commenting later Sunday. Meanwhile he wishes you to know following:

2. He met for 90 minutes with Lleras Restrepo Saturday night in presence of Colombian Ambassador. Unfortunately Lleras had spent Friday night and all Saturday with Frei and impact of Ambassador Korry's conversation means Lleras will have to seek out Frei. He will do so. Lleras single greatest foreign influence on Frei.

3. He met with Paul Rosenstein Rodan who confirmed delivery of personal letter to Frei from both Betancourt and Jacques Maritain (absolutely no repeat no usage yet possible of this information). Latter who is Frei's ideological Guru told Frei that PDC must oppose Marxism; Betancourt even stronger. Rosenstein Rodan supposedly meeting with Frei Sunday and will press same message together with specific action suggestions that Ambassador Korry put to Lleras. Rosenstein also meeting with his very close friend Lleras to press same line.

4. He met with Raul Saez just prior to Lleras dinner with Saez Saturday night. Saez pressed same lines. Saez contacting Ossa late Saturday or early Sunday with specific action suggestions for Frei and Ossa.

¹ Source: National Archives, RG 59, Chile-ITT-CIA 1963-1977, Lot 81D121, Documents Requested by the Department of Justice, 1970-1977. Secret; Sensitive; Eyes Only. This backchannel message is an advance summary of Ambassador Korry's activities on Saturday, October 3.

² Not further identified.

5. Most important suggestion of course is to insist on removal of current PDC leadership and replacement (by Junta) with loyal Freistas who will make negotiation tough for Allende. Also effort to convince Frei to take finally a decision that shows his own hand: —to talk to Junta tomorrow if this Junta going to be last before October 24th or to commit himself to address it at final session whenever it will be. Also to change Frei's line re unwillingness to run as presidential candidate in event Alessandri chosen (only to resign).

6. He will report later Sunday on what actually occurred PDC Junta Saturday. Meanwhile these facts should be known:

7. Allende is furious over Chuquicamata strike. He wishes it ended ASAP.

8. Allende nephew who private businessman quietly telling a few influential non-marxists that Castro advised Allende to keep relations with US whatever the cost and to negotiate acceptable deals with US.

9. Felipe Herrera is not repeat not seeking foreign ministry but asking for post as super-economic czar with control over all economic and financial activities of cabinet and GOC of Allende. Herrera with connivance of Vuskovich has been arranging for very distinguished group of hemispheric economists gathered here to consider Prebisch report (conference starts Monday) to call on Allende but Ambassador believes he has arranged for delegates to insist that if anything along that line occurs, it would be reverse of Allende calling on conference.

10. Prebisch has criticized Herrera privately (in Washington in presence of Rosenstein Rodan and again here) for his message to Allende and other unseemly actions.

133. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson)¹

Santiago, October 5, 1970.

1. My travel suggestion predicated only on situation here becoming clearly definite re Allende's election. As originally put to you, if Junta took different tack, I would remain.

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive; Eyes Only.

2. Re MAP, my suggestion would be to “hold in abeyance” all MAP deliveries.² I would avoid even within USG term “suspension.” The action, I recognize, is exactly the same, but I believe it would be very imprudent and would create greater support for Allende if we were to adopt a visible public repeat public posture of hostility at this point by semantical inadvertence. While even Allende would accept that it is logical for the US not to throw good money after bad without our knowing the future, and while I have been putting into circulation in the Allende camp the explanation that US credits in the private sector are tight because of simple commercial prudence, it would be illogical and resented by a wide swath of non-Marxist Chileans for us to anticipate Allende by making the first public hostile moves. In sum public repeat public prudence is understandable; public hostility is not.

3. In this connection, I had originally recommended the holding in abeyance of all MAP-sponsored Chilean military going to the US or Panama for training. The one officer who was planning to leave at that time for a year in Panama, the Deputy G-2 of the Air Force, left a week ago. There are none other immediately scheduled but I would like to inform the Armed Forces and the Carabineros that the next-scheduled courses are being held in abeyance pending firmer knowledge of the future course of relations between our two countries. Such a decision would be transmitted to the Armed Service chiefs individually and in a manner calculated not to breed their resentment against us.

4. In general my counsel would be to follow the tactics of Allende and the PCCh with the Christian Democrats insofar as our dealings with them and Chile are concerned. We should for the time being present an unperturbed exterior while minding the interior by propagating facts to the world and while improving our position vis-à-vis Allende. We should even consider sending a normal delegation to his inauguration while being damned tough in our private negotiations and while keeping maximum pressure on him and his economy. We cannot, as I told Lleras Restrepo, help a country to establish a Marxist-Leninist structure in the most comfortable way possible via our support, direct or indirect, public or private. But we cannot be pushed into the public position of seeming to oppose changes per se in economic and social structure; it is freedom and the USSR that are our justifiable concerns. So far we have been successful in pursuing this dual policy here and, I assume, in Washington. It should not be changed for the present.

² See footnote 2, Document 127.

134. Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, October 5, 1970.

SUBJECT

40 Committee Meeting—Chile—October 6, 1970

Your meeting will review the Chilean situation.

The meeting should concentrate on *two general issues*:

—Action prior to the October 24 runoff, and

—What policy we should follow for the long range; and on *one specific question*:

—Korry's suggestion that he come to Washington.

I. *The General Situation*

Allende has continued to consolidate his position. On the political front, after an initial rebuff by his coalition (UP) of the PDC's request for specific guarantees, Allende quickly reversed the UP and offered to name a committee to negotiate with the PDC on the drafting of specific constitutional guarantee they desire. This offer was made on the eve of the PDC governing board meeting, and thereby cut the ground out from under the anti-Allende forces. The PDC meeting is still underway.

All observers agree that at best there will be a split in the PDC, that there is no chance the PDC will unify *against* Allende, and that Allende is almost sure to get the 19 additional votes he needs from the PDC to assure his election. There is no evidence that the military are even thinking about a coup. The latest report via the Argentine Foreign Minister (see cable attached)² is that the military, in fact, declined to stage a coup.

Other scenarios which had been reported whereby some ministers would resign, the President name a military cabinet, and new elections convoked have not materialized.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Top Secret; Sensitive; Eyes Only.

² Attached but not printed is telegram 2237 from USUN, October 3, relaying the following message from the visiting Argentine Foreign Minister: "President Frei had, as forecast in earlier report, called in leaders of Chilean armed forces and in effect invited them to take over before expiration his term. They had, however, categorically refused, stating that they are not equipped to govern the country and that an attempt to do so would lead to widespread strikes and disturbances by miners and other labor elements with which they would not wish to cope."

Economic problems continue and there is some discontent. The Communist Party is reportedly moving to consolidate its position in public media, education and labor.

There is, in short, confusion, much apprehension, but no cohesive anti-Allende movement. On the contrary, resignation or acceptance of Allende seems to be growing.

II. *Preventing Allende's Accession to Power*

Immediately after the September 5 election, Korry stated that our only chance was the "Rube Goldberg" Frei reelection gambit. By 19 September this gambit was dead. Korry argued in effect that now our only chance lay in Frei inviting the military to move, either directly or by a gambit of entering the cabinet. By the end of September the cabinet gambit was clearly out, and if the Argentine report is to be believed any military move is out.

Korry now argues that our only chance is to create economic deterioration and this might stir up Frei, the military or the populace.

Korry has argued that only Frei can pull off anything and he is moving behind the scenes to do so. In alternate cables, however, he decries Frei's lack of backbone. The fact of the matter is that Frei refuses to move or lead any action. Korry is grabbing at straws, but each one breaks when he grabs it.

In my own view there is now no chance that anything will happen which we can either stimulate or support to prevent Allende's election October 24. Maybe if things had been done differently over the past several months this would not be the case, but *as of October 6* I think we are kidding ourselves to believe there are any more gambits that we can work. Not even economic deterioration is likely to achieve such a dramatic turn-around in less than three weeks. Economic pressure might make sense from other points of view (see below) but not solely as a means of preventing Allende's election.

Unless we are prepared to intervene overtly and physically in Chile we had better start planning for an Allende election and how we deal with that situation.

III. *Coping with an Allende Government*

In my view there is *some* chance that within the first year of his administration an Allende government could be brought to collapse or that a Chilean inspired movement could overthrow him. Apart from that, I think that there is at least a very good chance that an Allende government could be effectively hampered, and that we could effectively limit the impact of his government on the rest of the hemisphere.

But to do anything means we should have agreement as to concept, objectives, strategy and a carefully orchestrated game plan. We

have none of these things now. We are improvising. There is no agreement as to our fundamental perception of Allende—do we accommodate, oppose, or ignore? Do we let him set the pace or do we?

Allende's game plan will be to claim legitimacy and respectability, to avoid prematurely coalescing opposition to him, to reassure those concerned so that he can fragment his opposition and then slice the salami bit by bit as he is able to. Our game plan should be to frustrate that. We should strengthen opposition, seek to coalesce it and inhibit Allende's internal capacity to effect his program, and place pressures on him so that he either fails or out of frustration steps up his drive to a Marxist state prematurely. Opposition and opportunities may then well arise which could be exploited to overthrow him; or else he will fail.

Meanwhile, we should begin to provide some leadership to the rest of the hemisphere to organize them against his tactics in the OAS and to limit his influence elsewhere—a diplomatic cordon sanitaire.

A game plan might be devised along the following lines:

1. *Covertly.*

Bank-roll PDC/Radical opposition in the congress so that they can oppose his programs; bank-roll opposition media so Allende cannot control the press; build up assets in labor and the military both to get information and to use if the opportunity arises; black operation to split Socialists from Communists.

2. *Economic.*

Cut aid; use economic pressure to discourage further investment and assistance by international agencies. Miscellaneous measures to put pressure on him—copper marketing.

3. *Diplomatic.*

Cold but correct on the surface toward Allende so we do not give him an excuse to escape our pressures.

Make clear quietly we do not accept Allende or his policy—he has to prove acceptability not prove his unacceptability.

Wind down our bilateral programs.

Initiate immediate consultations with key states—Argentina, Brazil, Colombia, Mexico, Venezuela—to build a de facto entente and to make known our concerns; seek concerted action to oppose any Chilean move to wreck OAS, recognize Cuba, or establish a third force in Latin America opposed to us.

But we must recognize that we cannot energize the hemisphere to support us without some evidence that it is in their interest to do so. We may thus have to consider increased military and economic aid and

special trade treatment. We cannot with one hand ask for their support and with the other hit them where it hurts—as we are threatening to do now in prohibiting Argentine meat imports and taxing Brazilian soluble coffee.

In my view we need a policy decision on NSSM-97 and a controlled implementation of that decision.

IV. Korry's Return.

In his October 1 Sitrep, Korry suggests that time has come to travel to Washington to participate in meetings to set our policy and tactics. He proposes to meet with policy makers, to speak off the record to key congressional and senatorial groups and editors.³

My own view is that he ought to stay in Chile for a while longer until we have our own ducks in a row at least. I doubt that his lobbying all around in his “unguided-missile” way is likely to be helpful right now.

³ Document 131.

135. **Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)**¹

Santiago, October 6, 1970.

SITREP—October 5

1. Santiago 4079 sent unclassified on PDC Junta results.²
2. Santiago 4087 which I just completed gives interpretation. Last paragraph offers only remaining constitutional hope and that is slimmest.³

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive; Eyes Only.

² Dated October 5. (National Archives, RG 59, Central Files 1970–73, E 5 LA) The pro-Allende faction of the PDC Junta prevailed over the anti-Allende group. The Junta decided the party would not impede Allende's inauguration.

³ In telegram 4087 from Santiago, October 5, Korry reflected on the PDC's decision to negotiate constitutional guarantees with Allende. Korry's final paragraph surmised: “Thus, we are faced with the likelihood of several ‘suspense-packed’ days as PDC ‘special commission’ negotiates text of guarantee statute with the Allende camp; this will

3. Sending septel to you [with] something on Army that might be straw in wind although no supporting evidence elsewhere.⁴

4. First paragraph Santiago 4087 based on my telcon with Frei last evening in effort to convince him to appear at Junta. Only other fact un-included (sic) for reason of discretion is that he said he had very much in mind William the Silent's line. He was totally beaten and depressed man and I could not snap him out.

5. Paul Rosenstein-Rodan (British citizen at MIT) whom I had go to Frei earlier October 3rd to try instill some fight thought he had success in persuading Frei to attend a 2nd Junta if there is one (see last paragraph 4087). Also provided Frei with a rationale for declaring himself National Unity candidate in second round with National Government for only three years and if unsuccessful in fulfilling goals, he would then resign.

6. I am convinced that I turned Lleras around and that he will weigh in again with Frei. Difficulty is that he must backtrack and that in interim he may be seeing Allende and have second thoughts.

7. Economic situation about same as last week. Too early to judge reaction to PDC Junta but my guess would be that it will have depressing effect on commercial community. Chile does great deal of its business on short term notes many of which are being protested at banks. Process of protesting usually takes ten days before creditor decides whether to roll over debt or foreclose. Because of large number involved, protesting process may be longer now than normal. Other factors:

a. Business generally living off inventories, selling off unpopular items rather than engage fresh capital. Sale about same level generally as Zaldivar reported 11 days ago in textiles, shoes, etc. Durable goods and hardware still below 50 per cent of normal. Private construction almost at standstill.

b. Head of CAP (national steel industry) tells me that in past two weeks orders have decreased by 40 per cent or a worsening of 10 per cent since ten days ago. His cash bind fierce and GOC not yet grant him extra cash to pay off but he (and I) believe he will get it shortly.

c. Valparaiso port is chuckablock with goods unclaimed by importers. Storage rates at port cheap while import duties very high. Im-

probably be followed by Council approval of the negotiated package and instructions to PDC Congressmen to vote for Allende. At the short end of 100–1 odds is the possibility that the negotiations will falter and the Council will again convene the PDC for a junta prior to October 24. Frei still thinks there is the slimmest of possibilities that the combination of a bad economic situation, that is not noticeably improving, and a possible rejection by the U.P. of the PDC position, might just produce some effervescence in Chile before Oct 24. It will take a lot of special praying." (Ibid., POL 14 CHILE)

⁴ Document 136.

porters obviously do not want goods in these market conditions and can afford storage while they wait to see. However congestion is having effect on ship lines who do not like costly unloading time and foreign lines might decide to skip Chile until port area clears. In any case we have some indications, which I having checked out currently, that imports are falling off rapidly which is expectable consequence of situation. That in turn will set back economy in later months.

d. Some US companies such as Kennecott are arranging large short-term credits by mortgaging more future copper contracts in Europe (they deal with “Franco-Italian Bank” here). Everyone in Chile happy to go along with this deal without realizing that it enables Kennecott to remit immediately more dividends—if fact 49 per cent of the \$15 million loan they currently arranging on which they would have to pay GOC 30 percent tax leaving rough net \$5 million—not bad for company about to be nationalized. Kennecott keeping me fully informed but this knowledge should not be imparted in any way to company in US.

e. ESSO is tightening credit across the board while paying its own bills in cash so as to justify its pinching of debtors. It also was struck October 3 at lubrication blending plant at San Antonio port and is prepared to hold out for a month. Plant is one of the main (but not only) suppliers for plastics industry here.

f. ESSO could not squeeze General Tire as much as it had hoped because Shell (British influenced here) and national company COPEC (private) are giving credits and oil. However both those concerns are now running into cash problems.

8. In sum, economic situation is continuing to bite but nothing spectacular has yet happened. Usually it takes four to six months for full effects to be felt from this kind of debacle but it not inconceivable that combination of PDC Junta and market conditions could set off bankruptcies that could have snowball effect in short run.

9. Action requests:

a. Particular effort to place stories on how Communists and Socialists planning to denigrate Frei immediately after Allende assumes office.

b. Particular effort to place stories on how U.P. intends to lock in technicians and professionals after November 3.

c. Effort to place story contained Santiago’s unclassified 4079 re president of Senate’s use of Foreign Ministry report on Hungarians and grass-roots vs intellectuals at PDC Junta per Santiago 4087.

d. Consider measures that would enable us immediately to reduce our MilGroup to the maximum level of 13 officers and men as agreed to by MinDefense, Armed Forces and USG several months ago. Originally

we had planned slow phase out by non-rotation. I would like to do it now and so inform the Armed Forces here. We are collecting data on our men, their scheduled ETDs, etc., for dispatch one (sic) I have green light.

e. Consider what if anything you wish me to tell Felipe Herrera when I dine with him, at his request, October 7.

136. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson)¹

Santiago, October 6, 1970.

1. [*less than 1 line not declassified*] came to my office October 5 to relate a story that pointed to the possibility of Chilean military intervention. He recounted that at the request of the oil companies, the Army had named a liaison officer several weeks ago so that in the event of any contingencies the oil companies installations would be protected. The officer selected was a Major Palma. (From ArmA records it would appear to be Major Ricardo Salvador Palma Wormald, passed over for promotion with about two more years of service remaining; not very intelligent or impressive.) Palma was designated by General Valenzuela as the liaison man.

2. Some three weeks ago when Palma appeared at [*less than 1 line not declassified*] office he developed a good relationship with [*less than 1 line not declassified*] source of the following [*name not declassified*]. At that time Palma denounced the political parties in crudest terms and said that the last time the Army was called, it faced only 200 men and killed 20 (presumably a reference to the confrontation at El Salvador during the early years of the Frei administration). This time we shall come out shooting, he added.

3. On October 5 he visited [*less than 1 line not declassified*] and swore him to secrecy, then said he was preparing for military intervention within 10 days. Palma said he would be "military interventor" in the oil industry, the term employed when military takes over an industry under national siege or similar legislation. He pulled out list of all employees of ESSO at its four main locations (Santiago's two airports,

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive; Eyes Only.

Maipu and Las Salinas which is near Vina del Mar where there is a plant for receiving fuel from ships). The names were typed on Army stationery and bore the official seal. Palma asked [*less than 1 line not declassified*] to identify the dependable and the undependable. He asked him for a complete list of all trucks and owners dealing with ESSO throughout the country and for a list of all service stations in Santiago of all brands. [*less than 1 line not declassified*] provided answers to the first and third requests and promised to seek information on the second. Palma said that when the Army moved it intended to close all but nine gas stations; those would be used by the Army while the “enemy” would be sealed off.

4. Less precise but equally lurid information has been reaching us from many quarters and it usually proves to be nothing more than wishful thinking. This report must be considered in the same vein.

5. However I would prefer that we ceased to check out all such reports and to be totally surprised by whatever might develop in the Armed Forces. In the present circumstances it is waste activity for all concerned. Hence I am instructing CAS and DAO to desist from the normal efforts to learn of possible military moves.

137. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President’s Assistant for National Security Affairs (Kissinger)¹

Santiago, October 6, 1970.

1. The PDC has named a stacked negotiating committee (Leighton, Fuentealba, Maira) to negotiate with the U.P. the so-called constitutional guarantees. Since this threesome is determined to have Allende elected whatever the circumstances, the possibilities of an October 24th surprise in the congress here are very slim indeed.

2. Hence I would like you to reconsider my request to return to Washington as soon as possible. Frankly, I am not in the least concerned by what anyone here may say about my travel or what may happen in the interim in Chile. I believe I can handle that in the same effective manner I did two months ago when I suddenly had to fly

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive; Eyes Only.

home for personal reasons. I would write Frei and arrange for him to inform Allende in an appropriate way. It is in Allende's interest to know what U.S. policy may be.²

3. My concerns about U.S. policy have less to do with Chile than the effects elsewhere, particularly on broad presidential goals. For example, if the U.S. taxpayer were faced with a very large payoff in A.I.D. investment guarantees for Chilean nationalizations, is it reasonable to expect the U.S. Congress not to react? Is it prudent to expect the U.S. Congress to support more investment guarantees in countries such as Indonesia or elsewhere in Latin America? What would happen to the newly created OPIC? And to our hopes for a dynamic role for private enterprise in LDCs? I have other concerns along the same lines that should be discussed now because if we do not set our policies by October 24th we shall be confronted with situations November 5th that give us little option but to react, the worst of all postures.

4. By separate message I am sending some additional facts on the economic situation.³ You should also be aware that a great many private Chilean companies are paying considerably larger than normal dividends in a conscious effort to decapitalize. If dividends are not normally due, they are requesting and receiving permission usually to pay special dividends. At the same time the Central Bank is sitting on almost all U.S. and foreign company dividends for remittance. I suspect that this tactic is designed to tighten credit here since the dollars for remittances would have to be purchased with Escudos and thus ease the internal liquidity bind.

5. Since writing foregoing, MinDefense Ossa has requested meeting with me tonight.⁴ In my talk with Frei Sunday, he asked that I continue these contacts and said Ossa would be in touch.

² There is a handwritten note in the margin that reads, "and Alessandri?"

³ Document 135.

⁴ In another October 6 backchannel message, Korry reported he expected that this meeting would focus on U.S. material support for the anti-Allende faction in the PDC. At the bottom of the message is the following handwritten note: "UAJ [U. Alexis Johnson] asked Karamessines to send back a message saying—don't turn them down flatly; find out what they want. 10/6/70." (National Archives, RG 59, Chile-ITT-CIA 1963-1977, Lot 81D121, Documents Requested by the Department of Justice, 1970-1977) Korry reported on the meeting in Document 142.

138. Memorandum for the Record¹

Washington, October 6, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee, 6 October 1970

PRESENT

Mr. Kissinger, Mr. Mitchell, Mr. Packard, Mr. Johnson, Lt. Gen. Richard T. Knowles, and Mr. Helms

Mr. Charles A. Meyer, Mr. Viron P. Vaky, and Mr. William Broe were present for Item 1.

Mr. John Holdridge and Mr. William Nelson were present for [*less than 1 line not declassified*].

Colonel Richard T. Kennedy and Mr. Thomas Karamessines were present for all items.

1. *Chile*

a. The meeting opened with another review of the bidding. For the benefit of the Chairman, who had been abroad, Mr. Meyer made the following summary: There is no evidence at the present time that any Chileans will individually or collectively “get the lead out” (to put it colloquially) and Frei remains remorsefully in the wings. The CDU² met over the weekend and voted 270 to 191 to negotiate with Allende over constitutional guarantees. In reviewing the contacts with American business (see minutes of the meeting of 29 September 1970, paragraph r. for approved actions),³ Mr. Meyer stated that the Ford Vice President for Latin America and Asia admitted a loss of \$26 million and fully intended to pull out, but it was a matter of timing—there was some inventory to salvage. Mr. Johnson had talked to the Bank of America, and although they did have problems they were not pulling out at present. The loans had been slowed down, including the cattle loan, and Export-Import Bank’s Henry Kearns was moving Chile from Category C to D loans whereby they would no longer be automatic.

b. A question was asked about the British. Mr. Kissinger retorted that higher authority had spoken to both Heath and Home and they

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 40 Committee Minutes. Secret; Eyes Only. Drafted on October 7. A copy was sent to Mitchell, Packard, Johnson, Moorner, and Helms. McAfee prepared an account of the meeting based on his conversation with an unnamed participant that summarized the discussion and suggested that, “The Committee is faced with a problem since Higher Authority does not accept the fact that Allende is likely to be President.” (National Archives, RG 59, Chile-ITT-CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977)

² Meyer was referring to the PDC, the Christian Democratic Party of Chile.

³ Document 127.

later indicated they would re-examine the matter of a 4½ million pound loan. MAP was to be “held in abeyance” (there was an exchange between Ambassador Korry and Department of State on semantics of suspension); all munition licenses were also suspended.

c. Other developments were that Anaconda, faced with a strike, had taken a hard position and would hold out for a while. The incumbent government supports this and Allende was reported furious. Other companies, such as Esso and Singer, were being prudent by restricting credit. As might be expected, they were not risking much; in point of fact, they were hedging. The principals were back to their starting point: i.e., how much economic turmoil or indications thereof would it take to nudge the military into a take-over?

d. Mr. Kissinger emphasized there were only 18 days left and that some drastic action was called for to shock the Chileans into action. Mr. Mitchell said the actions taken so far were well and good but had they been publicized? Mr. Karamessines indicated that Allende was aware of the trend and in an interview in *Prensa Latina* had castigated an “international conspiracy” to bring the country to its knees economically. Mr. Mitchell still wanted to know if the average Chilean was aware.

e. Mr. Meyer referred to a report that the army had told Frei they were not competent to govern nor did they think they were competent to handle major disorder and chaos should such occur. Mr. Broe noted that there was no other collateral reporting to support this statement.

f. It was apparent that both Frei and Korry flashed hot and cold and this resulted in considerable inconsistency in point of view.

g. Mr. Meyer pointed to the need to determine a post-Allende position such as proposed in NSSM 97. It was agreed that an early NSC meeting was desirable on that subject. Mr. Kissinger said this presumed total acceptance of a *fait accompli* and higher authority had no intention of conceding before the 24th; on the contrary, he wanted no stone left unturned.

h. There was a discussion about conveying to the Chileans the intentions of American business. By tipping our hand blatantly we could incur such hostility for the future that Allende might go right ahead with full expropriation.

i. Mr. Kissinger was quite blunt: if higher authority had the choice of risking expropriation or Allende accession, he would risk the dangers of expropriation. If by a miracle the Chileans achieved their own upset of Allende, the finger would still be pointed at the USA. He urged that the U.S. companies be pressed further.

j. Mr. Johnson pointed out that the 40 Committee had done about all it could given its charter; it had acted on recommendations of the Ambassador as well as those of the principals. Mr. Karamessines raised

the question whether the USG wants to take an open posture of hostility to Allende by overt economic warfare. Mr. Kissinger said the word should be spread in unmistakable terms short of being completely obvious. He went on to note the inevitable contrast of higher authority advising heads of state in Europe of the absolute undesirability of an Allende regime in Chile while back home the bureaucracy performed a slow gavotte over what our posture should be.

k. At this point the principals made the following decisions:

(1) Mr. Meyer was to get in touch with Harold S. Geneen of IT&T (he has been abroad) and convey to him in strong terms the feeling of this administration about an Allende accession to power and seek to corral his influence.

(2) CIA was directed through its own assets to help get the message over to the military in no uncertain terms that MAP faucets were to be turned off and Chilean military training in Panama was to be held in abeyance. MAP equipment in the pipeline was to be held up. (State would draft a message to Korry to this effect.) Mr. Helms had stated that he was not sure the current signal that MAP was closing down was sufficient. Exactly who had said what to whom?

(3) Ambassador Korry had suggested the military advisory group be reduced immediately. It was decided this signal might be interpreted as folding tents in advance of an Allende victory. Ambassador Korry was to be turned down on this recommendation.

(4) On his request for guidance on his meeting with Felipe Herrera it was determined that Korry should be instructed to make no commitments to Herrera nor serve as any channel to Allende and attempt only to elicit the future Herrera role with an Allende regime.

(5) Mr. Kissinger objected to a certain paragraph 5 of a Korry message dated 6 October 1970 and asked that it be rescinded forthwith.⁴

[Omitted here is discussion unrelated to Chile.]

Peter Jessup

⁴ Document 136.

139. Memorandum From the Deputy Director for Plans of the Central Intelligence Agency (Karamessines) to Attorney General Mitchell¹

Washington, October 6, 1970.

SUBJECT

Communication from our Chief of Station in Chile

We have just received a cable from our Chief of Station in Santiago reporting a conversation he has had with the Ambassador in the course of which the Ambassador set forth his reasons for wishing to come up to Washington at this time.² In view of the discussion at the 40 Committee meeting today,³ I thought you would be interested in reading the reasons given by the Ambassador in his discussion with our Station Chief. When you have finished with this memorandum [*name not declassified*] will return it to me by safe hand.

The Ambassador said that he would persist in asking the Department of State to summon him for consultation. Since the ballgame is lost, the reason given by the Department of State for not wanting him in Washington at this time is no longer valid. He needs authorization to open talks with Allende's economic advisors on expropriation of American property. He brushed aside the Chief of Station's concern that any leakage concerning those talks might extinguish the last remaining flicker of a will to resist. The Ambassador averred that the talks would remain secret since any leakage was obviously contrary to Allende's interests. He claimed to be working against a 5 November deadline when a nationalization bill would be introduced and any chances for modification through bilateral talks would go by the board. The Ambassador did not divulge the basis of his contention that the bill will be introduced on 5 November. The Ambassador also voiced concern over the size of the AID investment guarantees, variously estimated at between 500 million and one billion dollars. He believes that

¹ Source: Central Intelligence Agency, Job 78–0717BA, DDP Chron File, January–December 1970. Secret; Sensitive; Eyes Only. A copy was sent to C/WH and DDP. A handwritten note at the end of the memorandum reads: "Given to Watch Office nite of 6 Oct for [*name not declassified*] to deliver to the A.G."

² Korry made these points directly in an October 3 backchannel message to Johnson: "In view of latest developments (Marxist offer to negotiate with Christian Democrats) believe it best to hold in abeyance any implementation action here until I have time to think through best way to proceed. Believe my travel to Washington suggestion now reinforced." (National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977)

³ See Document 138.

the President is unaware that this contingent liability is hanging over the head of the Administration and that Congress may suddenly be faced with a request to cough up that much money. The Ambassador rhetorically asked, "How would this affect prospects of the President's proposals to reform the AID system?" Lastly, the Ambassador is anxious to brief his contacts in the media world and to testify before the appropriate Congressional Committees.

Thomas H. Karamessines⁴

⁴ Printed from a copy that indicates Karamessines signed the original.

140. Backchannel Message From the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger) to the Ambassador to Chile (Korry)¹

Washington, October 7, 1970.

1. Highest levels here continue to be very concerned that, with October 24 rapidly approaching, anti-Allende forces in Chile do not seem to be coalescing around any effective action to block his election. We understand from your previous messages that military are entirely aware that if Allende is elected they can expect no further MAP or other support from us. If there is any doubt whatever in their mind in this regard, you should use the channels available to you to make this clear. You have also, in accordance with your recommendation, been authorized to inform them that we are already "holding in abeyance" all MAP, including military training and visits not already underway. You have also been informed that we are suspending action on all requests for processing munitions-control-export licenses for Chilean military. You have also previously been authorized to inform the military that if the effort to block Allende from taking office is successful, the Chilean military will not be ostracized, but rather can continue to count on us for MAP support and maintenance of our close relationship. As you know, we have also done our best to encourage American firms and financial institutions now to make it clear within Chile the economic and

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Nodis; Eyes Only.

financial consequences that will inevitably flow from an election of Allende.

2. In addition to the foregoing, you are now authorized to inform discreetly the Chilean military through the channels available to you that if a successful effort is made to block Allende from taking office, we would reconsider the cuts we have thus far been forced to make in Chilean MAP and otherwise increase our presently programmed MAP for the Chilean armed forces. In addition to matériel chargeable to MAP, we also have in mind increased ship loans. If any steps the military should take should result in civil disorder, we would also be prepared promptly to deliver support and matériel that might be immediately required. Obviously we cannot, and we assume Chilean forces would not want, support of American personnel in such a contingency.

3. Although we realize from your report that the odds are very long against the Chilean military taking any effective action, we do not want them to be deterred by what they may feel is any ambiguity with respect to our attitude toward the election of Allende. We therefore, leave it to you and your discretion on how in light of above guidance this can best and most promptly be communicated to the military.

141. Telegram From the Embassy in Chile to the Department of State¹

Santiago, October 8, 1970, 2325Z.

4177. Subj: Looks Like Allende Is Presidente.

1. It is increasingly likely that Allende will be voted in as President by near unanimity when Congress meets for runoff on Oct. 24.

2. Almost impossible to foresee any action by Frei, his supporters or Armed Forces that would prevent Allende's taking office.

3. In addition to the Christian Democrats' successful "negotiations" with Allende, the conservative National Party appears on the verge of reaching an agreement assuring PN support in the congressional runoff. A majority of the PN's Political Commission favors supporting Allende, and is working out the details of an accommodation.

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 15–1 CHILE. Confidential; Priority. Copies were sent to Bogotá, Brasilia, Buenos Aires, Caracas, Lima, Rio de Janeiro, and USCINCSO for POLAD.

4. There are increased rumors of an attempt to set in motion a coup by ex-Gen Viaux and some other unguided missiles, but it is our judgment that the army, despite a strong anti-Communist, anti-Allende faction, would not move in Viaux's support.

5. The Bolivian denouement with its splintering of the Bolivian Army has reinforced the Chilean Army's desire to protect its own unity, particularly since it recognizes its own vulnerability to fission.

6. Although the economic situation has not improved, neither has it deteriorated in any major way. Most Chileans accept the inevitability of Allende's election as President.

Korry

142. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, October 8, 1970.

SITREP—October 7

1. Separate message reports on Mil Aid and responds to your questions.²

2. Your suggested reply to Ossa arrived after I had followed sympathetic line in opening of our talk but subject of money never came up.³ It has now been broached in post-November 4 time frame to Embassy officer working under my close control from Ossa's number one PDC operative Deputy Jorge Santibanez. When I asked Ossa in course of conversation if there was anything he wished from U.S., he replied negatively explaining that either Chileans stopped Allende themselves for themselves or it not worth anything.

¹ Source: National Archives, RG 59, Chile-ITT-CIA 1963-1977, Lot 81D121, Documents Requested by the Department of Justice, 1970-1977. Secret; Sensitive; Eyes Only.

² The questions were posed in Document 140 and the separate response is Document 144.

³ See footnote 4, Document 137.

3. Santiago 4139 (EmbTel #23518),⁴ Para 7 of 7 October contains six of Ossa's points. But most important was that he felt that combination of circumstances might yet persuade Frei to act. He said he had agreed with Frei not attending Junta since narrow victory at best for Frei forces would have demonstrated weakness of Frei within party and left Frei impotent to play any other cards. Ossa said he thought President might do the following:

- a. Make speech to the nation.
- b. Talk privately to General Schneider to work out agreed plan for joint action to block Allende.
- c. Go forward with plan to have civilian ministers resign, bring in military and shift Schneider to civilian portfolio. I suggested that in extremis that Freista ministers provoke the crisis by resigning themselves and forcing the President's hand.

4. Ossa said in reply to my repeated questions he could not say what Frei would do, but that he knew Frei very affected by tremendous unprecedented standing prolonged ovation from 80,000 at national stadium last Sunday (which I confirmed with leftist U.S. newsman present for the Brazil–Chile match and which has not been printed in single paper Santiago nor mentioned by other media). Also sudden change in character of Mrs. Frei moving Frei, according to Ossa. Ossa counselled against any action my part with Frei at this point, stating Frei counted on me and U.S. Government as friends and did not need anything from us at this time. Moreover Frei knew our position fully.

5. Ossa did not know at that time, and I only learned today, that following my talk with Lleras last Saturday night,⁵ the ex-Colombian President called Frei and went to visit him late that night to urge that Frei intervene in Junta next day (Sunday). Lleras argued strongly that Frei do whatever possible to block Allende which is a 180-degree switch.

6. I concluded Ossa only wished to see me last night to alert me to the outside possibility that Frei might yet act and that the critical decision is whether he will take to the air nationwide as his first step. Frei wants the country to know beforehand how the PDC–U.P. negotiations go. He believes that Prado and company are now so confident that they will leave themselves vulnerable by accepting only what the U.P. is willing to give. Ossa (read Frei) also wanted to test scenario and hear advice. Since Frei had told me Sunday he wanted me to see Ossa again, I suspect that Frei and Ossa have been at least talking over the scenario,

⁴ Telegram 4139 from Santiago, October 7. (National Archives, RG 59, Central Files 1970–73, POL 15 CHILE)

⁵ See Document 132.

although Ossa is extremely loyal and discreet operative who never commits Frei and matches my own style with him on most matters.

7. Ossa said main purpose of his meeting with generals and admirals (Santiago 4139, Para 7–B) was to make known to military fact that the three service chiefs had drafted the language of the PDC secret (until last Friday) condition re the Armed Forces. He said meeting had been very difficult for him since in the room were four generals (Montero, Poblete, Buzeta and Sepulveda) and some admirals who had met with Allende and/or Teitelboim. He had to be extremely careful to say nothing that would provide the U.P. with the basis for suspicion of incitement.

8. He said Senate President Pablo had caused him great embarrassment at the Junta when he read document from Chilean Embassy in Budapest. It was not a Foreign Ministry report as we had stated Monday but a Chilean DefAtt secret report. Pablo had been given it by Ossa for use without sourcing, but Pablo had laid it on the desk of Prado at the Junta. Now Ossa was having a terrible time explaining to the military, at U.P. prodding, how Pablo had access to secret Defense documents. I told him to blame it on Viaux.

9. I told Ossa I would be replying to a routine note from him re Chilean air training with a personal letter stating all MAP courses in Panama and CONUS were in abeyance. He welcomed the action.

10. Since talking to him, today's *Mercurio* publishes the text of the *New York Times* interview with Allende in which he says that Communist governments are democratic.⁶ I have promptly gotten word to Ossa that this faux pas by Allende should be seized upon as the moral justification for Frei's intervention and for a renewed effort within the PDC to block any acceptance of Allende's promises. Taken together with the ideas I had Rosenstein-Rodan provide Frei and those Raul Saez has given to Lleras since my talk with the latter, Frei has plenty to chew on. The question is only if he has teeth.

11. As you know *Time* magazine is planning an Allende cover this week⁷ and I have made a maximum effort by providing mass of facts to their correspondents who are incredibly ignorant (e.g., one told me today that Frei had swung the Junta to Allende via last minute intervention with Valdes and company). *Time* stringer here is 100 per cent Allendista and correspondent speaks no Spanish. I would hope we use every conceivable asset to affect story since Frei feels U.S. press by and

⁶ Allende's interview with the *New York Times* was published on October 4. (Joseph Novitski, "Allende Sees Chile Finding Her Own Way to Socialism," *New York Times*, October 4, 1970, p. 1)

⁷ The *Time* cover and article were published on October 19, 1970. (*Time*, October 19, 1970, vol. 96, No. 16)

large welcoming an Allende who has very honestly and sincerely told world via *New York Times* he intends to create a structure that is as democratic as Czechoslovakia's, China's or the USSR's.

143. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, October 8, 1970.

1. I today sent MinDefense Ossa following letter:

"Dear Mr. Minister:

"I refer to your note NR 4195/6² of September 30 in which you write of future training for Chilean military personnel.

"Unfortunately, I am unable to make commitments of any kind on this or any other United States military training not already underway. I feel that it is necessary in the present situation to hold in abeyance all such activity for the time being. As I am sure you can appreciate, it would be inadvisable, before a new Government of Chile has established its policies, for personnel of the Chilean Armed Forces presently scheduled for training in Panama or the United States to make firm travel plans under the United States Military Assistance Program."

2. Last night I informed Ossa privately of this decision and also told him that FMS and MAP matériel deliveries would be held in abeyance until policies of the new government are established. I told him not to cite me as source but could say to key officers that he believed this U.S. decision had been made.

3. Military Group members and attachés here will simply repeat line set down in letter (Para 1) when approached by their Chilean counterparts on question of MAP training. They are uninformed on FMS decision and we plan say nothing here for time being about matériel deliveries.

4. I assume you will inform USCINCSO of these decisions and manner of their implementation.

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive; Eyes Only.

² Not found.

5. Contingency press guidance in your message of 1 October (#3–10–70)³ has our concurrence. If matter does leak, I do believe it might be advisable to explain on background not for attribution that U.S. Government is simply holding military programs in abeyance until new Chilean Government's policies are clarified.

³ This message, most likely instructions to Korry based upon the decisions reached at the September 29 meeting of the 40 Committee (see Document 127), was not found.

144. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, October 9, 1970.

1. I have taken every appropriate measure to make known to Chilean military the points contained Paragraph 1 of your message of 7 October.² My dual purpose was, as you will recall, to provide Frei with additional leverage as long as there was any hope of his taking any action and at the same time to improve our bargaining position with Allende if he were to come to power. It would appear from the latest CAS reports that the Frei hope is almost dead. As for the possibility of a coup from any quarter (see Paragraph 7, etc., of this message) I am unalterably persuaded that we can and should do nothing to encourage such an action in the circumstances that prevail today.

2. Carabinero head General Huerta called me today to inquire if my letter to Ossa yesterday³ applied to all courses and if it represented my own decision. I replied affirmatively to first and said that second decision was Washington's. I added that until we knew what were new government's policies we could neither afford to continue our "military programs of any kind" nor put Chilean military in position of being punished for associating with U.S. military. It would be imprudent for both. Huerta said he understood perfectly.

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive; Eyes Only.

² Document 140.

³ Document 143.

3. However you should also know that DAO has informed me that U.S. military deliveries are continuing to arrive by air and sea and therefore very difficult for military to believe fully our actions although I think my letter will assist in conveying the idea that we are serious.

4. You should also know that it is likely that now that my letter is being transmitted to the services by Ossa that the Chilean media may soon be on our backs accusing us of tendentious effort to provoke coup. There are a number of ambitious Chilean officers who would want to gratify Allende.

5. You will note too from DATT Chile message 0279⁴ that Chilean Air Force General Carlos Toro Mazote is in the process of preparing a letter to USAF officers concerning future relations between the two Air Forces. Toro apparently discussed subject with these officers (unidentified here) during very recent visit to U.S. and now, following secret meeting with Allende, considers himself authorized to confirm that relations will continue as before. It is equally likely that similar actions will be taken by Naval and Army officers.

6. Turning to your Paragraph 2. I have again consulted our DEFATTs and MilGroup to ascertain mood of the military. They, like I and Ossa, are unanimous that any effort to block Allende by offering more MAP would be totally ineffective and might even produce a contrary reaction. Our view is that the Chileans opposed to Allende wish to act on their own for their own motives or not at all; they would either be unimpressed by or would resent an effort to provoke their action by bribery. We are also agreed that:

a. The majority of Chilean military feel that unless Frei and/or General Schneider make the critical moves the Armed Forces will not act in any purposeful and united way.

b. The Chilean Army is far from united and that a significant percentage of officers are ready to adapt to Allende, however watchful of his actions they may be in the future.

c. There is only the slightest possibility that a coup effort launched by ex-General Viaux through his supporters in the Army could spark enough of the military to produce a chain reaction.

7. My own view and that of my senior State associates is that the odds are overwhelmingly against a successful coup without the complicity and commitment of Frei and/or Schneider. The military will not carry out a coup to put Viaux in power. Nor is there a public mood that would provide a moral justification for a coup. The action of the PDC majority at the Junta Sunday followed by yesterday's announcement of a quick agreement between the PDC and the U.P. negotiators on the

⁴ Not found.

so-called guarantees sharply diminish whatever potential climate of public support there may have been. And I have just been informed by the station that the rightist National Party is making its deal with Allende.

8. In sum, I think any attempt on our part actively to encourage a coup could lead us to a Bay of Pigs failure. I am appalled to discover that there is liaison for terrorist and coup plotting among Pablo Rodriguez, leader of the post-electoral Patria y Libertad organization, Viaux, Major Marshall and several well-known discredited rightists (e.g. Ricardo Claro). I have never been consulted or informed of what if any role the U.S. may have in the financing of Rodriguez. But you should take most seriously the fact that PDC Party President Prado this week accused rightists and “foreign agents” (by which he clearly meant CIA) of being behind the infantile efforts to stir a reaction through bombings. You should also recall that PDC Senator Fuentealba accused the U.S. of being responsible for Viaux’s uprising last October.⁵

9. An abortive coup, and I and my chief State colleagues are unalterably convinced that this is what is here under discussion (if not more, unbeknownst to me), would be an unrelieved disaster for the U.S. and for the President. Its consequences would be strongly to reinforce Allende now and in the future and do the gravest harm to U.S. interests throughout Latin America if not beyond.

10. Even before receipt of reftel I have for days been giving much thought to how to communicate to you my growing concerns over what I sensed was becoming a disastrously risky undertaking for the prestige of the President. Hence you should [consider] this message as not simply being a response to yours but a carefully considered view that I have tested in different ways with the most competent of Chileans and Americans.

11. Finally, you should bear in mind that:

a. I have repeatedly told the Chilean Government that I and I alone (as the President’s representative) assume the responsibility in Chile for all actions of all U.S. agencies including the CIA if it were here.

b. I have repeatedly assured Ossa and Frei that I have told them fully of all our activities with respect to anti-Allende actions. It was clear to me that one of Ossa’s primary purposes in seeking me out night of October 6th was to learn what if anything we had to do with Army or Viaux plotting and was awaiting some disclosure from me.

12. I am confident that you are sufficiently aware of my views to know that I would give the fullest backing to any action program if

⁵ See also Documents 22 and 23.

there were any reasonable chance of its success. There is no longer any basis for such hope.

13. Action recommendations:

a. Disassociate ourselves promptly from any association we might have with Pablo Rodriguez and his organization.

b. End all indirect contacts that may exist with Viaux, Marshall, Claro, et al, even if it signifies an informational sacrifice.

c. Request the DOD to identify officers to which General Toro may have spoken during visit, to whom he may be writing and to monitor any correspondence on this subject. Toro must be made clearly aware in any responses from his USAF colleagues that the Chilean Air Force cannot look forward to normal relations if Allende comes to power and carries out his announced programs. I would appreciate opportunity to review both Toro's letter and proposed responses.

145. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, October 9, 1970.

1. Our reporting of last few days attempts make clear convictions shared unanimously by all elements this mission that Allende is practically assured of presidency. It is my conviction that we must now move rapidly to construct a policy which will effectively deal with that fact. I therefore repeat with sense of urgency my request for authorization of consultation in Washington beginning early next week.

2. At meeting with U.S. businessmen this morning I was pressed hard for indications of U.S. policy line. Making clear that my remarks were personal, I said that Allende is undoubtedly a sincere and honest man who believes his formula for Chile's future will bring greatest good to greatest number. I added that of course we do not share his values and perceptions, but we, as they, are prepared to conduct relations on a pragmatic basis with due regard for mutual interests. All 30 businessmen present agreed with this approach. Dow Chemical and

¹ Source: National Archives, RG 59, Chile-ITT-CIA 1963-1977, Lot 81D121, Documents Requested by the Department of Justice, 1970-1977. Secret; Sensitive; Eyes Only.

GM reps asked specifically if we had taken any actions which might be considered provocative by Allende forces. I said no and took occasion to explain decision hold in abeyance certain programs as matter of prudence until it could be determined what Allende administration's policies may be in that respect.

3. Generalities along these lines will very soon have to be replaced by specific decisions on entire range of U.S. activities and responses. I have also previously explained pressing need to make contact with Allende and begin what we hope will be negotiating process before November 4. This requires in my judgment previous consultations and meeting of the minds in Washington.

4. In this regard, we are distressed to note what appears to be failure in Washington consider individual agency problems in overall policy context. Thus, joint State/Defense message on AFTAC (State 163730)² is reasonable enough on the specific subject but does not directly address the AFTAC problem in terms of a coordinated approach weighing total of U.S. priorities, assets and liabilities. I believe that once we have clear understanding on overall policy these problems can be handled in more efficient and intelligent manner.

5. We will shortly be coming in with USAID planning recommendations regarding future of our AID program and presence here. Not surprisingly, there are differences within the mission on question of what initial USAID posture should be. Again, I believe now is time to thrash out matter in Washington.

6. It is not accidental in my view that today for the first time there is no mention in the U.P. press of CIA or other USG reps (even though this mention has neither been excessive since September 4 nor perturbing to me). I think Allende is alert to my general posture. I believe further that were I with your permission to transmit back to him through his official "envoy" to me, Senator Hugo Miranda, that I wish to consult with my Government and that I count on the same degree of understanding that Allende displayed when I wrote in late July to him and the other two candidates that I would promptly have assurances we could accept from Allende. I am confident too that Frei, whom I would also have to inform, would buttress my tactic. In sum, I am persuaded that we need not fear any reaction against the U.S. if I were to leave and I am convinced that to protect U.S. interests in Chile and the President's policies elsewhere that Washington consultation is now indispensable.

² Not found.

146. Memorandum for the Record¹

Washington, October 10, 1970.

SUBJECT

FUBELT

1. On the morning of 10 October 1970, the DDP discussed the Chilean situation on telephone with General Haig. DDP made the following points:

- a. The situation looked dimmer now than at any time before.
- b. We had made direct contact with a number of the senior military officers, especially those who had been reportedly very activist-minded and had received pessimistic reactions from all.²
- c. The type of forward planning Ambassador Korry discussed in his messages should be followed at this time as we should be preparing ourselves to deal with an Allende administration. It would be foolish to “throw out the baby with the bathwater.” However, Korry in some of his reactions may be premature.

d. The above notwithstanding, we were continuing to do everything we could to reach the desired objective and were not slowing our momentum.

2. General Haig advised DDP that Ambassador Korry would be allowed to come to Washington. Under Secretary U. Alexis Johnson had argued that Ambassador Korry should not be allowed to state at a later date that he had been refused the opportunity to come to Washington for consultation.

William V. Broe
Chief
Western Hemisphere Division

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977. Secret; Sensitive; Eyes Only.

² CIA’s Directorate of Intelligence also reported on numerous coup rumors in TDCS 314/10739–70, TDCS DB–315/05484–70, and TDCS DB–315/05583–70, October 9, 14, and 17. (National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II) In telegram 4260 from Santiago, October 14, the Embassy provided a lengthy summary of all of the rumors of which it was aware, but suggested that a successful and serious coup was unlikely. (National Archives, RG 59, Central Files 1970–73, POL 23–9 CHILE) These reports were synthesized in an October 16 INR Intelligence Note, which concluded: “A well-coordinated institutional effort to block Allende and take over the government is unlikely. A precipitous move by several military units, however, is more possible than was the case several weeks ago. Such a move would present the leaders of the armed forces with a dilemma.” (Ibid.)

147. Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, October 13, 1970.

SUBJECT

Chile—SRG Meeting October 14: NSSM-97

There are fundamental differences among agencies as to how an Allende government is to be perceived and what its effect on U.S. interests really would be. There are therefore different views about what kind of a policy we ought to have and what we ought to do about various operational decisions that now face us.

We commissioned NSSM-97² precisely to enable us to make a conceptual decision about how to perceive and deal with an Allende government which could in turn be expressed in the operational decisions we would have to make. Because many of these operating decisions are now pressing and because considerable emotion is felt over what agencies consider to be the principles involved, the agencies are anxious to have NSSM 97 considered. They look to it as the vehicle by which this basic decision will be made.

What we want to get out of this exercise, therefore, is a Presidential decision on this basic policy question. There are a whole variety of operational decisions we will have to make, and which the SRG may wish to review (see below), but the nature of those decisions will depend upon the basic premise and concept we adopt concerning the situation.

The attached paper prepared in response to NSSM 97 was written in August, and suffers a little bit from the time-lag.³ But it contains a still current assessment of Allende's probable goals and prospects, and their impact on our interests. The paper poses four options which are largely stereotypes to highlight distinctions in posture; it does not describe the refinements or combinations that might also be possible.

As pointed out in the Analytical Summary⁴ (see especially Section IV, pp 7), however, *the basic question about what policy to adopt can be an-*

¹ Source: National Archives, Nixon Presidential Materials, NSC Institutional Files (H-Files), Box H-48, Senior Review Group, Chile (NSSM 97), 10/14/70. Secret; Sensitive. Sent for information.

² Document 46.

³ Attached but not printed. See *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 14. The paper is summarized in Document 52.

⁴ Attached but not printed is a 9-page analytical summary of the response to NSSM 97 prepared by Vaky.

swered only after one decides what he believes concerning what an Allende government will be and do, and what kind of threat it poses for us. Thus, these prior perceptual judgments must be made before one can fruitfully consider the costs and benefits of various options.⁵

As also noted, *the real trouble we have—and the reason there is so much vexation about this matter—is that there are basic differences in the assumptions various people hold about an Allende government and what it means.* I therefore suggest that you spend some time in the discussion trying to spotlight and surface the analytical and interpretive differences in this regard. If we glide over these or fuzz them up, we will only have trouble later in deciding policy courses because we may mistakenly assume that everyone views the problem the same way.

The agencies consider the basic policy question of sufficient importance that they will wish a Presidential decision. State may request an NSC meeting, *You will therefore have to consider how to handle the matter after the SRG meets.* My own view is that a formal NSC meeting would be desirable but is not essential. If scheduling or other reasons makes it impossible to hold it in the next week, then we should move the paper up to the President for decision. If we do that, however, you should invite the agencies to submit their views and recommendations on the paper in writing for transmittal to the President—this would reassure them that they will get their position in and control the way it is presented.

Another point you should consider—although you need not bring this up at the meeting—is how to implement whatever policy decision is made. How do we ensure an adequate game plan or strategy? My own view is to have the President call for the formulation of a game plan and have the SRG supervise or review its implementation.

A number of small operational matters are now pending and decisions cannot long be delayed. You will not want to get into these in this meeting, but it may be helpful to the principals to understand the kinds of consequences basic policy posture can have if you list some of these questions:

⁵ In the analytical summary, Vaky enumerated several questions regarding the direction of an Allende government: “1. Do Allende and the forces that come to power with him have the capacity to overcome the initial weaknesses of their position and the domestic opposition and realize their goals, or not?”; “2. Can we count on the Soviets and the Cubans moving circumspectly and slowly, or might they find it in their interest to press their support and influence at a very rapid pace?”; “3. Does Allende’s accession to power mean a Soviet-type regime?” Vaky noted that the response to NSSM 97 answered questions one and three affirmatively, while the Department’s position was much more skeptical of Allende’s ability to quickly consolidate power.

—Do we send a special or high-powered delegation to the November 4 inauguration? (You may wish to discuss this point somewhat.)

—Do we make any public statement regarding our attitude toward an Allende government, such as the usual expression of hope we can get along?

—What do we do about the complex US operations we have there—Peace Corps, AFTAC, NASA, etc.?

—Do we start to wind down our activities and limit our presence, or wait until we get invited out?

—What do we do about pending loans and MAP?

Your Talking Points outline the sequence of questions and issues that we have to decide to get at the basic policy question, as well as the procedure you want to follow.⁶ My own recommendation is indicated briefly at the end of the Analytical Summary, and elaborated on in a memo I am submitting separately.⁷

I also am including in your book for your information an INR piece analyzing what an Allende government is likely to mean.⁸ You may wish to skim it because it presents the “other” view—maybe it won’t be so bad.

⁶ The talking points are attached but not printed.

⁷ Vaky concluded his analytical summary stating: “The NSSM-97 paper does not satisfactorily discuss the cost/benefit ratio of possible courses of action. But clearly the more we try to do internally in Chile the more dangerous the consequences; the more we have to instigate, as opposed to reinforce, the less our chances of success. One final question which one should ask is whether we have to decide now the question of whether to seek his overthrow. Given the costs and poor prospects now, could one choose a policy with minimum and maximum objectives and ‘play for the breaks’? That is, seek to hamper him and contain him in the expectation that at a minimum this would force a limitation or modification of his goals and at a maximum might create a situation more easily exploitable later to achieve his collapse or overthrow? (State is likely to choose the NSSM paper’s Option B as the least unsatisfactory; DOD will probably favor Option C; the import of the preceding paragraph is the suggestion that there is an in-between course that would avoid the extreme postures and costs of B and C and have the minimum-maximum objectives cited above).” No memorandum elaborating on these points and submitted separately was found.

⁸ For the text of the INR paper, see *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 27.

148. **Memorandum From the Assistant Secretary of State for Inter-American Affairs (Meyer) to Secretary of State Rogers**¹

Washington, October 14, 1970.

SUBJECT

An Allende Government—U.S. Options

It now appears that Allende will be elected President by the Chilean Congress on October 24.

There is attached a brief analysis of the probable internal political situation he would face and of the attitude of his government toward the U.S.² The attached paper also describes the two principal options for action open to us: to seek to isolate and harass Allende's Chile from the outset; or to adopt initially a restrained, deliberate posture that would provide us flexibility. The main advantages and disadvantages of each are also described.

ARA believes that the first option is impracticable, especially when viewed against the backdrop of nationalism that is widespread in the Hemisphere. The second of the two policies is therefore preferable. In essence, this policy would enable us (a) to mitigate some of the unfavorable actions affecting U.S. interests that Allende is contemplating and (b) to retain our influence on the Chilean scene for as long as possible. The specific targets of our influence, in addition to Allende himself, would be the Chilean people, the military, and certain political groups determined to prevent a Communist takeover of their country. This policy would entail the following scenario and specific courses of action:

(a) Ambassador Korry would use the period October 24–November 4 (Allende's inauguration) to negotiate as much protection of our interests in Chile as possible. The main objectives are described in the attached.

(b) The U.S. would adopt a "correct" public posture toward the Allende government, i.e. normal diplomatic relations.

(c) The U.S. would send a "normal" delegation to the Allende inauguration, i.e. Assistant Secretary Meyer.

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 15–1 CHILE. Secret. Drafted by Hurwitch; sent through Under Secretary Johnson. Two handwritten instructions are at the top of the page: "Return to Mr. Meyer" and "Direct by hand."

² Attached but not printed is the October 14 paper "The Allende Government and U.S. Options."

(d) The U.S. would honor its obligations already contracted under FMS credit and cash agreements. On credit, there remains to be delivered 20 M–41A3 light tanks (\$852,000) and 25 106 MM recoilless rifles (\$516,000). For cash, there remains to be delivered naval ammunition (\$1,079,000), naval ordnance spares (\$563,000), communications equipment (\$794,000), ships' spare parts (\$223,000) and torpedo components (\$313,000). Combined these total somewhat over \$4 million.

(e) The U.S. would continue to hold in abeyance undelivered MAP matériel (a total of \$2,526,000) and training programs until Allende's policies are clarified.

(f) The U.S. would continue exchange programs and small local impact projects out of the "Ambassador's fund" as a means of retaining our contact with the people and Title II program.

The foregoing would comprise the main characteristics of our public posture. We would bolster certain democratic forces opposed to a communist take-over.

149. Memorandum for the Record¹

Washington, October 14, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee, 14 October 1970

PRESENT

Mr. Kissinger, Mr. Mitchell, Mr. Packard, Mr. Johnson, Admiral Moorer, and General Cushman

Colonel Richard T. Kennedy and Mr. Thomas Karamessines were present for Items 1 and 2.

Mr. John Holdridge and Mr. William Wells were present for Item 1.

Ambassador Edward M. Korry, Mr. Charles A. Meyer, Mr. Viron P. Vaky, and Mr. William Broe were present for Item 2.

[Omitted here is discussion unrelated to Chile.]

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile 1970, 40 Committee Minutes. Secret; Eyes Only. Drafted on October 16. A copy was sent to Mitchell, Packard, Johnson, Moorer, and Helms. A notation at the end of the memorandum states: "re: Committee meeting 10/14/70: Mr. Ray Leddy and Mr. Warren Nutter from DOD/ISA were also present for Item 2 (Chile). They entered the Situation Room during discussion of this item, thinking they were attending the Special Review Group meeting scheduled to follow the 40 Committee meeting. The SRG was to discuss NSSM 97 (Chile)."

2. Chile

a. The Chairman asked Mr. Karamessines to give a rundown on the latest developments and present situation in Chile. Mr. Karamessines pointed out that because of President Frei's equivocal attitude and signals to his military leaders and Cabinet members there is no pulling together to block Allende's accession to the presidency and a coup climate does not presently exist. He noted that the unpredictable General Viaux is the only individual seemingly ready to attempt a coup and expressed the view that his chances of mounting a successful one were slight.

b. Ambassador Korry agreed that it was unlikely General Viaux could trigger a coup and stated that as of now it seemed almost certain that Allende would be voted into office on October 24th.

c. The Chairman observed that there presently appeared to be little the U.S. can do to influence the Chilean situation one way or another. Those present concurred.

d. Ambassador Korry then offered a proposal for consideration which he had not yet had an opportunity to reduce to writing, but on which timing was most urgent if it were to be implemented. He stated that he had been approached on behalf of a group of Freistas who wished to purchase [less than 1 line not declassified] to use as a political opposition instrument to the Allende administration, assuming Allende's inauguration as scheduled on November 4th. Ambassador Korry described [less than 1 line not declassified] as having not only the [1½ lines not declassified]. He stated that it is now owned by Alessandristas who are willing to sell it to the group of Frei backers.

e. [less than 1 line not declassified] has a current operating deficit of \$10,000 per month, and the Freista purchasers would like a commitment for six months covert U.S. subsidy of this deficit. Ambassador Korry was of the opinion that [less than 1 line not declassified] had a good chance of functioning as an opposition instrument for a six-month period but noted that if it were taken over by Allende prior to that time the monthly deficit subsidy would cease. He stated that there could be some U.S. influence on the [less than 1 line not declassified] output, but no effort should be made to become involved in its actual operation.

f. The Committee agreed this proposal was worth a try and authorized [less than 1 line not declassified] funding in the amount of [dollar amount not declassified] for the six-month period recommended.

Frank M. Chapin

150. Minutes of a Meeting of the Senior Review Group¹

Washington, October 14, 1970, 4:20–5:20 p.m.

SUBJECT

Chile

PARTICIPATION

Chairman—Henry A. Kissinger

State

Under Secretary John Irwin

Ambassador U. Alexis Johnson

Mr. Charles A. Meyer

Ambassador Edward M. Korrry

Defense

Mr. David Packard

Mr. G. Warren Nutter

Mr. Raymond Leddy

Justice

Atty. Gen. John Mitchell

CIA

Lt. Gen. Robert E. Cushman

Mr. Thomas Karamessines

Mr. William Broe

JCS

Adm. Thomas H. Moorer

Rear Adm. Mason B. Freeman

NSC Staff

Mr. Viron P. Vaky

Col. Richard T. Kennedy

Mr. Arnold Nachmanoff

Mr. D. Keith Guthrie

SUMMARY OF CONCLUSIONS

Alternative action programs to deal with the Allende government will be prepared and submitted to the President in a memorandum, along with agency views. The programs should list specific actions which the US might take to hamper an Allende regime, isolate it in the Hemisphere, and, if circumstances permit, facilitate its downfall. Defense and State will each submit program proposals, which will be reviewed by the Senior Review Group on October 17.

Dr. Kissinger: The NSSM 97 study was initially commissioned in August to deal with the contingency of having an Allende government come into power.² It was put aside at that time pending clarification of the political situation in Chile.

The basic question is what the US position should be in order to limit or prevent the negative effects of an Allende government on our interests in Chile and elsewhere. The paper discusses the nature of an Allende government, the threat it would pose to us, and the actions

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), H-48, Senior Review Group, Chile (NSSM 97), 10/14/70. Secret; Sensitive. The meeting took place in the White House Situation Room. A copy was sent to Vaky, Kennedy, and Nachmanoff. All brackets are in the original.

² Summarized in Document 52. For the full text of the response to NSSM 97 and its annex, see *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Documents 13 and 14.

available to us to protect our interests. The analysis offered by the NSSM study is grim and is supported by Ed's [Ambassador Korry's] judgment. The conclusion is that Allende would seek to create a Marxist state in Chile, to diminish US influence, and to establish close relations with Cuba, the USSR and other socialist countries. The study estimates that Allende can achieve these goals over a period of time if he acts with sufficient care and skill. I don't recall that the paper makes any judgments about the impact that an Allende regime will have on other countries.

Have I correctly summarized the judgment of the paper? Does anyone disagree? Charlie [Meyer]?

Mr. Meyer: The question of the impact on other countries is treated on Page 18.

Dr. Kissinger: What I mean is that the paper doesn't analyze the effect in specific countries, such as Peru or Brazil.

Mr. Meyer: I see. That's right.

Dr. Kissinger: The judgment of the NSSM study, as stated on Page 18, is that the US has no vital interests in Chile, that the world military balance of power would not be significantly affected by Allende's accession, but that there would be some political and psychological cost to the US and some negative effect on hemispheric cohesion. The study considers that an Allende government would represent a definite psychological setback to the United States. Does everyone share this judgment?

Mr. Meyer: Hemispheric cohesion might be more real ex Chile than it is now. If Chile attacks the OAS system, the Hemisphere might be unified against Chile. How much influence Allende has in the short term depends entirely on the direction in which the Chilean Government moves.

Dr. Kissinger: To play the devil's advocate—if Propositions 1 and 2 [on Page 18 of the NSSM 97 study; namely, that the US has no vital interests in Chile and that Allende's accession will not alter the military balance of power] are true, and if hemispheric solidarity would be strengthened with Allende in power, then why should we bother about an Allende government?

Adm. Moorer: Proposition 2 overlooks the impact on hemispheric defense.

Mr. Packard: An Allende government might serve as a catalyst for further unfavorable developments.

Ambassador Johnson: From a military point of view, Chile could be important in a negative way. An Allende government might give the Soviets a chance to extend their naval power into the South Pacific, but maybe that is not vital.

Adm. Moorer: It would cause us extreme gas pains.

Dr. Kissinger: It all depends on how you define our vital interests. There are two things Allende could do. First, he might quickly adopt a very hostile attitude toward the United States in order to demonstrate that the US could be defied and in order to rally the Marxists throughout Latin America. Alternatively, he could move with considerable circumspection and restraint. This could have an impact on Italy. It would give a respectable look to the status quo. It would create the same confusion in other Latin American countries that we have already seen in Chile in connection with Allende's rise to power.

The second course might be the more dangerous for us.

Ambassador Korry: Allende has already chosen the second course.

Ambassador Johnson: I think it would be interesting for the group to hear what Ed [Korry] can tell us about the Chilean Communist Party.

Ambassador Korry: The Chilean organization has several distinguishing factors which make it unique among Communist parties. There is no competition of any kind for leadership. The leader is uncharismatic but is a political and managerial genius as shown by his success in keeping the worker and intellectual elements of the Party together. There have been no doctrinal disputes within the Party at any time (and we are well informed on Party activities). The Party has achieved every goal it has set for itself in the last six years. It has contained the challenge from the extreme left; one of the real political competitions to be seen in Chile is that between the Chinese and the Soviets. Allende is really more a challenge to the Chinese Communists than to the United States. He may cause the Chinese to provoke more violence in Argentina.

Dr. Kissinger: How is that? You have lost me there.

Ambassador Korry: The Chinese will want to try to upset the tempo of Allende's progress in Chile. They could stimulate violence in Argentina in order to demonstrate that the peaceful road to power, as practiced by Allende, is not the best path.

Ambassador Johnson: The Chilean Communist Party is completely Moscow-oriented.

Ambassador Korry: It was the first party in the world to approve the Soviet invasion of Czechoslovakia. This involved a 180-degree change in policy in a few days, and it was accomplished without any defections.

Ambassador Johnson: In Chile the Maoist element is found in the extreme left wing of the Socialist Party.

Ambassador Korry: Years ago Allende chose to follow the Communist tactics of peaceful pursuit of power. The Communists masterminded his election strategy. They provided the power, the organiza-

tion, and the numbers. (They gave him 16% of the total vote; his overall share was 36%).

Dr. Kissinger: Let's return to the question of what happens in Argentina. If Allende chooses to follow a moderate course, then radical elements in Argentina will try to seize power through violent means.

Ambassador Korrry: Yes, the radicals would work through the MIR organization. Or the same thing could happen in Uruguay, with the Tupamaros.

Dr. Kissinger: Allende is already in power. He has made the case for his route to power and doesn't need to prove anything. The best the radicals can do is show that their course is a viable alternative. Allende's problem is to show that he can retain power.

Ambassador Korrry: The radicals will try to demonstrate a competitive system for gaining power. Anything the radicals do to stir up trouble in Argentina and Peru will be blamed on Chile, and this will create problems for Allende because the Argentine and Peruvian Governments will protest to him.

Dr. Kissinger: Whichever course Allende adopts there will be turmoil in other countries. Either he will create it, or his opponents will. Is that a fair conclusion?

Ambassador Korrry: Yes.

Dr. Kissinger: Where does that leave us?

Ambassador Johnson: With Chile everyone can state the problem, but no one has any solutions to offer.

Mr. Meyer: There will be turmoil in Latin America with or without Allende. The drift to the left is inevitable. My own feeling is that our position on Chile should be based on the most operative policy we can adopt. If we eliminate Option 1 (of the NSSM 97 study), which is to put both arms around Allende, we come down to two possible alternatives: Options 2 (cool and correct posture) and 3 (efforts to isolate and hamper him).

Ambassador Johnson: Option 3 means that we take the initiative in seeking to contain Allende's harmful impact on our interests.

Mr. Meyer: That's right. We would seek to exert our influence. Our policy ought to be to maintain such communications as are possible with Allende without making him into the hero of the Western Hemisphere.

Dr. Kissinger: On the basis of the analysis I have heard around the table, it seems that either a moderate or a hostile Allende would be dangerous to us, but for different reasons. No one feels that we have no particular interest in Allende's existence. None of us wants to see Allende in power. The question is really what tactics we should use in dealing with him.

Mr. Packard: Perhaps we are taking this a little too calmly. It is not just a question of the world military balance. Quite apart from this, we would have some real worries with Allende established in Chile.

Ambassador Johnson: We all agree that Allende is bad news. But since it appears we will have Allende, what we ought to talk about now is what we will do when that happens.

Mr. Packard: We can wring our hands and deplore the situation. We could do something loud, although that would probably not be the right thing to do. Nevertheless I think we ought to take some positive action. This may stir up the Communists in other countries, but they will be stirred up anyway.

Ambassador Johnson: (to Packard) Your objective would be to bring down Allende?

Dr. Kissinger: If I read the signs correctly, my client would like to bring him down.

Mr. Packard: We can bring him down. In assessing the position we ought to take on Allende, we should consider the reaction in other countries. If we give the appearance of doing nothing in the face of a Communist takeover, we will create a bad impression. Look at Peru. If at first we had taken a stronger stance there, the outcome might have been better for us.

Ambassador Korry: I would like to point out that there are several actions we can take. But first, I want to say that militarily we lose nothing by an Allende government unless the Soviets choose to do something, such as setting up a base. What I hope would be our policy would be that while there is nothing we can do to bring Allende down, we can make it more difficult for him to succeed.

As for what we can do, we should first of all maintain a correct public posture in our relations with Allende. However, our private negotiating posture would be tough and would seek to satisfy the two fundamental criteria we have established to govern our relations with Cuba, namely, that there is to be no Soviet military presence and there will be no export of revolution. We should insist on adequate and prompt compensation for nationalized American properties. (A bill expropriating the copper companies will probably be introduced on November 5). We should also seek to mitigate the speed with which the Allende government recognizes the avowed enemies of the United States. While we may not be able to do anything about Communist China and Cuba, we might at least get them to hold off on North Vietnam, North Korea, and East Germany.

Dr. Kissinger: What means do we use to accomplish this?

Ambassador Korry: I think we can negotiate these points with Allende in the period from October 24 to November 5.

Dr. Kissinger: What will we use for leverage?

Ambassador Korry: The threat of our hostility. This would be important to Allende. He will be facing many problems in the first months of his administration.

Another thing we can do is to build up those political elements in Chile opposed to Allende so that they will have a maximum impact on the March 1971 elections. We can maximize the difficulty for Allende of managing a difficult country with mediocre people at a difficult time. Economic problems for Chile may be at a peak next March. While Allende has a plan for dealing with these, we can still make it difficult for him. This three-level—public, private, and covert—approach would show results to the other Latin American countries. It would enhance US influence by showing we can extract concessions from the Allende regime.

Dr. Kissinger: That all depends on who the Latin Americans think is taking whom.

Options 2 and 3 are not necessarily alternatives. It is possible to isolate and hamper while following a restrained and cool policy. One is an objective; the other is a method.

The basic issue raised by Ed [Korry] and by our discussion is that while we all agree that an Allende government is substantially against our interest, how can we best protect our interest. Should we show open hostility or should we let him make the first move? Should we give him an opportunity to say that we have driven him to a position of hostility? My own judgment is that Allende will move to a position of hostility toward the United States as fast as he can. For us, the question is how do we maneuver so as to hamper him.

(Attorney General Mitchell left the meeting at this point).

Adm. Moorer: (to Ambassador Korry) Do you think he is going to get stronger?

Ambassador Korry: Unfortunately, I am on record as stating that this will be an almost inevitable process. I give much credit to the Communist Party's capacities. The opposition is bumbling. I start with the assumption that Allende will make it.

One possible scenario would be to make it as tough as possible for him while at the same time being correct in our relations with him. We just might be able to bring it off. Also, we could bring off a large vote against him in the coming elections. That would be the covert part. That would have a large impact throughout Latin America.

If we can negotiate an arrangement with Allende that does not commit us to help him but shows we can defend our interests, our position will be helped throughout the world. Most Latin American and Western European countries want us to adopt a cool and correct atti-

tude toward Allende. They do not want us to fall into the trap of allowing him to make us the scapegoat for his problems.

Dr. Kissinger: If Allende fears our hostility enough to desist from things he wants to do, such as recognizing North Vietnam and North Korea, why should we yield our hostility? What do we care whether he recognizes North Korea?

Hostility has its advantages. It would maximize internal pressures on Allende and give him an increasing incentive to make other concessions. The disadvantage is that it would allow him to appear to be persecuted. US domestic opinion might then feel that he was a great reformer who was driven to a position of hostility by our policies.

Ambassador Korry: Hostility would not have the effect of increasing internal pressures against him. It could drive the army to support him.

Dr. Kissinger: If we don't show hostility, we could maximize internal divisions. However, we would confuse other Latin American countries. Consider also the impact in Italy of an example of a government cooperating with the communists while easing the US out.

Lt. Gen. Cushman: A policy of overt hostility will inhibit our ability to carry out covert operations.

Dr. Kissinger: What we need is some sort of action program. No one fully knows what we or the President want. I can imagine that if we send out a circular instruction describing our objective as maintaining correct relations with Allende, we will find that our people will be urging other countries also to follow a correct policy toward Chile. However, what we really want is to stimulate opposition to him.

Rather than ask the President to decide between Options 2 and 3, we should give the President an action program to show how we would achieve our objective of getting rid of Allende (if we are very lucky) or of slowing him up in Chile while isolating him as much as possible in the Hemisphere.

Since it probably won't be possible to schedule an NSC meeting, we should get this to the President in the form of a memorandum.

Mr. Packard: I continue to think we should take an active approach.

Ambassador Korry: The harder the line we take, the faster we will get the Soviets in.

Dr. Kissinger: The quicker the Soviets go in, the faster we can confront Allende.

Ambassador Korry: What I would like to do is to have us conduct a private negotiation (as we did with President Frei prior to his inaugural) in the period between October 25 and November 4. [Ambassador Korry in this and subsequent statements was referring to a paper

which he had brought to the meeting.]³ We would be trying to avoid having legislation submitted to the Chilean Congress that would lock in concrete Allende's policies and programs. We would make clear that the nature of his relationship with the US would depend on how he behaves with regard to the two Cuban criteria of no Soviet military presence and no export of revolution. We would seek prompt and effective compensation for nationalized US properties and flexibility in the pace of Chilean recognition of avowed US enemies. We would offer a policy on non-hostility toward Allende.

Dr. Kissinger: What do you mean by non-hostility?

Ambassador Korry: We would seek to avoid reprisals against Chile under US laws restricting foreign aid, and we would not hamper action on Chilean requests pending before international financial institutions. We would negotiate a settlement of the Chilean debt to the US Government. This could be useful to Allende and at the same time serve to protect our interest in insuring payment. The same would be true of Chilean debt to private US interests.

Ambassador Johnson: The debt amounts to about \$800 million.

Ambassador Korry: We would also seek to maintain our information and exchange programs.

Dr. Kissinger: What happens to aid?

Ambassador Korry: It would be phased out except for a very few programs. We would seek to preserve our contacts with the Chilean military by honoring our outstanding contracts. There is some \$4 million worth of items in the pipeline. Outstanding credits under the Foreign Military Sales Program total \$1.3 million covering some M-46 tanks and 106 mm. recoilless rifles. We have some uncompleted deliveries under cash sales, covering naval ammunition, ordnance, and other items.

Dr. Kissinger: What should we tell Brazil and Argentina and other Latin American countries?

Mr. Meyer: We should consult them and tell them exactly what we are doing in Chile and why.

Mr. Packard: (to Korry) You are proposing that we go ahead with military deliveries?

Ambassador Korry: However, there would be no new contracts.

Dr. Kissinger: I said earlier that the quicker the Soviets move in to Chile, the quicker we can confront Allende. The elements opposed to Allende will be at their greatest strength early in his administration. He will try to erode the opposition gradually. After six to nine months it

³ Not further identified.

probably won't make any difference what we do because he will be firmly entrenched. Therefore, if the Chilean military very quickly gets evidence that Allende's policies are pointed toward a pro-Soviet orientation, they may be galvanized into action. It is very hard to react to these specific proposals. What we need is a complete course of action. We should elaborate on the tough line which Dave [Packard] advocates. We should set down exactly what actions we would take, what we would say to other countries, etc. Dave [Packard] and Warren [Nutter] can put together a proposal for a tough approach. Alex [Johnson] and Ed [Korry] can prepare a similar paper along the lines of what Ed has been presenting. That way we will know exactly what we are talking about. We can give the President specific proposals and include statements of your views.

How about having a meeting Saturday morning [October 17] to look at the plans? We need to get some decisions quickly. There are a number of practical issues, such as the composition of an inaugural delegation, which will have to be resolved soon.

Mr. Nutter: (to Kissinger) You mentioned that there might be an adverse public reaction in the US if we were too hostile to Allende at the beginning. It seems to me that if we don't take a strong stance, a very large segment of US opinion will feel we stood by while the Communists took over. The reaction would be worse than with Cuba.

Dr. Kissinger: Let's meet at 9:30 on Saturday.

Mr. Packard: Could we make it earlier?

Dr. Kissinger: All right. Let's try for 9:00.

151. Editorial Note

On October 14, 1970, Army Attaché Lieutenant Colonel Paul Wilmert received the following message marked Top Secret; Sensitive; Destroy Immediately from Director of the Defense Intelligence Agency Lieutenant General Donald Bennett: "1. You will select two Chilean General Officers who can best be trusted to be discreet and who are most likely to respond and convey to them the following: High authority in Washington has authorized you to offer material support short of armed intervention to Chilean Armed Forces in any endeavors they may undertake to prevent the election of Allende on October 24, his inauguration on 4 November, or his subsequent overthrow. 2. Inform me immediately through CAS channels when offer has been made and reaction thereto. Also relay immediately any requests or sug-

gestions concerning assistance which Chileans may broach. 3. Discuss this matter with no one repeat no one except contacted general officers and CAS Chief of Station. Should any other person mention this matter to you, deny any knowledge and report circumstances to me immediately via this channel. I rely on your utmost discretion. Your contacts must realize that this matter must remain strictly in military channels. Except for you and your above noted contacts, U.S. policy is as indicated in recent State and DoD messages." (Central Intelligence Agency, Job 80R01284A, Box 24, Chile) Apparently the signature is that of Defense Intelligence Agency Deputy Director Lieutenant General Jamie Philpott. Philpott stated in congressional testimony, however, that although the signature appeared to be his, he could not recall seeing the message and doubted having signed it. (*Alleged Assassination Plots*, p. 237)

Wimert had been directed by Philpott, acting for the absent Bennett, to assist the Station in Chile. In a September 28 message, Philpott instructed Wimert "to work closely with the CIA chief, or in his absence, his deputy, in contacting and advising the principal military figures who might play a decisive role in any move which might, eventually, deny the Presidency to Allende. Do not, repeat not, advise the Ambassador or the Defense Attaché of this message, or give them any indication of its portent. In the course of your routine activities, act in accordance with the Ambassador's instructions. Simultaneously, I wish—and now authorize you—to act in a concerted fashion with the CIA chief. This message is for your eyes only, and should not be discussed with any person other than those CIA officers who will be knowledgeable. CIA will identify them." (*Alleged Assassination Plots*, p. 236. A copy of this telegram is also in the National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Chile Papers, Church Committee, August 12, 1975) Further elaboration on the role played by Colonel Wimert based upon congressional testimony of the principals is in *Alleged Assassination Plots*, pp. 235–238.

The following explanation was given in telegram 763 to the Station in Santiago immediately following the October 14 message from Bennett to Wimert: "There seems little doubt this will confuse Col Wimert. Background for his information: both Generals Bennett and Philpott have been briefed by C/WHD [Western Hemisphere Division Chief William V. Broe] and are aware of his valuable efforts in spreading the word to the military, but without detail on degree to which Wimert has been encouraging the military. This new message originates outside the office of Bennett and Philpott, and is known to several persons. As we understand it, Bennett and Philpott felt they could not tell these new interested parties of 28 Sept message; thus this new instruction is pro-forma. Col Wimert should understand, however, that his response,

even though in our channel, may be read by relatively wide audience. Thus suggest Wimert reply equivocate on actual dates" and "in short, while Track II principals aware of Wimert's fine performance, it would be best if COS and Wimert can work out response to ref that does not signal seriousness of his past activities to those who await his reply. Once Wimert has selected 'two Chilean General Officers' (see ref) his subsequent reports can be candid and comprehensive, as long as comprehensive does not obviously include discussions prior to receipt of ref, especially in describing 'material' support. Note that we must advise General Bennett time when Wimert shown ref." (Central Intelligence Agency, Job 80R01284A, Box 24, Chile)

Wimert, in an October 15 backchannel message sent Eyes Only to Bennett, replied: "My selections from among the General Staff Officers who stand out because of their discretion and political orientation are General Camilo Valenzuela, commander of the Santiago Garrison, and [redacted to read 'another Chilean General']. Based on guidance passed on to me via the Chief, CAS on 8 October I have already been in contact with both of these officers. Acting upon the instruction conveyed to me by CAS I informed them, in a discreet manner, that if a successful effort is made to thwart Allende from taking office, we would reconsider cuts we have taken in our MAP program and would increase such support in the future. I also informed the Chileans that should there be civil disorder as a result of a military move to block Allende, the USG would be prepared to deliver material support that might be needed. At the same time I pointed out that we could not provide American personnel in such a situation. I shall now recontact the aforementioned officers and convey the message I have just read." (Ibid.)

The other general was General Alfredo Canelas Márquez, Director of Military Intelligence. A late October undated memorandum from Colonel Robert C. Roth to Philpott listed "key personnel" in the Chilean military and briefly discussed whether they were approachable for a potential coup. (Telegram 539 from the Station in Santiago to Headquarters, October 15; Ford Library, Philip Buchen Collection, Box 11, Job 80-0012A, Intelligence Subject File, Box 112, CIA-Chile (2)) A covering memorandum by Roth stated that, "these folders contain data on all individuals who were discussed in a favorable light at the 21 October meeting. The others have been eliminated." The folders were not found.

152. Memorandum of Conversation¹

Washington, October 15, 1970.

1. [1 paragraph (13½ lines) not declassified]
2. Then Mr. Karamessines provided a run-down on Viaux, the Canales meeting with Tirado, the latter's new position (after Porta was relieved of command "for health reasons") and, in some detail, the general situation in Chile from the coup possibility viewpoint.
3. A certain amount of information was available to us concerning Viaux's alleged support throughout the Chilean military. We had assessed Viaux's claims carefully, basing our analysis on good intelligence from a number of sources. Our conclusion was clear: Viaux did not have more than one chance in twenty—perhaps less—to launch a successful coup.
4. The unfortunate repercussions, in Chile and internationally, of an unsuccessful coup were discussed. Dr. Kissinger ticked off his list of these negative possibilities. His items were remarkably similar to the ones Mr. Karamessines had prepared.
5. It was decided by those present that the Agency must get a message to Viaux warning him against any precipitate action. In essence our message was to state: "We have reviewed your plans, and based on your information and ours, we come to the conclusion that your plans for a coup at this time cannot succeed. Failing, they may reduce your capabilities for the future. Preserve your assets. We will stay in touch. The time will come when you with all your other friends can do something. You will continue to have our support."²
6. After the decision to de-fuse the Viaux coup plot, at least temporarily, Dr. Kissinger instructed Mr. Karamessines to preserve Agency assets in Chile, working clandestinely and securely to maintain the capability for Agency operations against Allende in the future.

¹ Source: National Archives, RG 59, Chile-ITT-CIA 1963-1977, Lot 81D121, Chile Papers, Church Committee, August 12, 1975. Secret; Sensitive; Eyes Only. Kissinger, Karamessines, and Haig were present. The meeting took place at the White House. There is no drafting information, but the memorandum is consistent in format with others produced by Karamessines. The original is in the Central Intelligence Agency, Job 80-000012A, Chile Task Force Files.

² According to an October 19 report on Track II: "Station false flag officer met with a leader of the Viaux group and attempted to discourage him from undertaking any premature coup move. Although the Viaux group had met on 16 October and decided to attempt a coup on 21 or 22 October, they are probably not irrevocably committed to going ahead with this plan." ("Track II," October 19; *ibid.*, Job 80-000012A, Box 12, D/DP Task Force Files)

7. Dr. Kissinger discussed his desire that the word of our encouragement to the Chilean military in recent weeks be kept as secret as possible. Mr. Karamessines stated emphatically that we had been doing everything possible in this connection, including the use of false flag officers, car meetings and every conceivable precaution. But we and others had done a great deal of talking recently with a number of persons. For example, Ambassador Korry's wide ranging discussions with numerous people urging a coup "cannot be put back into the bottle." [2½ lines not declassified] (Dr. Kissinger requested that copy of the message be sent to him on 16 October.)³

8. The meeting concluded on Dr. Kissinger's note that the Agency should continue keeping the pressure on every Allende weak spot in sight—now, after the 24th of October, after 5 November, and into the future until such time as new marching orders are given. Mr. Karamessines stated that the Agency would comply.

³ Reference is presumably to Document 144.

153. **Transcript of a Telephone Conversation Between President Nixon and the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, October 15, 1970.

[Omitted here is discussion unrelated to Chile.]

[P:] How about Ambassador Korry. Is there anything new?

K: I saw Karamessines today. That looks hopeless. I turned it off. Nothing would be worse than an abortive coup.

P: Just tell him to do nothing. What I am afraid with the . . . that Charlie Meir (phonetic) [Meyer] will get him in his clutches and continue a lot of AID and I am not going to do a thing for them. I won't [continue that much aid there.]²

K: They have not said that they are nationalizing any companies, them or anything.

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box 365, Telephone Conversations, Chronological File. No classification marking.

² These and all the remaining brackets except the final ones are in the original.

P: I think the line with him is to be coolly detached. After all he has not been selected yet.

K: If he is . . .

P: Then we cut him off. Hickenlooper applies. This country has gotten 2½ million dollars. Worst [diplomatic mess we have gotten ourselves into.]

K: You have said it all along and I was not at all sure until [until just lately.] I had the Chilean Ambassador in today. He said is that what we accomplished. Is that what we have worked for. [He is a very nice man.]³

[Omitted here is discussion unrelated to Chile.]

³ According to his Record of Schedule, Kissinger met with Santa-Maria from 5:12 until 5:50 p.m. (Library of Congress, Manuscript Division, Kissinger Papers, Box 438, Miscellany, 1968–1976) No substantive record of the meeting has been found.

154. Telegram From the Central Intelligence Agency to the Station in Chile¹

Washington, October 16, 1970, 1408Z.

1. Track Two policy, objectives, and actions were reviewed at high USG level afternoon 15 October. Conclusions, which are to be your operational guide, follow:

2. It is firm and continuing policy that Allende be overthrown by a coup. It would be much preferable to have this transpire prior to 24 October but efforts in this regard will continue vigorously beyond this date. We are to continue to generate maximum pressure toward this end utilizing every appropriate resource. It is imperative that these actions be implemented clandestinely and securely so that the USG and American hand be well hidden. While this imposes upon us a high degree of selectivity in making military contacts and dictates that these contacts be made in the most secure manner it definitely does not pre-

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Chile–CIA 1970. Secret; Immediate; Eyes Only. Drafted by Broe; authenticated by Phillips. The telegram is printed from a previously redacted copy; the original was not found.

clude contacts such as reported in Santiago 544² which was a masterful piece of work.

3. After the most careful consideration it was determined that a Viaux coup attempt carried out by him alone with the forces now at his disposal would fail. Thus, it would be counterproductive to our Track Two objectives. It was decided that CIA get a message to Viaux warning him against precipitate action. In essence our message is to state, "We have reviewed your plans, and based on your information and ours, we come to the conclusion that your plans for a coup at this time cannot succeed. Failing, they may reduce your capabilities for the future. Preserve your assets. We will stay in touch. The time will come when you together with all your other friends can do something. You will continue to have our support."³ You are requested to deliver the message to Viaux essentially as noted above. Our objectives are as follows: (A) To advise him of our opinion and discourage him from acting alone; (B) Continue to encourage him to amplify his planning; (C) Encourage him to join forces with other coup planners so that they may act in concert either before or after 24 October. (N.B. Six gas masks and six CS cannisters are being carried to Santiago by special [*less than 1 line not declassified*] courier ETD Washington 1100 hours 16 October.)⁴

4. There is great and continuing interest in the activities of Tirado, Canales, Valenzuela et al. and we wish them optimum good fortune.

5. The above is your operating guidance. No other policy guidance you may receive from State or its maximum exponent in Santiago, on his return, are to sway you from your course.

6. Please review all your present and possibly new activities to include propaganda, black operations, surfacing of intelligence or disinformation, personal contacts, or anything else your imagination can conjure which will permit you to continue to press forward toward our [*less than 1 line not declassified*] objective in a secure manner.

² Not found.

³ See Document 152 and footnote 2 thereto.

⁴ In an October 18 telegram, the Station requested 8 to 10 more grenades, three sterile 45 caliber machine guns, and 500 rounds of ammunition for the Valenzuela group. (Telegram 562 from the Station in Santiago to Headquarters; Central Intelligence Agency, DO/LA Files, Job 80-000012A, Box 6, Military, Vol. III, 16 October 1970) The CIA authorized the weapons that same day. (Telegram 856 from Headquarters to the Station in Santiago; *ibid.* and "Track II," October 19; *ibid.*, Box 12, D/DP Task Force Files) The guns were delivered to the coup plotters on October 21. (Telegram 896 from Headquarters to the Station in Santiago, October 22; *ibid.*, Box 6, Military, Vol. III [16 Oct 1970-])

155. Paper Prepared in the Department of State¹

Washington, October 16, 1970.

Action in Support of U.S. Posture Towards Chile

I. The courses of action recommended are posited on the following assumptions:

A. Allende will be elected October 24th by the Chilean Congress in a free and secret ballot by an overwhelming majority with the implicit approval of the armed forces.

B. Allende's election will provoke no overt hostility from any Latin American or Western European government and these governments will accept in regional and multilateral organizations an Allende government as representative of a sovereign, independent Chile.

C. An Allende government will, despite reassuring articulations, have a profound anti-American bias and will work against US influences in the country, the area, and the world.

D. An Allende government may for tactical reasons, wish to maintain its international credibility as a responsible debtor, as a trusted borrower, and as a sovereign nation that fulfills its international obligations independent of any great power.

E. An Allende government will, at least in its first two years, encounter political opposition from anti-Communist forces and suffer from internal tensions (between Socialists of Maoist beliefs and orthodox Communists loyal to Moscow seeking dominance, and between non-doctrinaire opportunists and ideologues) in the management of a much-bureaucratized government.

F. An Allende government will encounter serious economic problems and perhaps particularly coincidental with the March 1971 nationwide municipal elections and two simultaneous Congressional by-elections; such problems could exacerbate tensions within the governing coalition and increase the potential of anti-government forces.

II. The *objectives* of US policies should be:

A. To bolster by *covert* action those forces opposed to the establishment in Chile of a Marxist-Leninist system.

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 15 CHILE. Secret; Sensitive; Nodis. The paper was prepared for the upcoming October 17 Senior Review Group meeting. See Document 158. A notation on the paper reads: "prepared for SRG 10/17 + sent to SRG members 10/16." Another notation indicates it was seen by U, J, ARA (Meyer), and S/PC (Eaton).

B. To protect by quiet *negotiation* specific US interests in Chile so as to demonstrate the effective capacity of the US to influence events and so as to exploit to the maximum in defense of our legitimate interests the desires of an Allende regime for legitimacy.

C. To deal publicly with the new Chilean Government in a manner consonant with declared US policies for Latin America and to avoid converting in the public's mind the triumph of Allende into a defeat for this Administration.

III. Actions would be implemented at these three levels—covert, diplomatic, and public—in the following ways:

A. *Covert:*

1. Financial support to anti-Allende forces to acquire and operate radio stations and newspapers.

2. Financial support to selected anti-Allende leaders in the opposition parties.

3. Financial support to selected anti-Allende personalities in the Armed Forces.

4. Acquisition of political assets within the Allende coalition.

5. Political action to exacerbate tensions between the disparate components of the Popular Unity coalition.

6. Political action to encourage the flight of key Chilean technicians and managers so as to hamper the operation of the economy and to augment the political tensions.

7. Selected political action designed to maximize the opposition to the Allende government in the March 1971 nationwide municipal elections and the simultaneous two Congressional by-elections.

8. Propaganda action to publicize in the world media any contravention of Chilean constitutional guarantees of a pluralistic democracy, any shortcomings of the Allende government, any tensions inside his ruling coalition and to combat his planned denigration of his political opponents.

B. *Diplomatic:*

1. Authorize the Ambassador to seek between October 24th and November 4th by unpublicized negotiation with Allende firm and quickly-provable commitments:

a. to meet Chile's financial obligations to US institutions, public and private,

b. to write the nationalization laws for copper and banks (expected to be submitted November 5 to the Chilean Congress) so as to assure compensation of a kind and of a term that would obviate Hickenlooper Amendment implementation or significant USG payments to private US companies holding AID investment guarantees,

c. to delay full diplomatic recognition to North Vietnam, North Korea and possibly East Germany (eschewing any effort on our part to affect the full recognition of Communist China or Cuba),

d. that Chile will not provide military bases to any foreign power or be used for the export of revolution via guerrilla training camps or dispatch of such trainees to other countries.

The Ambassador should inform Allende that the US and probably the hemisphere will look very seriously on any violation of the commitments outlined in the foregoing paragraph d.

The Ambassador should inform Allende of pertinent US legislation that might come into play and its implications for our bilateral relations, including our positions in multilateral organizations, if he were to ignore our views concerning the matters raised in paras a through c of this section.

2. Instruct the Department and the Ambassador to plan for the following unilateral actions:

a. Maintain a very compact *A.I.D.* presence that concentrates on people-to-people relations (Title II humanitarian programs, exchanges of students, small impact projects) and a very few technical assistants in fields of interest to the US (e.g., health). All other technical assistance will be phased out by quiet withdrawal and non-replacement over a period of several months; all other *A.I.D.* activities will be reduced commensurate with our obligations to the U.S. Congress to supervise and to audit projects.

b. Continue to deobligate *A.I.D.* funds in the pipeline to the maximum practicable extent and, predicated on an acceptable negotiation with Allende prior to November 4th, permit the disbursement of *A.I.D.* pipeline funds (less than \$30,000,000, of which a large amount is in irrevocable special letters of credit) in accordance with the conditions of the original loans. (There has been only one *A.I.D.* loan of \$2,500,000 for student exchanges in the past two full years.)

c. Cancel all replacement plans for the Peace Corps (which has been quietly reduced recently to some 90 volunteers) and assume the phase-out of this program unless the Allende government requests *in writing* its continuance.

d. Maintain the Military Group (maximum 13 officers and men) until such time as the Allende government requests its elimination; maintain the courses of training for Chileans in Panama and the US. Permit the fulfillment of contracted military aid commitments (value approximately \$4,000,000 of which a significant part was paid by the Chileans in cash).

e. Phase out quietly the entire AFTAC presence from its three locations in Chile (Easter Island, Punta Arenas and Quintero).

f. Permit the continuance of the NASA station if the Chilean Government so requests in writing.

g. Reduce to the minimum possible the numbers of official Americans and local employees of all agencies of the US.

3. Instruct the Department of State to:

a. Arrange with the Export-Import Bank to service exporters under a centralized review system.

b. Review loan applications to the Inter-American Development Bank with a critical eye directed to the end use of funds authorized for Chile and to inform the IDB through the US Director of this US posture, particularly as it affects the use of the Fund for Special Operations.

c. Consult with the governments of Brazil, Argentina, Peru, Mexico, Colombia, Venezuela, Uruguay, Guatemala and the Dominican Republic on the nature of our *public* posture to the Chilean Government.

C. Public Policy

1. President Nixon would implement our public policy of restrained relations with an Allende government by acknowledging his election October 24th with a prompt and succinct cable of congratulations that would emphasize the Chilean traditions of democracy and of freedom.

2. The US would send a delegation to the inauguration of Allende headed by Assistant Secretary Meyer.

3. The US Mission to the OAS would distribute to all members the President's official statement on Allende's election and explain our level of representation at the inauguration. (We would seek in Western Europe, Japan and in Latin American capitals by diplomatic action to avoid any extravagant delegations to the inauguration.)

4. The US Government would eschew all other public statements.

156. Paper Prepared in the Department of Defense¹

Washington, undated.

OPTION

Adopt a Restrained, Deliberate Posture to Demonstrate Disapproval and Limit Allende's Freedom of Action.

1. *Stance*—This option would be posted on the belief that a satisfactory *modus vivendi* is impossible, that confrontations are inevitable, that it is in the U.S. interest to act in a deliberate way which avoids over-reaction and maintains flexibility, but that it is also in the U.S. interest to make U.S. opposition to a Communist government in South America clear to Chile, the rest of Latin America, the USSR, and the world.²

2. An action program to support this stance could be as follows:

a. *Alert Neighboring Governments*

Act immediately through diplomatic channels to inform governments of Argentina, Brazil and Paraguay that we expect an Allende regime to fall under Communist control, which would be dangerous to our mutual security and as such should be prevented if possible.

b. *Public Posture*

(1) After October 24 election of Allende but before his inauguration on November 4, declare at very high level that Chile has exercised right of election but if the resulting regime falls under Communist control, we would view it with grave concern as incompatible with the Inter-American system.

(2) Maintain relations with Allende government, but make it publicly clear that U.S. will use its power to impede Chilean military cooperation with the USSR or export of subversion. Convey this position privately in unambiguous terms to the Soviets so that it is clear that violation will result in confrontation.

(3) Express this view in statements by appropriate Administration officials and Members of Congress, possibly in a Congressional Resolution, and in diplomatic contacts.

¹ Source: Central Intelligence Agency, Job 80-000012A, Chile Task Force, LA/CPB LA. Secret. Selden sent the paper to Vaky under cover of a memorandum stating, "Attached is a new option under NSSM 97 for consideration at the 17 October 1970 Senior Review Group Meeting." (Ibid.) See Document 158. A copy was sent to Irwin.

² In an October 8 memorandum to Packard, Nutter concluded that an Allende regime would result in a "diminution of U.S. prestige and influence in the rest of the world." (Memorandum for the Secretary of Defense, October 8; National Archives, RG 330, 76-067, Box 68, Chile, 1970)

(4) Mount a massive USIS effort to explain this U.S. position.

c. *Economic*

(1) Insist on full compensation for any U.S.-owned property nationalized by Chile.

(2) Apply appropriate provisions of the Foreign Assistance Act, e.g. (paraphrase):

—620(3)(b): No assistance to country dominated by international Communist movement.

—620(3)(c)(A): Suspend assistance to country that nationalizes, expropriates or seizes property owned by U.S. citizens, and fails within six months to agree to adequate compensation.

—620(3)(f): No assistance to any Communist country without Presidential waiver.

—107(b): No economic assistance to countries trading with Cuba or North Vietnam.

(3) Do not support rescheduling of Chilean debt.

(4) Veto Chilean requests for loans in IBRD, IDB, Ex-Im Bank because of Chilean expropriations and economic policies.

(5) Discourage U.S., third country, and multilateral private investment in Chile.

(6) Encourage U.S. labor organizations to take active role in opposing Communist Chilean government.

(7) Discourage tourism and travel to Chile, indicating that because of anti-U.S. hostility we could not lend assistance in case of trouble. Provide no assistance to Chilean airlines in obtaining equipment or routes.

d. *Military*

(1) Maintain effective relations with the Chilean military, letting them know that we want to cooperate but that our ability to do so depends on Chilean government actions.

(2) Inform Allende that we plan no change in military cooperation, but that U.S. public and Congressional reactions will be dictated by his government's actions.

(3) Based on Allende's response to this position, and on his subsequent actions, take the following steps:

—*Military Assistance Program*: Continue suspension of training, MAP pipeline deliveries, and Foreign Military Sales pending Allende reaffirmation of:

—The Mutual Defense Assistance Agreement of 1952.

—The Military Mission Agreement of 1964.

If he reaffirms, continue the programs on a minimum basis; if he does not reaffirm, terminate.

—*Military Group*: Continue military mission operations if the Military Mission Agreement is reaffirmed within a reasonable time; be prepared to withdraw the missions unilaterally if this is not forthcoming.

—[4½ lines not declassified]

—*Inter-American Security Organizations*:

—Utilize OAS to oppose Chilean violations of OAS charter and resolutions.

—Determine exclusion Chile from classified proceedings of IADB and in hemispheric military conferences and exercises.

—*Maintain Surveillance of Chilean Ships Transiting the Panama Canal* (boarding guards, etc).

—*Impress on NATO allies their need to support our Western Hemisphere Security Interests.*

—*Ship Leases/Loans*:

—Inform Chilean military that we will have to recall the nine U.S. vessels on lease/loan if U.S. security interests are affected by Soviet presence (two destroyers, two submarines, five support ships).

—*Dramatically Increase Security Cooperation with other South American countries*:

—Offer to sell F-4's to Argentina on favorable terms.

—Provide selective MAP matériel for Argentina and Brazil.

—Support the Argentine position in Beagle Channel controversy if not settled.

—Resume internal security assistance to Uruguay, Paraguay, and possibly Bolivia, based on the threat of Chilean-exported subversion.

e. *Psychological*

(1) Give articulate support, publicly and privately, to democratic elements in Chile opposed to Communist regime by all appropriate means.

(2) Encourage major South American nations to effective opposition to Communist Chilean threat.

f. Take immediate steps to initiate fourth option (Annex)³ by informing Chilean military of our support, while at the same time approaching friendly governments of Argentina, Brazil and Paraguay to suggest that they also act to convey their support to Chilean military.

3. *Advantages.* This option would demonstrate clearly U.S. opposition to a Communist government in South America. It might deter Allende from his course or cause him to modify some of his more virulent anti-U.S. attitudes and policies. At the minimum, it would slow his

³ Not attached. Regarding the fourth option, see Document 50.

progress. It would permit us to retain a greater degree of initiative than would the more passive options. It would convey firmness to Allende, the USSR, and Latin America. It should serve to inhibit accidental confrontation with the USSR over Chile, and should inspire a strong, cooperative stance by the major South American countries. It would be psychological stimulation to dissident elements in Chile, and could deter the establishment of similar regimes elsewhere. By demonstrating firmness, the policy would accrue wide U.S. public and Congressional support.

4. *Disadvantages*: It is highly unlikely that this option would cause Allende to abandon his fundamentally anti-U.S. course, and could provide him some basis to gain more support by claiming “imperialist pressure.” Consequently, it could move many fence-sitters in Chile solidly into the Allende camp. It could also prove disruptive to hemispheric cooperation in dealing with the Chilean problem. We are not likely to obtain complete third country agreement to refrain from investment in Chile. The option would not retain the same degree of flexibility as the more passive options.

157. Paper Prepared in the Central Intelligence Agency¹

Washington, October 17, 1970.

SUBJECT

Talking Paper on TRACK I

A. *Summary of Situation*:

1. Unless there is a sudden economic crisis or a serious civil disturbance, the Chilean military probably will not intervene and Salvador Allende will be elected President on 24 October. Since the PDC junta (3–4 October) Allende has been actively trying to: (1) counter the negative image created by our propaganda campaign; (2) allay the fears of the Brazilian and Argentine military; (3) make inroads into the Chilean military; and (4) develop a modus vivendi with the PDC.

2. Despite Allende’s efforts to improve the cohesiveness of his coalition and his relationship with the PDC, the National Plenum of the

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Chile–CIA 1970. Secret; Sensitive; Eyes Only.

Socialist Party (PS) (9–10 October) expressed its opposition to any pact with the PDC, and approved a resolution opposing efforts by the PCCh to suppress the Leftist Revolutionary Movement (MIR). The PS Plenum's actions and Allende's belligerent pledge to strictly carry out the UP program will complicate his efforts to unify his coalition and maintain PDC support.

3. Meanwhile, President Frei has not entirely given up on the possibility of finding a political solution, but both he and the military seem unable or unwilling to pull themselves together to deny Allende the Presidency.

B. *Actions:*

1. All WH Stations and some European [*less than 1 line not declassified*] continue to produce propaganda items for placement and replay throughout Latin America and Europe. Special newspaper and magazine articles, editorials, and TV and radio broadcasts have intensified the propaganda treatment of the Chilean situation. Much of this increase can be attributed to Agency assets who were sent to Santiago for the express purpose of developing prop articles for their newspapers.

2. The 12 [19] October *Time Magazine* cover story on Chile for which the Agency provided background material provoked a special attack from the Communists which appeared in the 16 October issue of *El Siglo*.

3. Last minute briefings by [*less than 1 line not declassified*] Ambassador Korry may have been responsible for Ex-President Lleras of Colombia urging Frei to intervene in the PDC junta and do whatever possible to stop Allende.

4. Funds were approved [*less than 1 line not declassified*] to organize non-Communist factions within the UP in opposition to the PCCh.

5. [*less than 1 line not declassified*] a six-page daily newspaper (10,000 copies) sponsored by the PDC Women Against Allende organization. This paper, *Pueblo Libre*, attacks Tomic and Prado for their support of Allende and attempts to promote PDC abstention on 24 October.

6. Santiago Station has reactivated the "sewage" press and is distributing anti-Allende materials to government officials, Armed Forces, municipal officials and Congressmen.

158. Minutes of a Meeting of the Senior Review Group¹

Washington, October 17, 1970, 9:02–10:42 a.m.

SUBJECT

Chile

PARTICIPATION

Chairman—Henry A. Kissinger

State

Under Secretary John Irwin
 Ambassador U. Alexis Johnson
 Mr. Charles A. Meyer
 Ambassador Edward M. Korry

Defense

Mr. G. Warren Nutter
 Mr. Armistead I. Selden, Jr.
 Mr. Raymond G. Leddy

JCS

Adm. Thomas H. Moorer
 B/Gen. Joseph H. Belser

CIA

Lt. Gen. R.E. Cushman
 Mr. Thomas Karamessines
 Mr. William Broe

NSC Staff

B/Gen. Alexander M. Haig
 Mr. Viron P. Vaky
 Col. Richard T. Kennedy
 Mr. D. Keith Guthrie

SUMMARY OF CONCLUSIONS

1. An NSC meeting is to be scheduled as soon as possible after the US elections (probably on November 5) to discuss United States policy toward the Allende government. A preparatory Senior Review Group meeting will be scheduled prior to November 5.

2. The State Department will submit by October 20 a memorandum setting forth the immediate operational issues that must be decided in connection with Allende's election and inauguration. These include a possible US statement at the time of Allende's election on October 24, negotiations with Allende prior to his inaugural, the composition of the US delegation to the inaugural, and the resumption of US military equipment deliveries to the Chilean armed forces.

3. Under Secretary Irwin will provide a statement of his views on the basic issues and alternatives involved in deciding what course of action the United States should adopt in dealing with the Allende government.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-48, Senior Review Group, Chile (NSSM 97), 10/17/70. Secret; Sensitive; Nodis. A copy was sent to Kennedy, Vaky, and Nachmanoff. An attached distribution sheet indicates that Kissinger saw these minutes. The meeting took place in the White House Situation Room. All brackets are in the original.

Dr. Kissinger: Our meeting today is to discuss the two different courses of action prepared by State and Defense.² We [the NSC staff] have tried to work out yet another possible proposal.

Let me sum up where we stand in our discussions. As I understand, there is a measure of consensus that an Allende government is likely to affect US interests adversely in a number of ways. It will oppose the US in the Hemisphere. It will promote a third-world neutralist stance among the nations of Latin America. It will establish linkages to the USSR, Cuba, and the socialist world. It will encourage elements opposed to the US in other parts of Latin America. It will expropriate US investments valued at \$700 million.

Ambassador Korry: The value is actually about \$1 billion.

Dr. Kissinger: Also an Allende government will default on debts owed to the US Government and to American banks.

Ambassador Korry: That would amount to another \$1½ billion.

Ambassador Johnson: Of the \$1 billion in US direct investment, \$380 million is subject to US Government investment guarantees.

Ambassador Korry: \$800 million of the \$1½ billion debt is owed to the US Government.

Dr. Kissinger: On the military side, an Allende government would not itself affect the world balance; but if it made facilities available to the Soviet Union, it would add to Soviet capabilities. This would call for development of a counter-capability on our part. In addition, an Allende government might accept Soviet military equipment for its armed forces.

There are other factors we should consider. An Allende government starts in a weak position. Allende's coalition is fractious. There is rivalry between the Socialists and Communists, and in some ways the Socialists are more radical than the Communists. Allende may face mounting economic problems between now and March. The Chilean military is suspicious of him. Allende's own game plan will almost certainly be to seek legitimacy and respectability, to keep the opposition fragmented, and to demolish it bit by bit. If we are publicly or prematurely hostile, our attitude may rally Chilean nationalists behind Allende. If, on the other hand, we are accommodating, we risk giving the appearance of weakness or of indifference to the establishment of a Marxist government in the Hemisphere.

What I got out of the meeting the other day is that no one believes a long-term accommodation is possible.³ We are faced only with a choice in tactics. The question is whether it would be better if a confrontation

² See Documents 155 and 156.

³ See Document 150.

were seen to result from Allende's actions or whether the US should move immediately to a position of militant hostility.

State's option is to let Allende make the decision on when and how there will be a confrontation with the United States. Defense wants to move right away toward overt hostility. We [the NSC staff] have put together a third option.

First, let's review the existing options. Ed [Korry], do you want to add anything about your proposal? Perhaps you could summarize it for us.

Ambassador Korry: I should point out one slight permutation. That concerns what is meant by non-hostility. Under our approach, there would be hostility, but it would not be overt. Ours is a three-level approach. The US public policy would be one of restraint; however, our covert policy would be one of active opposition. The third level would involve diplomatic negotiations based on a position of firmness and seeking to extract for the protection of our interests whatever agreements we can from Allende while he is in a weak position.

We have spelled out in our paper what is involved on the covert side. As regards diplomatic negotiation, I remain convinced that Allende very much wants respectability and that this will enable us to obtain many of the things listed on Pages 4 and 5 of our paper.

From the standpoint of our public posture, there would be a reduction in the US presence in Chile with the exception of the military mission. A small AID mission would be retained. The cutback would provide a public indication of our hostility to the regime.

Dr. Kissinger: What about the Defense paper?

Mr. Leddy: Its general thrust is to take a somewhat stronger position than proposed by State. We would alert neighboring governments to the danger that an Allende government would fall under Communist control. After October 24 we would publicly reiterate our position that establishment of a Communist government in the Hemisphere is incompatible with the Inter-American system. Once Allende has taken office, we would seek to maintain relations with Chile but would at the same time make clear to Allende that if Chilean territory is made available for a Soviet military presence or for the export of revolution, we will use our power against him.

Dr. Kissinger: How?

Mr. Leddy: That is a delicate question. What would be involved would be our power with Chile's neighbors and with Allende himself.

Dr. Kissinger: What power do we have with Allende?

Mr. Leddy: His desire for respectability and his desire not to jump into the Communist camp.

Dr. Kissinger: As far as I can see, the major difference between Defense and State is that Defense doesn't want to open a negotiation with Allende between October 24 and November 5.

Mr. Leddy: No, the major difference is that Defense advocates a public position of opposition to Allende.

Ambassador Korry: Other governments have already been informed through their Ambassadors about our views on Allende.

Dr. Kissinger: On our European trip, I got the impression that the Europeans were confused about our attitude.

Ambassador Korry: They should have known. The Italian Ambassador had been told and should have reported to his government.

Dr. Kissinger: As far as negotiations are concerned, we need to consider who takes whom. What does Allende gain from negotiations in terms of legitimacy and respectability? For us, the first question in dealing with Allende is whether our hostility should be in response to actions taken by him or should result from our own initiative. If we decide that hostility is to emerge as a response to Allende's actions, then we face a second question—whether we want to negotiate with him or merely maintain a cool, correct posture. If he makes a hostile move, we can consider taking some of the steps Defense is advocating. If he takes a moderate approach, we can try State's course of action. But we don't want to rush in on October 24 to begin negotiations with him.

Ambassador Korry: We are not offering him anything—except overt non-hostility.

Dr. Kissinger: Why would he want that?

Ambassador Korry: Our non-hostility, at least publicly, could be useful to him at the time he takes office.

Dr. Kissinger: Then we do have some leverage with him. What do we gain?

Ambassador Korry: We can keep him from getting locked in on the expropriation of the copper industry.

Mr. Karamessines: Negotiation is perhaps the wrong term to use for what State is proposing. What we would be doing is warning him about the consequences of taking action against US interests.

Ambassador Korry: Certain steps have already been taken. Private sources of credit have dried up. We have suspended military assistance deliveries and processing of Export-Import Bank credits.

Dr. Kissinger: Threatening him about non-compensation seems a weak position. After 25 years of effort he didn't get to power in order to be snookered. We have to offer him something he wants if we are to get anything from him.

Ambassador Korry: We have to remember that he really doesn't know much about the United States. He does worry about what we

might do to him. He is thinking about CIA activities, economic pressures, and threats to Chilean export markets.

Dr. Kissinger: Since you are going to go ahead with covert operations aimed against him anyway, he will think you are bluffing or deceiving him if you talk to him about non-hostility.

Ambassador Korry: He hasn't attacked the Administration yet.

Dr. Kissinger: Of course not. He doesn't want to rock the boat before his inauguration.

Ambassador Korry: He doesn't know about our intelligence activities. He hasn't been in power.

Dr. Kissinger: He will find out. I can't imagine that it will take him very long. (to Cushman) What do you think?

Lt. Gen. Cushman: He may not be able to come up with definite proof that we are working against him. But he will know that we have some sort of an operation under way.

Mr. Leddy: There have already been public charges of a CIA campaign against him.

Ambassador Korry: That has been going on for years.

Dr. Kissinger: How do we approach him?

Ambassador Korry: One possibility is to remember that West Germany is Chile's biggest customer and its second largest creditor.

Dr. Kissinger: The FRG has already for all practical purposes recognized East Germany. The non-recognition policy will not last much longer. That won't help us with Allende.

Ambassador Korry: He is likely to be under serious economic pressure in about six months.

Under Secretary Irwin: If an Allende government runs into trouble in its own country, it is preferable that its failure be recognized as a product of its own system and mistakes. It will be to our advantage if we can avoid being put in a position where he can blame us for his troubles and gain acceptance for this charge in Chile and elsewhere in Latin America.

Dr. Kissinger: That point is relevant to our first issue—whether we should take the initiative in adopting a position of overt hostility.

Under Secretary Irwin: It seems to me the question of negotiating with him is not too critical. If negotiation were successful, it would be important not so much because of the recognition it accorded him but because it might make the expropriation problem less difficult. It might avoid setting an undesirable precedent that would encourage others to expropriate and could also help us avoid getting into complications with Allende on the application of the Hickenlooper Amendment. What Ed [Korry] is trying to do—and I admit I am a bit skeptical that it

can be done—is to pass information to Allende so that he would know what he is getting into.

Dr. Kissinger: Doesn't Allende have an interest of his own in not provoking a crisis during his first week in office?

Under Secretary Irwin: Ed is trying to play on that.

Dr. Kissinger: Why do we need to play on it?

Ambassador Korry: All you do is warn him about the consequences of the actions he might take after November 4.

Dr. Kissinger: There is a difference between saying that and promising him legitimacy and non-hostility. In the latter case, you put him in a more favorable position to retaliate against us if we go ahead with covert operations.

Under Secretary Irwin: If we entered into negotiations with him and told him that we would be hostile unless he provided satisfactory compensation for nationalized investments, we would be putting him in a position of control. We might have to back down. It would have to be handled very carefully.

Dr. Kissinger: That's right. Can we restate the proposition. As I understand it, we promise non-overt hostility in return for non-recognition of North Korea, North Vietnam, and East Germany, not allowing the Soviets to have bases in Chile, refraining from export of revolution, and payment of compensation for expropriated properties.

Ambassador Korry: We are only going to inform him about the applicable US laws.

Dr. Kissinger: The question of Soviet bases has nothing to do with law.

Ambassador Korry: That's correct.

Adm. Moorer: The question is whether or not you talk to him.

Dr. Kissinger: Or how you talk.

Ambassador Korry: Since he would know our position, he would not be operating under any false assumptions.

Dr. Kissinger: Everyone agrees that Allende should not act under any misapprehension of the consequences.

Ambassador Korry: Negotiation is an implicit as well as an explicit word. Whatever you say to Allende will generate some reaction. That is why it amounts to negotiation.

Dr. Kissinger: All you would tell him is what you know about US laws and policies. Is anyone opposed to this if it stops at that and we do not promise him anything?

Under Secretary Irwin: Ed is trying to trade on Allende's hope of avoiding an initial confrontation with the US.

Mr. Selden: What Allende needs is time. The more time we give him, the better off he will be. He will certainly agree to putting off a confrontation. But what would we be accomplishing except to give him more time?

Under Secretary Irwin: We will have to make a judgment on the risks and counter-risks.

Dr. Kissinger: But what do we get out of a *modus vivendi* with him? In six months he will have consolidated his position and will move against us.

Under Secretary Irwin: Possibly by then he will have gotten into internal economic and political troubles.

Ambassador Johnson: Perhaps we will gain something in protecting our economic interests.

Dr. Kissinger: The President doesn't care about compensation. He will pay his \$300 million if Allende can be brought down.

Our discussion seems to indicate that overt hostility would strengthen Allende, whereas overt non-hostility would maximize the possibility that internal problems would undermine him. By negotiating with him, you would tell him how to get hostility, and he could generate it whenever it suited him best.

Ambassador Korry: He already knows how to produce hostility from the US, but he doesn't know whether the US is serious about protecting its interests. He reads the statements put out by Sol Linowitz and Ralph Dungan. It would be useful to restate what ought otherwise to be obvious to him.

Dr. Kissinger: But the obvious [i.e., hostility] is what he wants.

Ambassador Korry: It is his choice whether there is to be hostility or not. That is why talking to him would be a negotiation. Within his own camp, there are differences on how we should proceed.

Mr. Vaky: If you talk to him about not exporting revolution and not permitting Soviet bases, don't you box yourself in? Suppose you get evidence of the transit of terrorists through Chile, or suppose a Soviet flotilla arrives in a Chilean port. You then find yourself forced to react.

Ambassador Korry: There are many things you could do.

Mr. Vaky: We would be putting ourselves on the hook.

Ambassador Korry: You don't tell him anything about what we might do.

Dr. Kissinger: The question is how you do that.

Lt. Gen. Cushman: Castro has advised Allende to play it cool in dealing with the US.

Dr. Kissinger: Castro played it cool when he started out. Are we going to do the same with Allende as with Castro?

Lt. Gen. Cushman: If he moves to a police state rapidly, it will limit our capability to carry out covert operations.

Dr. Kissinger: Our judgment is that he cannot move rapidly to a police state. Just playing the devil's advocate, I wonder whether if we could get him to move faster toward a police state, we might get the army to take action sooner.

Ambassador Korry: There is no need for him to move rapidly toward a socialist state. He has a well organized cellular political organization already in existence to carry out his objectives whenever he wishes. To the extent that the US manifests hostility, the internal political structure supporting him may be strengthened.

Mr. Nutter: Allende has to have a power base. He will need to have control of the army and the police.

Ambassador Korry: After observing how Chile got into its present situation, I wouldn't rely too much on the military.

Dr. Kissinger: I don't follow your theory. Is it foreordained that Allende will triumph? Are we just playing tactics? The discussion seems to be polarizing between a policy of overt hostility and a vague concept of negotiation, which involves telling him things he should not do.

Ambassador Korry: He will nationalize the copper industry right away. His objective is to clean out the whole US presence. Whatever we do in the Inter-American Development Bank on Chilean loan applications will show our attitude.

Dr. Kissinger: I don't quarrel with informing him of the consequences of his action.

Under Secretary Irwin: That is merely a tactic, which we can either use or not. The important issue is the choice of a general approach. The State proposal is to maintain correct relations and non-overt hostility while employing CIA covert operations to undermine him. The Defense proposal is similar although the emphasis is different. It calls for more open hostility but would not call for much more action than the State proposal. A third course, which I thought would be the Defense position, is to take a wide range of actions to combat him.

A potential danger is that if we base our hostility upon words, we will wind up with the worst of both worlds. We would not enjoy the advantages of maintaining a cool, correct posture, and we would not be taking any action to back up our position of hostility. We would also be lending legitimacy to the claims he might make about CIA activities directed against him.

Dr. Kissinger: That is a good summary of the problem.

Mr. Nutter: Are there some other actions we haven't mentioned that we might take? In preparing our paper, we tried to identify all pos-

sible measures other than a break in diplomatic relations or military hostilities.

Dr. Kissinger: One can agree that overt hostility might hamper covert action. On the other hand, if we merely adopt a cool and correct stance, we could create confusion about our position in other parts of Latin America. When we visited Italy, the Vatican, and Britain on the President's trip, we found that there was an impression that we had washed our hands of Chile. We ought to be in consultation with the Latin Americans about this.

Under Secretary Irwin: I agree.

Mr. Selden: The American people have to be clear about our position too.

Ambassador Johnson: Our concern is not with labels but with actions. It is not so important to say that there is a Communist or Marxist regime in Chile as to be able to demonstrate that what we do is a result of actions the Allende government took against us. For example, it would make a difference whether we freeze Chilean assets on November 4 or after US properties have been expropriated without compensation.

Ambassador Korry: I would agree with that. However, if we rely on Anaconda to provide a justification for our actions, we would be on the weakest possible ground, given the company's poor record.

Dr. Kissinger: How are we going to avoid this if we go to him and say that if you nationalize Anaconda, we will react.

Ambassador Korry: I believe we can get a deal that will protect our interests.

Dr. Kissinger: What do we offer him?

Ambassador Korry: We would make clear in a convincing way that we are seriously considering some of the measures set forth in the Defense paper.

Dr. Kissinger: Suppose he says: "You cannot buy a dedicated Marxist with pressure." We are then back to defending Anaconda, and that would be fighting on weak ground.

Ambassador Korry: What do we have to lose? We can at least try to raise maximum doubts in his mind.

Dr. Kissinger: The advantage of talking to him would be to raise doubts about how he ought to respond. The disadvantage is that he may react strongly if we march in threatening him about Anaconda just after he has been elected.

Ambassador Korry: We would not talk about nationalization. We would merely try to establish the parameters of adequate compensation.

Mr. Vaky: Then we would be negotiating with him.

Dr. Kissinger: He might say: "Yes, but in return you do twenty other things."

Ambassador Korry: We don't have to give him anything.

Dr. Kissinger: I wish I had a dollar for every meeting in which someone has announced that a given proposal will not cost us anything.

Ambassador Korry: If a historical example is needed, you can take our postwar rapprochement with Tito.

Dr. Kissinger: But Tito needed us.

Ambassador Korry: Allende also needs us.

Dr. Kissinger: If he needs us, he will come to us.

I can understand not carrying the fight to him. However, the key question is whether we help him prove his acceptability or wait for him to demonstrate it to us.

Mr. Meyer: But if he demonstrates his acceptability, we will not be in any position to work for his overthrow.

Mr. Nutter: Is it our judgment that he is going to establish a communist state?

Ambassador Johnson: He may prefer coexistence, perhaps a Yugoslav type of relationship. If this indeed is what he wants, do we tolerate him? If he reacts to Ed's [Korrry's] proposals, what do we do then? I gather that we want to continue supplying military equipment to the Chilean armed forces and that we would not block IDB loans for Chile.

Dr. Kissinger: Would we continue our covert operations?

Ambassador Korry: Yes.

Mr. Nutter: I don't think he will go the Yugoslav route.

Dr. Kissinger: We ought to understand what the Yugoslav route means. In the Balkans Tito is helpful to us. In Latin America he would be a threat. Castro is more of a problem to us as an independent force than as a complete economic satellite of the Soviet Union.

Ambassador Korry: An Allende government will provide the same type of problem as Castro, that is, the existence in the Hemisphere of a statist regime with a strong anti-US bias. The question is how we limit its influence. Of course, we should remember that nothing follows a logical pattern. Unexpected developments always occur. In dealing with Allende we need maximum flexibility.

Dr. Kissinger: That reminds me of the statement Chip Bohlen made at a White House dinner: "If you don't know where you are going, any road will get you there." Where are we going in Chile?

Ambassador Korry: We are seeking to maximize internal tensions in Chile and to signal our position on the international scene. All we

would do in conversations with him prior to his inaugural would be to try to keep him from getting locked into positions hostile to US interests.

Dr. Kissinger: Jack [Irwin] has stated the issues. The first question facing us is whether our position should be one of overt hostility or cool, correct relations. If the decision is to follow a cool, correct course, then we must answer a second question: to what extent do we want to let him buy time? This involves deciding how far we want to go in taking the initiative by undertaking negotiations with him.

Regarding Alex's [Johnson's] question about relations with the Chilean military, is it in our interest to give Allende the time he needs? We may want to keep up the pressure.

Ambassador Johnson: We may want to try to maintain a relationship with the military, and that will give him more time. But if we cut the military off completely, they will have no choice but to turn to the Soviets.

Dr. Kissinger: Or move against Allende.

Ambassador Korrry: They would not do that unless a coup could be justified by Allende's own actions.

Mr. Leddy: Our [the Defense Department] proposal is not for complete hostility. We merely feel that we should have a position toward Chile on the public record. For example, we could issue a statement on November 5 warning of our concern "if a Communist government emerges."

Ambassador Johnson: What do you mean by a Communist government?

Mr. Leddy: One that is under Communist control.

Under Secretary Irwin: What do you want to achieve? Allende's overthrow?

Mr. Leddy: That is a hard question. The consensus seems to be that either we don't have the leverage to bring him down or that we should just seek to slow him up.

Under Secretary Irwin: I am not sure whether slowing down establishment of a Communist government is the basic point. The key question is whether the US Government has the capability to overthrow Allende—immediately, within six months, or a year from now. If the US does not have sufficient leverage, then can we so plan our actions so as to facilitate his overthrow? The trend of US actions in Latin America raises a question whether we do in fact have the ability to bring about his overthrow. We pulled back from the Bay of Pigs. We went only half way in the 1962 Cuba missile crisis. We pulled back from a confrontation with the Peruvians over IPC.

Latin America wants social, economic, and political reform as well as greater independence from the United States. Both factors are at play in the Chilean case. In this context, what ability do we have to do anything? Can we consider the sort of action we took in the Dominican Republic? I question whether we can. Military action of this sort is politically improbable.

Under these circumstances, what is the best position for us to take vis-à-vis the Allende government? We can do whatever we can to achieve his overthrow, but our assets are limited. We should certainly not help him economically, although we may in some cases want to make an exception in the IDB, where we may not want to be in the position of blocking Chilean loan requests.

The premise of my thesis is that we should look not only at what we are in a position to do to undermine an Allende government but also at what that government is likely to do in Chile to contribute to its own downfall. If we don't have the capability to bring about Allende's overthrow, we should so conduct ourselves so that he can't blame us for his failures. We should let his own mistakes accumulate. If he does not fall, he will be a bad example for the rest of Latin America.

Dr. Kissinger: That is a good statement. We can always buy time. However, the impact of a Communist government communizing a Latin American country with the tacit cooperation of the United States will be disastrous in other Latin American countries. Allende might be better off if he moved slowly rather than sought a confrontation. It is not self-evident that a moderate but uncompromising Allende would not be more dangerous to us than an implacably Maoist Allende. We might prefer to trigger a confrontation.

Ambassador Korry: Can't we in effect do both? We can negotiate with Allende prior to November 4, we can cut down on aid, we can carry out our contractual obligations on military assistance, and at the same time we can extract compensation.

Dr. Kissinger: What kind of compensation? Compensation is not the important issue.

Ambassador Korry: I think we should do something to keep the US taxpayer from having to foot the bill for a Communist government's expropriations.

Dr. Kissinger: I really think that Chile is perhaps the most important issue we have had to deal with—more important, say, than Jordan.

Mr. Nutter: We have discussed whether we can get along with an Allende government over the long run. The Chilean military is asking the same questions, and they may conclude that the answer is yes. Allende must solidify his power base in Chile, and that means gaining control of the military. When he tries that—and the military see their own survival at stake, we can get a coup.

Under Secretary Irwin: I don't disagree.

Dr. Kissinger: We need to give the principals a chance to talk over the issues just as we have been doing. We cannot decide this. We will need an NSC meeting, but because of the President's schedule, we can't have one until after the election. (to Irwin) Would you write up a statement of the choices as you posed them before?

We will try to make decisions on the immediate operational questions. Should we communicate with Allende prior to his inauguration?

Adm. Moorer: The first question is what the US Government says on October 24.

Dr. Kissinger: We need to get a list of the operational decisions required. We will try to schedule an NSC meeting for the first possible day after November 3.

Gen. Haig: That would be November 5th.

Dr. Kissinger: All right. We will need to be well prepared for the meeting. Can we have a memorandum by Tuesday [October 20] on the immediate operational decisions.

Ambassador Johnson: These would include what the US says on October 24, whether Ed [Korry] sees Allende between October 24 and November 5 and what he should say, and who goes to the inaugural.

Ambassador Korry: Do we hold military deliveries in abeyance—until after we see what Allende does about nationalizing the copper industry?

Under Secretary Irwin: That is a question of tactics.

Dr. Kissinger: The purpose of holding up deliveries is to put pressure on the military. I can see some advantage to resuming military deliveries when Allende is inaugurated.

Ambassador Korry: This needs to be included on the checklist of immediate operational decisions. We could do it on the 24th.

Mr. Vaky: Why should we relate resumption to October 24?

Ambassador Johnson: That is a good point.

Under Secretary Irwin: I don't disagree with Warren's [Nutter's] statement about the role of the Chilean military. I also don't disagree with Henry's [Kissinger's] point about the possible advantages of triggering a confrontation.

Dr. Kissinger: The important thing is that we not do anything before November 5 that would preclude that possibility. We probably ought to have another Senior Review Group meeting before the NSC on November 5. This is the most important issue we have had, even though it is undramatic.

Ambassador Johnson: We will do a memorandum on the operational decisions.

Dr. Kissinger: We need a paper covering Jack's [Irwin's] three questions.

Mr. Meyer: Felipe Herrera had agreed earlier that no controversial Chilean loans would be brought up for decision in the IDB before November 4. Now he has changed his position and is going ahead. We have told our representative not to vote.

Dr. Kissinger: But that won't stop the loans.

Mr. Meyer: Yes it will. They cannot act if we don't vote. Our delegate will say he is without instructions.

159. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, undated.

SUBJECT

Chile—Immediate Operational Issues

It now appears certain that Allende will be elected President of Chile in the October 24 Congressional run-off elections. He will be inaugurated November 3. The Senior Review Group is now working on the formulation of a specific strategy to deal with an Allende government.

We can assume that Allende has a profound anti-American bias which will lead him to work against our influence in the hemisphere

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Sensitive. Sent for action. The memorandum is attached to an October 18 memorandum to Kissinger in which Vaky noted, "Since it had to cover a number of complex tactical issues it is unavoidably long. If you think it too long it could be divided at the end of the fifth paragraph on page 3. The first part could then be a memo on the general nature of the problem leading to a recommendation the President agree to an NSC meeting November 5, and the latter part a memo asking his decision on the tactical questions we have. Korry wants State to seek a presidential decision on phasing out other programs and personnel, and State's memo may contain that. It seems to me, however, that this is part of the longer strategy to be considered later. There is no reason why the President has to make a decision on this in the next few days. We could not make it evident in Chile until after the November 3 inauguration anyway. An exception to this is the Air Force atmosphere-testing unit (AFTAC), which because of the classified nature of its mission and the tenuous legal basis for its presence in Chile, is a special case. Hence, I have added that issue to the memo." The fifth paragraph on page 3 is the one that begins "There are a variety of 'game plans' which could be constructed . . ." The memorandum from the Department is presumably the Options Paper attached to Document 30 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

and elsewhere. The consolidation of power by an Allende government, therefore, is likely to affect a number of US interests adversely:

a. An Allende government is likely to lead opposition to US influence in the hemisphere, to promote policies counter to ours and to seek the adoption of a neutralist “Third World” stance by Latin America.

b. It is likely to seek linkages to the Soviet Union, Cuba and other socialist countries; Chile could thus constitute another entry point for these countries’ influence and activities in the area.

c. Allende will almost surely expropriate US investments sooner or later; whether he will also compensate adequately is not clear.

d. The successful existence of a Marxist government in Chile is likely to encourage elements opposed to us in other Latin American countries, and to provide a psychological boost to those who argue for closer ties with the Soviets or who seek a Marxist pattern for their societies.

The formulation of a strategy to contain or eliminate these threats must also take into account: a) the nature of the present situation in Chile and of Allende’s internal position, and b) Allende’s own specific “game plan”:

a. Allende starts his term with an initially weak position:

—the coalition that supports him is heterogeneous and fractious, with significant friction between the Communists and Socialists;

—the economic situation is deteriorating, placing strong economic restraints upon his capacity to succeed;

—he is a minority president, and there will be strong opposition to any move toward a totalitarian state;

—the political process is cumbersome and it is, therefore, difficult for Allende to consummate a “take over” quickly; there is opportunity for effective political opposition within the system if the opposition acts decisively;

—the military is suspicious of him.

b. To meet these weaknesses, Allende’s “game plan” will almost certainly seek legitimacy and respectability; to reassure the apprehensive or concerned and to move carefully to avoid coalescing opposition to him prematurely; to keep his opposition fragmented and then slice their power bit by bit as he is able. Left to his own game plan and pace he probably has the capacity and skill to consolidate his power and neutralize his opposition in a year or two.

It is clear that Allende is not voluntarily going to modify his goals, nor is he likely to have any interest in negotiating such a modification just to get along with us. A US policy of seeking accommodation with him, therefore, is unlikely to deter him from an anti-US course if he wants and is able to take it.

We have been led to conclude, therefore, that only some kind of adversary strategy promises to contain or deter effectively the adverse impact on our interests of an Allende regime. The question is what kind of posture this requires and what degree of hostility.

Our capacity to engineer Allende's overthrow quickly has been demonstrated to be sharply limited. *The question, therefore, is whether we can take action—create pressures, exploit weaknesses, magnify obstacles—which at a minimum will either insure his failure or force him to modify his policies, and at a maximum might lead to situations where his collapse or overthrow later may be more feasible.*

There are theoretically, two approaches such a strategy might take:

—One would be a frankly overtly hostile policy, utilizing all possible pressures and demonstrating that hostility openly;

—The other would be a publicly “correct” but cold posture, with pressure and hostility supplied non-overtly and behind the scenes, and hostile measures demonstrated publicly only in reaction to provocation.

Both courses would use essentially the same measures—e.g., CIA activity, economic and diplomatic pressures. *The difference—and the issue—lies in the question of how overt our hostility should be.*

The overt course has the merit of demonstrating our position openly and unambiguously, both domestically and abroad. *Its defect* is that its very overtness may make it self-defeating. A US position of public confrontation and a visibly punitive policy is almost sure to galvanize the forces of nationalism into Allende's greatest asset both within Chile and in the rest of Latin America. It moreover gives him the opportunity to blame us for his failures or weaknesses and thus escape some of the consequences of his own mistakes.

The merit of the non-overt course is that while it also utilizes the same kinds of pressure and hostility it promises to increase their effectiveness by avoiding the risks inherent in public hostility. It is in a sense the converse of Allende's game plan—just as he would avoid public postures that would alarm and coalesce his opposition, so this strategy would seek to avoid public postures that would give him a way to blunt the effect of our pressure. *Its defect* is that it requires some fine tuning and may seem less vigorous to our friends.

There are a variety of “game plans” which could be constructed to illustrate and implement each of these two broad approaches. A decision as to basic strategy and an action program for Chile will be of major importance and will have long-range and far-reaching implications in Latin America and elsewhere. *For that reason, the Senior Review Group strongly recommends—and I concur—that this question be considered by the NSC and that a meeting be held as soon as your schedule permits.*

While you do not have to make a basic decision as to strategy and program now, there are a few tactical issues on which a decision is required in the next few days. These are outlined below, and recommendations regarding them summarized at the end of the memo:

1. *Do we make any approach to Allende prior to his inauguration November 3 either a) to obtain commitments from him not to take certain anti-US actions; or b) to be sure he understands what the consequences may be of such actions?*

a) *Ambassador Korry has requested authority to make an immediate private approach to Allende to negotiate a series of commitments from him ranging from promises not to nationalize US property without compensation, to not recognizing Vietnam or exporting revolution. No one can quarrel with the desirability of having such commitments, but Korry has not demonstrated that it is possible to obtain them nor has he defined what it is he would offer in return.*

The commitments relate to things Allende may not do anyway during his consolidating period under his game plan; moreover to be meaningful they require some precise negotiating which is a long process if achievable at all (e.g. what constitutes adequate compensation, or exporting of revolution). If, to secure these commitments, we offer to aid Allende, we insure his consolidation; if we offer non-hostility we give up our main pressure against him; if we threaten him we give him the opportunity to appeal to nationalism to excuse his activities by charging we tried to intimidate him. If he chooses to violate any commitments later when he is stronger we cannot prevent it, and if he wants to neutralize us he could string us out in "talks".

If Korry made the pitch and Allende said no, we would then lose our flexibility and be forced immediately to a confrontation position or appear to be a paper tiger. In short, I cannot see that we gain by this gambit while tactically we risk a great deal.

I recommend that we take no initiative to negotiate a deal with Allende prior to the inauguration.

b) *State has suggested that, as distinct from a negotiation, an approach to Allende may be useful to make sure he understands our likely reaction if he takes anti-US actions. While I think we need be under no illusion that he fails to understand what we could do, he may conceivably believe that we would ignore his actions. A "warning" that we would not could be accomplished either privately, through Korry or the Chilean Ambassador here, or through a general public statement of our concerns.*

A private approach has the merit of getting the message directly to Allende, but it has the same defect as the negotiation gambit—it gives

him the initiative to claim either that we threatened or that we “negotiated,” and it may lead him to miscalculate ever more seriously.

A public statement of comment could accomplish the objective of “sending a message,” and have the additional merit of making a public record of our concerns for domestic and foreign consumption. It has the defect of giving him the opportunity to charge public intimidation, although this could be countered if the comment is skillfully phrased. Public statement could be made by you or by a USG spokesman at some suitable level. Your comment would clearly carry the most weight, but I do not see that your personal involvement at this early stage is necessary to achieve our objective; it may be better to preserve your prestige for some later use when it may be more necessary. Sufficiently official and desirably natural character could be given a statement by Ziegler in response to a planted question on the occasion of the October 24 election.

I recommend that we use the press spokesman gambit to observe that we have noted Chile’s electoral process is completed, that it is now up to Chile and that we would of course be gravely concerned with any policy measure which damaged US interests or sought to disrupt the cohesion and harmony of the hemisphere, such as etc., etc.

2. *Should you send the customary congratulatory message to Allende upon his election October 24?*

While customary, it is not required that you send a personal message. Not to do so will be taken as coldness, but it is not the kind of action Allende can very well react against or use specifically. To send a message, even if perfunctory, would be perceived as your personal recognition of Allende’s accession to power and as our “accepting” Allende. That risk seems to outweigh the risk of being charged with appearing cold or hostile. *Therefore, in balance I recommend that you send no message.*

3. *Should we say anything to other Latin American countries now?*

Just as Allende should be under no doubt as to our concerns, neither should our friends. To say nothing may lead them to think we are unconcerned. Moreover, since we will need their cooperation in containing any anti-US moves that Allende may make in the hemisphere context, we should be coordinating our position to be ready. *Therefore, I recommend that prompt private consultations be undertaken with key countries to outline our views and concerns in some detail, including those things for which we will be watching and against which we would react—e.g. confiscation of property, Soviet military presence, export of revolution.*

4. *What kind of delegation should we send to the November 3 inauguration?*

We have been invited to send a special, high-powered delegation, but this we would not want to do. Our practical choices are to send As-

sistant Secretary Meyer—which has been our customary pattern,—or to designate Ambassador Korry to represent us at the inauguration.

The custom in this case is more rigorous than in the case of congratulatory messages. To designate Korry would be seen as a calculated rebuff, and Allende could credibly claim he was the aggrieved party without justification. Meyer's level is still less than they have asked and is, therefore, suitably "cool," but has the virtue of being our pattern and custom. Hence Allende has no propagandist opening, but can see the "message."

I recommend that Meyer be designated to head a small, low-key delegation, and that he be instructed to be cool and formal in his protocolary contacts with the new government.

5. *We suspended pipeline shipments of military equipment previously contracted in an effort to provoke the military to action. Since they did not act, should we resume such aid and if so when?*

If we continue to suspend military aid it will appear we are punishing the military, which is the last group in Chile we ought to punish. Moreover, if we maintain the suspension, we will have no "screws" to tighten in this sector later if we wish to increase pressure on Allende. The best posture would be to show to the Chilean military that it is Allende's hostility which produced the cut-off. If we renew we should do so before October 24; to wait until after the runoff election may be seen as a step taken in recognition of that election.

I recommend we resume the pipeline shipments in small amounts immediately, keeping in mind that they will be cut off as soon as Allende takes hostile action.

6. [1 paragraph (14 lines) not declassified]

[1 paragraph (2 lines) not declassified]

Summary of Recommendations²

1. That you disapprove any private contact or negotiating with Allende prior to inauguration.

2. That you *not* send a personal congratulatory message to Allende on his election.

3. That you approve an expression of concern by press spokesmen in response to queries about the October 24 election, as the means of conveying our "message" to Allende for the moment.

² President Nixon initialed the Approve option under Recommendation 1. He also initialed at the bottom of the page and drew a line up around to the top of the page for Recommendations 2 through 6. An explanation of which options Nixon approved or disapproved is in Document 160.

4. That you authorize prompt private consultations and coordination with other key Latin American countries.

5. That you approve the resumption of deliveries on previously contracted and purchased military equipment.

6. That you authorize the phase out of the US Air Force atmosphere testing unit currently stationed in Chile.

160. Memorandum From President's Assistant for National Security Affairs (Kissinger) to Secretary of State Rogers and Secretary of Defense Laird¹

Washington, October 21, 1970.

SUBJECT

Chile

The President has reviewed the Department of State's memorandum of October 18 regarding interim decisions to be made on US-Chilean relations,² and has made the following decisions:

1. He does *not* wish to send a personal congratulatory message to Allende on his election.

2. He approves the preparation of a public statement for use by State to comment on the October 24 elections. This statement should note the completion of the Chilean electoral process and the importance the US attaches to those principles upon which cooperation and peace in the Hemisphere depend. It should also guide other USG spokesmen.

3. He does not approve the initiation by us of substantive discussions with Allende prior to the inauguration. The Ambassador may make a courtesy call on the President-elect if, but only if, protocol requires, and provided a majority of chiefs of mission have done so. In such a courtesy call, the Ambassador should not initiate substantive discussions. If Allende raises substantive matters, the Ambassador should limit himself to answering direct questions, within the framework of the public statement mentioned in point 2 above. He should note Allende's statements or affirmations and merely observe that

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 15 CHILE. Secret; Nodis. A copy was sent to the Chairman of the Joint Chiefs of Staff and the Director of Central Intelligence.

² See footnote 1, Document 159.

with reference to them we shall duly watch for the actions of his government.

4. He has directed that prompt, private consultations be undertaken with key Latin American countries to outline our views and concerns in detail, including those things for which we will be watching and which would constitute cause for concern, as well as to lay the basis for future coordination of our policies toward Chile. He has asked that instructions be sent to appropriate Embassies as soon as possible.

5. He has approved the designation of Assistant Secretary of State Meyer to head a small low-key delegation to the inauguration.

6. He has authorized the immediate resumption of military equipment deliveries and military training on a selected basis.

7. He approves in principle the gradual and deliberative reduction and phase-down of the US presence. Specific plans for reduction of personnel and phase-down of activities are to be worked out by the Department of State with appropriate agencies.

8. He has specifically reviewed Ambassador Korry's recommendation on the phase-out of AFTAC and has approved it. He has directed that State and DOD work out plans to begin this phase-out immediately.

Henry A. Kissinger

161. Telegram From the Embassy in Chile to the Department of State¹

Santiago, October 22, 1970, 2145Z.

4468. Subj: Sitrep October 22nd.

1. Today's machine-gunning of Army CINC General Schneider will surely strengthen Allende's position with armed forces, political parties and public. Well-known Chilean revulsion to such violence will also provide Allende with future justifications.²

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 2 CHILE. Secret; Priority; Limdis. Repeated to Bogotá, Buenos Aires, Brasilia, Caracas, Lima, Rio de Janeiro, Rome, and USCINCSO for POLAD.

² General Schneider died on October 25. For information on the role of the United States in his death, see *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973, Document 39. Foreign Minister Valdes, in a conversation with Secretary of State Rogers at the UN, noted that, "without minimizing the seriousness of situation pre-

2. Taking into account well-orchestrated campaign of past few days in Marxist media against CIA and right, noting that Communist *Puro Chile* predicted that terrorist acts would occur Oct 22nd, observing that all Marxist media ignored my preemptive public statement of last night (Santiago 4452)³ and recalling that Marxists have infiltrated rightist lunatic fringe. I am not rpt not entirely persuaded that the PCCh was unaware or completely innocent in Schneider affair. It has too much of a pat smell to it and it evokes other examples starting with Reichstag fire and including assassinations by rightist or lunatics played upon by others. I recognize, of course, that Marxist campaign against CIA and right could be both pro-forma and preemptive. But the advantages to Allende and to the Marxists of the episode are so patently obvious that I have my doubts.

3. Prior to today's events, I was impressed by CAS reports to Washington substantiated to me yesterday by diplomatic sources that Allende may not proceed immediately with recognition of all or even most Communist regimes. Chileans have been informing him of possible economic consequences of such actions and apparently have forced some reconsideration.

4. It is the economic situation that is most preoccupying Allende as he contemplates governing responsibilities. Marxists are clearly upset by difficulties that will make almost impossible implementation of some of most popular measures they promised in their electoral program. Failure to fulfill such pledges at outset combined with increasing awareness on part of unions and non-Marxist parties that there will be no real worker participation in management or ownership will add to Allende's problems in his first year in office. Worker councils are anathema to orthodox Communists and if anyone has any doubts about the parochialism of Chilean Communists and of Allende's Marxist-Leninism they should ponder the decision to avoid genuine worker participation (septel on this subject follows).⁴

5. The Marxists are actively pursuing US companies. Dow reports to me that last week it was convoked to a meeting with top Unidad Popular economists-planners Nolff and Bertini who displayed very

sented by pending Presidency of Allende, Valdes saw Allende himself as best hope salvaging it in face near term danger from socialists and long term from Communists." (Telegram 2704 from USUN, October 24; National Archives, RG 330, 76-067, Box 68, Chile 092 1970)

³ Dated October 22. (Ibid., RG 84, Santiago, Classified Allende Files, 1968-1973, Box 6, United States-Chile Relations, Sept-October 1970) Korry's statement, issued the night of October 22, denied any involvement by the CIA or by anti-Communist Cuban exiles in the attack on General Schneider.

⁴ Telegram 4495 from Santiago, October 23. (Ibid., Classified Subject Files of Ambassador Korry, 1967-1972, Box 2, EMK-Chron Tels-Oct 70)

precise knowledge about Chilean petro-chemical setup and very earnest desire to maintain Dow's presence in some fashion. GM called on Allende Monday and Ford today issued statement on Allende's auto industry plans that indicated willingness to stay in Chile. These and similar straws indicate that Allende will do utmost to maintain international credibility, even to the point of trying to meet minimal international conditions on copper nationalization. Anaconda poses special problem, I believe, because Allende is convinced it played significant political role in Chile and he will wish to be punitive in one way or another.

6. While Schneider incident will ease anti-Allende pressures within military, the tensions within his own coalition are increasing, between the hard lining socialists including MIR and the gradualists of the PCCh, and between gravy-seeking opportunists such as Tarud or Radical Party hacks and the ideologues.

7. The public had become ever more acclimated to the advent of Allende, being sweetly massaged every night on the three TV channels and protected by a compliant or fearful press from any unpleasant news. The bell-wether of the media, columnist and commentator Luis Hernandez Parker, evoked a tranquilizing dream on his TV program last night (govt channel) in which all those Chileans who had left the country in an "ill-considered panic" would return now that they could verify the democratic normality of the future. Schneider's wounds may bloody that fantasy but it is true that the Nacionales, who have always presented themselves to us as the true friends of the US, have not only made their peace with Allende, but have ruled out any cooperation with any PDCers in opposing the new President, thus prolonging both respectability of Allende and the divisions that resulted in his victory. The Nacionales also chose to try to save their own skins by seeking to blame the Schneider episode on "foreign agents," which in Chilean parlance, thanks to the PDC-Marxist vocabulary, means the US.

Korry

162. Briefing Notes Prepared in the Central Intelligence Agency¹

Washington, October 23, 1970.

TRACK II

I. Situation:

Yesterday morning at 0815 hours unidentified gunmen shot and seriously wounded Chilean Army Commander General Rene Schneider.² He was rushed to a military hospital for emergency surgery. An Army high command communiqué said he was in serious condition and the latest medical bulletin last evening stated his condition had worsened and that he would have to undergo further surgery. The shooting came just 48 hours before Congress was to vote on confirming Salvador Allende as President. As a result of this assassination attempt the following developments have taken place in the past 24 hours.

II. Developments:

- A. General Carlos Prats assumed the position of Army CINC.
- B. General Camilo Valenzuela assumed the position of Jefe de Plaza for law and order in Santiago Province.
- C. State of emergency declared throughout Chile.
- D. Armed Forces and Carabineros confined to barracks.
- E. Military given responsibility for investigating the assassination attempt.
- F. Rigid curfew imposed.
- G. All exits from Santiago under close control.
- H. Information media instructed not to publish or broadcast information which could alarm or incite the public.
- I. Retired General Emilio Cheyre designated Chief of Investigations and Socialist Rene Paredes (pro-Allende) named Sub-Director.
- J. The UP issued a statement blaming the attack on rightists supported by foreign elements.

¹ Source: National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Chile Papers, Church Committee, August 12, 1975. Secret; Sensitive; Eyes Only. There is no indication as to the intended audience for this information. However, since it uses the term “Track II” rather than the cryptonym of the Track II operation, it was most likely prepared for briefing Kissinger or Haig rather than for an internal briefing.

² According to an intelligence report, the weapons used were not provided by the United States. (Telegram 615 from the Station in Santiago to Headquarters, October 29; Central Intelligence Agency, DO/LA Files, Job 80–000012A, Box 6, Military, Vol. IV, 27 October 70)

K. Chilean Confederation of Workers called an emergency meeting to discuss the assault on Schneider.

L. Technical Students planned a demonstration for yesterday afternoon.

M. Government investigating recent arrival of foreigners in Chile.

N. General Viaux, retired Lt. Col. Jose Cabrera and six unidentified persons, including members of Patria y Libertad, reportedly have been arrested.

O. The three Armed Forces Commanders in Chief, General Prats, Admiral Tirado, and General Guerraty, issued a communiqué condemning the attack on Schneider and announcing their support for the constitution.

P. Allende met with President Frei yesterday afternoon and asked Frei to adopt drastic measures to crush a "seditious plan."

Q. General Valenzuela addressed the nation over radio last evening concerning measures to be taken under the state of emergency.

R. President Frei spoke over nationwide radio expressing his profound indignation over the attempted assassination and explained the steps taken under the state of emergency.

III. Analysis:

With only 24 hours remaining before the Congressional run-off, a coup climate exists in Chile. The assassination attempt against General Rene Schneider has set off a train of events that has started Chileans talking about a coup and has raised the expectation that something significant will occur today.

The attack on General Schneider has produced developments which closely follow Valenzuela's plan: Schneider has been removed, a state of emergency has been declared, General Prats has replaced General Schneider, radicals have been arrested, and General Valenzuela has assumed control of Santiago Province. [2 lines not declassified] Although the plotters may have second thoughts about a coup, they nonetheless are irrevocably committed to executing the plot—even if Frei refuses to resign—since it can be assumed that their plotting would eventually surface under an Allende government. Hence they have no alternative but to move ahead.

The state of emergency and the establishment of martial law has significantly improved the plotters position: a coup climate now prevails in Chile, and military officers have replaced civilians at the provincial level. This condition greatly inhibits any future effort by Allende to counteract the coup. The next step in Valenzuela's plan, which is the most important one, calls for the resignation of Frei and his cabinet. Thus far, President Frei shows no indication that he intends to re-

sign. If Valenzuela has advised Frei of his plan and Frei has concurred, then Frei certainly would be compelled to resign. Should Frei not be advised—as appears to be the case—a confrontation between the plotters and Frei can be expected before the Congress meets tomorrow.

163. Telegram From the Embassy in Chile to the Department of State¹

Santiago, October 23, 1970, 1720Z

4483. Subj: Ambassador's Warning to Frei and Allende. Ref: Santiago 4481.²

1. In absence of Acting Foreign Minister Silva, I called MinState Troncoso in Presidential Palace (one of Frei's closest intimates and one of my most helpful contacts) to say that I wanted his advice on what to do now that Allende press was venting most provocative anti-US charges (reftel). I noted that Frei last night in nationwide TV had requested media to avoid inflammatory declarations. The entire Allende media had disregarded this plea and was creating a climate that made me dubious about the personal security of the community for which I was responsible. Additionally, I could hardly avoid the conclusion that the Allende govt wished to demonstrate its hostility to the US in the ugliest manner possible and that I could hardly avoid recommending to Washington actions commensurate with such an attitude, starting immediately.

2. Troncoso replied that it was important to distinguish word from action and that the US should proceed with the greatest caution in how it chose to deal with Allende so as to avoid being a scapegoat. He added that the UP had many components difficult for Allende to control. I agreed but noted that orchestrated propaganda was producing a climate of insecurity for Americans. That to my mind was action. And I wished to know what if anything either Frei or Allende would do about it. I observed we too had Congressmen who had so far kept an admirable silence. I noted that Allende was having a press conference with

¹ Source: National Archives, RG 59, Central Files 1970–73, POL CHILE–US. Confidential; Immediate; Exdis.

² Telegram 4481 from Santiago, October 23, reported that the press was blaming the attack on Schneider on foreign elements, including specific charges that the Central Intelligence Agency was involved. (Ibid., POL 2 CHILE)

foreign newsmen in mid-afternoon today and that if he were not clearly informed of the gravity with which the GOC (Frei) viewed the media situation, then the GOC would have to assume the responsibility for my recommendations to Washington. Troncoso replied that he understood and that he thought he could do something via Frei.

Korry

164. Memorandum From Viron P. Vaky of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, October 27, 1970.

SUBJECT

Korry's Recommendation on Chile—Send Congratulatory Message

Attached is Korry's nodis telegram (Santiago 4512)² recommending that:

1. The President send a message of good wishes to Allende on his inauguration.

2. State press spokesman state at an early opportunity that the US looks forward to normal relations and continuation of the traditional ties with Chile.

Korry's recommendation is based on the argument that we should not "trigger reactions that are unnecessary or provoke outside forces; that the economic situation will have considerable influence on events in the immediate future and that we can keep our options open there; but that in order to have such options our public posture must be "above hostility."

Korry cites an excerpt from your New England background to bolster his reasoning (see paragraph six of the attached cable).

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Nodis. Sent for information. Kissinger wrote, "Pete—Please be sure to do outstanding book for NSC Meeting. Cold and Correct. HK" at the top of the page.

² Attached but not printed is telegram 4512 from Santiago, October 26. The telegram is Document 29 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973. Allende was elected President by a joint session of the Chilean Congress on October 24.

Korry poses the following summary assessments:

A. *Immediate Future*

—The Latin American reaction is that Chile continues to be democratic and friendly and should be so considered until events prove to the contrary; they are sending Cabinet-level inauguration delegations.

—Western Europeans will send minimal delegations; most will not send congratulatory messages until the inauguration; some ambassadors will call on Allende; several countries will announce loans (British, French and German).

—Soviets apparently keeping to low-key posture.

—Allende is carefully avoiding belligerent statements.

B. *Longer Term*

—Western Europeans are unanimous that Communists will move slowly and cautiously but that Allende should not be written off. West should avoid overt hostility.

—Soviets also playing down possibility of meaningful trade and aid; they are urging Allende to maintain best possible relations with the West.

—US companies are beginning pre-negotiation talks with Allende's representatives. They have no illusions about long-term prospects but are out to get the best deal they can for the present.

—Allende likely to move very slowly with regard to recognition of socialist states unless he becomes convinced that West is "implacably hostile."

Korry says he remains convinced that Allende has not changed skins, that he is as unreconstructed a socialist as before with a convinced anti-US and anti-capitalist bias; that his long term goal is a state-controlled economy like Eastern Europe. However, the realities of the Chilean economy and the hard facts of Chilean dependence on Western capital markets and technology are seen differently from the President's chair than the candidate's platform. Korry believes that internal tensions within the governing coalition and economic problems are going to present Allende with some very difficult obstacles. This, then, leads him into the conclusions summarized above in the first paragraph.

Comment: I do not know if this recommendation from Korry was elicited or not. It is the current State position. It strikes me that what is happening is that people are being convinced by Allende's game plan. As you recall my previous memos spelled out a game plan whereby Allende would seek to convince everyone he is legitimate and acceptable and reassure everybody who is apprehensive. This is precisely what he is doing. The question is do we get "convinced" by this game plan, or play along with it, or remain "cold and correct."

165. Telegram From the Embassy in Chile to the Department of State¹

Santiago, October 27, 1970, 1730Z.

4538. Subj: Talk with Allende Emissary.

1. I agreed to see late Oct 26 after Schneider funeral radical Senator Hugo Miranda who had called on me Sept 10th as Allende's designated emissary (Santiago 3612)² and who had been phoning for the past week to learn about the US Delegation to the inauguration. DCM who had contacted Miranda re my recent Washington consultation participated in talk in my office.

2. I told Miranda that Delegation's composition had not been decided yet. When he remarked that incoming govt wished to have delegation as high as possible, I noted that in four previous Latin inaugurations under Nixon administration that in cases of two (Guatemala and Santo Domingo) there had been no special representation invited from Washington because of host govt's internal security and that in case of Ecuador and Colombia, Asst Secy Meyer had been head of delegation. Miranda said Allende hoped for higher representation but I gave him no basis for believing that such would be the case or Meyer the man. He then mused that Meyer was really "a Vice-Minister."

3. Miranda then raised Allende's preoccupations over USAF pullout from Easter Island and linked AFTAC incorrectly with assertion that NASA also would be evacuating its station outside Santiago. (This subject was the main motivation for my response at this time to Miranda and I wanted to set record straight but in answer to his initiative.) I said that USAF for economy reasons had decided sometime ago to leave Easter Island. Hence it had appeared preferable to me to begin the phaseout under the Frei govt so there would be no misunderstandings later with the new govt. Moreover the absence of such military presences, reflecting what I had understood to be the desires of Allende, would eliminate the whole subject of military bases and there would be no reason therefore in the future to have any problems about or basis for any foreign military installations. DCM explained NASA separate civilian rels with Univ of Chile and its unaffected status.

4. Miranda referred to Secretary of Defense Laird's recent TV interview in which he had expressed concerns about Chile in the same

¹ Source: National Archives, RG 59, Central Files 1970-73, POL CHILE-US. Secret; Priority; Exdis. This telegram was brought to Kissinger's attention by a memorandum from Vaky, October 28. (Ibid., Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II)

² Telegram 3612 from Santiago, September 11. (Ibid., RG 59, Central Files 1970-73, POL 15 CHILE)

breath as Cuba. Miranda linked this to what he described as an “interview” given by Dr. Kissinger in Chicago in which the same preoccupations were voiced. I replied that Kissinger had given no interviews and that Secretary Laird’s reference was a vague and conditional one. However I could say in all frankness that it was logical that Americans had certain doubts about the future on the basis of past history. The American public had been told that Mao Tse-tung was an agrarian reformer somewhat of the order of Rafael Moreno (Frei’s land reform chief) and had been informed by the *NY Times* that Castro was also a benign reformer. I had no doubts about Allende’s honesty and sincerity but the US public had been conditioned by experience to judge by action not by word. The US had recently displayed its most serious concern about the possibility of a Soviet sub base in Cuba; happily the Soviets understood the seriousness of our concern and had responded promptly and constructively. Secretary Laird had this concern in mind when he had appeared on TV several weeks ago and we also had been no less concerned by the Soviet exploitation of a Mideast cease-fire to advance their missiles. The US was on record about this hemisphere and there should be no misunderstandings about the gravity of our concerns if there were to be any other attempts anywhere by the Soviets to position themselves militarily in this half of the globe. I added that Miranda and Allende should read the President’s speech to the United Nations³ which I promised to send together with a clipping of the Oct 23rd *NY Times* front page picture showing Miranda and Allende. The US felt strongly that the traditional super-power desire to seek every minute advantage at the expense of the other was not only puerile but contrary to the interests of all humanity including the great powers. We hoped the Soviets would also come to understand the greater strategic advantages of peace when measured against ephemeral and dangerous tactical gains.

5. I went on to say that my views on the need for the US presence in Chile to be reduced were well-known to the Frei govt. Whoever was President of Chile, I would continue to press for such reduction. The US was anxious not to take an overly prominent role in Chile’s internal affairs. Increasingly we counted on multilateral institutions. We would continue to confine ourselves to bilateral matters of concern to the two govts. I had no desire, and never had, to be known unofficially as an extra-official member of any foreign govt. I hoped that he and the new govt would understand these views.

6. Miranda said he welcomed the frank exposition and the clear language. However he returned to the Kissinger-Laird statements and

³ President Nixon concluded his October 23 address to the UN General Assembly by calling for the “mutual respect that fosters peace.” The address is printed in full in *Foreign Relations, 1969–1976*, vol. I, Foundations of Foreign Policy, 1969–1972, Document 78.

threw in the US press as well to say that US doubts were not justified, that Allende wished good relations etc. He referred to concerns that Chile might serve as a model or stimulant for similarly political arrangements in LatAm, denying that this could be the case since each country has its own “conditions”. Miranda then remarked that “we are not exporters of revolution, we export copper; and we want to sell our copper for dollars and to maintain and expand our traditional markets.” I made no comment on that point.

7. I told Miranda that I accepted his statements without reservation but that I had had to report to my govt and had had to raise with the Frei govt the orchestrated campaign of all Popular Unity media and of its leading spokesmen against the US. I repeated the statements I had made to MinState Troncoso and later to Acting Foreign Min Silva last week (Santiago 4483)⁴ and said that if this campaign continued I could only conclude that the U.P. wanted to launch the Allende govt in a climate of hostility to the US and that I would recommend to my govt that all Americans except those necessary to maintain formal diplomatic relations be promptly withdrawn. Miranda replied that I should understand that an Allende govt had not yet been formed, that there had been the Schneider episode and that once Allende took office these matters would be better handled. I observed that I could not ask for a controlled press when we had so much admiration for the democratic institutions of Chile but that my reporting to Washington would be based on the actions of the Allende govt and such assessment would include orchestrated press campaigns.

8. Conversation was friendly throughout and in final moments I noted to Miranda that we were having important elections next week in the US where policy towards Chile had not yet been considered. I had gone to Washington to report on events here and to do nothing more than settle some housekeeping details such as AFTAC.

9. Miranda lamented on several occasions what he described as inadequate channels of communication between Popular Unity and USG during this period, but observed that situation would be corrected when new government constituted. I agreed and said that I would look forward after Dr. Allende had taken office to discussing with him and his government bilateral problems as they may arise. Point was thus made that I do not plan call on Allende before Nov 4.

Korry

⁴ Document 163.

166. Annex to an Options Paper¹

Washington, October 27, 1970.

COVERT ANNEX

(to Options Paper for NSC on Chile)

I. *Covert Objectives*

To prevent the Allende government from establishing an authoritarian Marxist regime, and to prevent the movement of Chile into the Communist sphere, by undertaking covert courses of action which will allow the U.S. to aid and abet forces disillusioned with Allende to recapture power politically, or, under certain circumstances, overthrow his government. At the same time to prevent Chile from influencing the rest of Latin America to follow it as a model.

II. *Covert Courses of Action*A. *The Allende Government:*

1. Undertake political action to divide and weaken the Allende coalition, especially within the U.P., which as a grouping of divergent political forces has built-in tension areas which can be exploited. Provide financial support to one or more pivotal figures with a view to insuring the development of divisive factions within the Allende coalition. Particularly through the judicious exploitation of intelligence, create friction between the Communists and the Socialists. Emphasis will also be placed on deception operations which will cause certain coalition members (such as the dissident Democratic Christians and the Radicals) to question the true intentions of the Communists and the Socialists.

2. Play upon the known tendency of Allende and certain of his advisors to react to certain forms of direct criticism. [3½ lines not declassified]

¹Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile 1970. Secret; Sensitive. Sent for information. This Annex, attached to "Options Paper for NSC on Chile," was sent to Kissinger on October 28 by Chapin. In his covering memorandum, Chapin noted that CIA had just distributed it to the 40 Committee principals for their consideration at a meeting after the SRG meeting, to be held at 10:15 a.m. on October 29. The covering memorandum also contains the following handwritten note: "Not forwarded. Vaky stated to FMC [Chapin] that the Annex was not expected to come up at the SRG mtg. The Annex will probably be considered by the 40 Comm at a later date." (Ibid.) An analytical summary of the Options Paper is Document 167.

3. Undertake selected economic operations when clandestine sponsorship is appropriate. A prime aspect of such a program would be to stimulate the exodus of key technicians and professionals from Chile.

4. Support “sitting ducks” in the media field (possibly a newspaper and a radio outlet) which would snipe at the government at a sufficient level to provoke repressive action thus opening a wedge for “freedom of the press” exploitation.

B. The Chilean security forces:

1. Sponsor a program which will enable the military institution to retain its integrity and independent political power. Provide direct financial support to key military figures who can be expected to develop a meaningful following in their respective services.

2. Play up the efforts of the Cuban and Soviet intelligence services, to assume control of the Chilean investigative and security organizations for both internal and external subversion. This theme, if properly documented, should have an impact on the military.

C. Non-Marxist political forces:

1. Provide financial support to selected anti-Allende political groups and their media. Support existing and emerging leaders, using them in a program to unite divergent sectors into a popular opposition movement capable of demonstrating political strength during future municipal and federal elections.

2. Maintain updated contingency plans for clandestine support of an exile leader or group should internal developments provoke flight of any important leader or a significant sector of the population.

D. Chilean public:

Use clandestine assets and techniques to promote a climate of uncertainty in Chile, especially as diplomatic and commercial relations with the Communist world solidify. Emphasize the sterile and somber future for the private citizen in a Socialist state. Focus special attention on the political center which now seems to have accepted Allende but which will remain the key to any broad based future political action.

E. OAS and other Latin American countries:

1. Develop an international propaganda campaign to publicize encroachments on the democratic system. Replay this information into Chile [*1 line not declassified*] to inhibit radicalization and nationalization of American interests.

2. Use the regional press to zero in on selected targets which might cause Allende to slow down efforts at radicalization or conversely provoke him into excessive acts.

3. Provide early warning to neighboring countries of any indication that third country activists plan to use Chile as a haven or as a staging ground for subversives.

167. Analytical Summary of an Options Paper¹

Washington, October 28, 1970.

Analytical Summary
Options Paper for NSC Discussion
NSSM 97—Chile

The State/DOD paper posits assumptions about an Allende government and its future course, states U.S. objectives in the light thereof, and then describes options for achieving them.

I. *Assumptions*

These do not vary greatly from previous papers. The judgment is that Allende will seek a socialist state; will have an anti-U.S. bias and will work against us to eliminate our influence; will establish linkages with the USSR, Cuba and other socialist states.

The paper assumes that he will have domestic opposition, internal tensions within his coalition, and economic difficulties. It further assumes Allende will work diligently and purposefully to overcome all of these obstacles.

It assumes that Allende will be pragmatic in his tactics and will move carefully. He may not radicalize very fast. He will, at the outset at least, wish to maintain his international credibility as a responsible debtor and borrower, and as a responsible sovereign power.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-48, Senior Review Group, Chile (NSSM 97), 10/29/70. Secret; Sensitive. Vaky drafted this analytical summary of the State–Defense Options Paper. In an October 28 covering memorandum to Kissinger, Vaky noted, “You do not need to make any substantive decisions at this meeting, and I would recommend that we not spend too much time trying to ‘perfect’ the paper. It has too many problems. The main purpose of the meeting is to see whether there are any major disagreements in the assumptions and objectives and that the major proponents of the two options presented feel they have had a fair hearing. It would also be useful to point out some of the hard questions that can be asked and have not been.” (Ibid.) The full text of the Options Paper is published in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 30.

It assumes that U.S. domestic sectors will watch the Chilean situation carefully; so far our handling of the situation has been supported. If Chile becomes overtly hostile, there will be no adverse reaction in some areas of the public, the press and Congress.

The judgment is that other Latin American and European nations will not be overtly hostile; they will accept the Allende government in regional and multilateral organizations; and will generally adopt a “wait-and-see” attitude, although there will be private mistrust and suspicion.

II. U.S. Objectives

The following objectives are listed by the paper:

1. The prevention of establishment by the Allende government of an authoritarian Marxist regime, prevention of the regime’s falling under Communist control, and prevention of its influencing the rest of Latin America to follow it either as a model or through its external policies;
2. To act as a counterpoise to Soviet influence;
3. To protect U.S. economic interests; and
4. To protect U.S. security interests.²

The foregoing is the exact excerpt. There is no elaboration of what 2, 3 and 4 mean precisely.

III. Options

The paper poses as general propositions that:

—we should have a “restrained, deliberate attitude” toward Chile, in order “to keep our influence” in Chile and maintain “flexibility and initiative” to exploit opportunities;³

—events in Chile will be determined principally by internal Chilean forces; therefore, we can have only marginal effect;

—the skillful exercise of our influence, nevertheless, can be important in complicating Allende’s task;

—the negative use of our influence—by which the paper apparently means unprovoked hostility—would enable Allende to rally support;

—on the other hand, a passive attitude would discourage and confuse Allende’s opponents, leave the initiatives in his hands, and risk adverse U.S. domestic reaction.

The paper then lists two options:

Option A: (State) Outwardly correct, no hostile initiative which Allende could turn to his advantage; act quietly to “limit the Allende government’s freedom of action.”

² Next to points 2 through 4, Kissinger wrote, “how?”

³ Next to this point, Kissinger wrote, “Means what?”

This option is premised on the hypothesis that (a) domestic obstacles and difficulties will be great, and (b) that overtly hostile acts *initiated* by us will work to Allende's advantage. The paper argues that by depriving Allende to the extent of the benefit of blaming us for his problems we will limit his prospects of consolidating power.

This option is illustrated by an extensive list of courses of action. These would:

- involve hostile covert activities (see below);
- reducing presence but maintaining activities such as Peace Corps and NASA, if Allende requests it;⁴
- apparently no bilateral economic aid, except food for peace and the Ambassador's discretionary development fund, but handle Chilean requests through international institutions on their merits;⁵
- apply the same criteria to debt renegotiation we would apply to others;
- discourage private investment;
- react firmly to expropriation and seek compensation;
- maintain military assistance;
- publicize weaknesses of communist system; and
- “quietly maintain consultations” with other countries, but avoid actions to unite them with Allende.

Option B (DOD) Act deliberately and not over-react; maintain flexibility; but let everyone know we are opposed to communism and to Allende.

This option is also illustrated by a list of courses of action. These are not very different from Option A. It would utilize covert action, apply specified legal sanctions and pressure *if* Allende takes acts such as trade with Communist countries or expropriates U.S. property without compensation; and continue military aid.

It proposes some other actions, whose relevance is hard to see, such as maintain surveillance on Chilean ships going through the Panama Canal, sell F-4's to Argentina, seek NATO's support for our Western Hemisphere “security interests”.

One major difference is that we would publicly state our hostility in a general statement, and assume *publicly* from the outset that the Allende government is a Communist government.

The above two options are essentially the same ones that we considered at the last SRG meeting.

⁴ Below this point, Kissinger wrote, “Why NASA?”

⁵ Above this point, Kissinger wrote, “Getting along option.” Kissinger drew a line to “Ambassador's discretionary development fund” and wrote, “size?”

In addition, there is a CIA annex,⁶ outlining a covert action program to hamstring Allende and “play for the breaks.” These are essentially tactics aimed at splitting Allende’s coalition, strengthening domestic opposition, keeping influence with the military. This “game plan” could be used with either Option A or B.

Option A is clearly concerned primarily with avoiding overt hostility and “triggering” stronger anti-U.S. reactions. It is designed to provide a framework within which Allende can make his own mistakes and not find an excuse to escape their consequences. It is premised on the belief that if left to operate, domestic obstacles will probably be too great for Allende to overcome. A good question is whether this premise is correct; it was judged in the assumption section of both this paper and NSSM 97⁷ that Allende had the capacity to overcome his problems if left to his own game plan.

While Option A poses pressure on Allende to exacerbate his problems, this is largely on the covert side. The question can be asked whether the overt action programs—which largely accept and accommodate to his actions—do not contradict the purpose of the covert actions. Essentially, Option A seems to be an accommodation posture which would “play things by ear.” It also assumes that Allende should prove his *unacceptability* rather than prove his *acceptability*, and give him the benefit of the doubt.

Finally, it is not clear that we could avoid confrontation anyway. Any move by Allende toward recognition of North Viet Nam or confiscation requires us to react in some way. We may therefore be required to confront, the only question being whether he sets the pace or we do.

Option B seems likely to be even more ineffective. Its courses of action are not really much tougher—they only sound that way. Almost everything suggested is a reaction to something Allende does. It does not pretend to be tough when it touches on DOD interests—military assistance—[1 line not declassified]. The trouble with Option B is that it would have us *talk* tough. Hence we risk the worst of both worlds—none of the advantages of a cool, correct posture and all of the disadvantages of a hostility based on words.⁸

IV. Issues For Decision

It seems to me that the questions that should be asked are the following:

A. *Do we have to be hostile?*

⁶ Document 166.

⁷ See Document 147.

⁸ Below this paragraph, Kissinger wrote, “Have we other choices?”

No one pretends that Allende is going to change his goals voluntarily or that he would negotiate their modification to get something from us. A U.S. policy of trying to reach a *modus vivendi* with him will not deter Allende from his anti-U.S. policies if he wants to pursue them. *We are therefore led to conclude that only some kind of adversary strategy promises to contain or deter the adverse impact of Allende policies.*

B. *What kind of an adversary strategy do we have to have and what degree of hostility?*

It is generally agreed that we do not have the leverage or capacity to engineer his overthrow—at least under present circumstances. The question therefore is whether we can take action—create pressures, exploit weaknesses, magnify obstacles—which at a minimum will lead to his failure or force him to modify his policies, and at a maximum might lead to circumstances where his collapse or overthrow may be more feasible. This appears to be the most indicated tactical objective to serve the larger conceptual objective described in II above.

C. *How overt should our hostility be? Should we take the initiative or should we react to his actions?*

This is the real issue between the two options. The disadvantages of overt hostility are persuasive. A hostility made visible and initiated by us would clearly benefit Allende and blunt the effect of other pressure. *It is therefore fair to conclude that we are in a much better posture if we maintain a “correct” public posture and avoid public hostility.*

D. *What constitutes overt hostility?*

This is the issue as regards the various action programs. State’s propensity is to regard any measure which is cold as hostile,⁹ and these are not necessarily the same. For example, State argues that not to send a Presidential congratulation is overtly hostile. The trouble with this position is that this plays to Allende’s game plan and legitimizes him. This is surely a useful distinction between coldness and actively hostile measures, such as freezing Chilean assets. Moreover, we should note that we are not going to kid Allende if we act nicely on the surface and try to overthrow him covertly.

My own personal conclusion is to come down once again in between A and B for a policy that maintains an overtly correct policy, avoids initiating actively hostile acts, and maximizes pressures. The purpose is not to try and fool him into thinking we like him—he knows better; it is to give him no *excuse* to retaliate and no political benefit from a publicly hostile U.S. posture.

⁹ Kissinger underlined “which is cold as hostile.”

168. Briefing Notes Prepared in the Central Intelligence Agency¹

Washington, October 28, 1970.

RECENT DEVELOPMENTS—TRACK II

1. Following the attack against General Schneider, there have been few developments on Track II. It now appears that the military principals with whom we were in contact depended on the abduction of Schneider, probably by General Viaux, as the pretext needed to launch a coup. This was a serious plan, but the unexpected resistance of Schneider and his subsequent death inhibited further action. Presumably the military figures were not willing to be a part of violence beyond the kidnapping scheme.

2. When martial law was declared and General Valenzuela was given the military command of the Santiago Garrison, the necessary control for a coup existed. At this point, for obvious security reasons, we were not in contact with the principals. After forty-eight hours it was clear that the military had decided not to move.

3. On 24 October a representative of General Viaux made an emergency meeting with an Agency representative [*less than 1 line not declassified*]. He carried a request from General Viaux that we have the Ambassador in Santiago contact President Frei and others to assure them the attempt against Schneider was a Communist ploy. He also asked for immediate world-wide publicity to the same effect. This was not, of course, possible.

4. Numerous arrests have been made in Santiago. To date none of the persons detained are numbered among those with whom we have been in contact. [*1½ lines not declassified*]

5. The Communist and leftist press has made a number of accusations against the Agency and the Argentines. Generally, however, the Schneider attack is still considered as a kidnapping attempt which went wrong, carried out by the Chilean "oligarchy."

6. General Viaux made a public statement, disclaiming responsibility, on 27 October and pledged to turn himself in to the authorities; on 28 October General Viaux (R) was detained by the police for questioning and is now in police custody.

¹ Source: National Archives, RG 59, Chile-ITT-CIA 1963–1977, Lot 81D121, Chile Papers, Church Committee, August 12, 1975. Secret; Sensitive; Eyes Only. There is no indication as to the intended audience for this information. However, since it uses the term Track II rather than the cryptonym of the Track II operation, it was most likely prepared for briefing outside the CIA.

169. Minutes of a Meeting of the Senior Review Group¹

Washington, October 29, 1970, 10:34–11:22 a.m.

SUBJECT

Chile

PARTICIPATION

Chairman—Henry A. Kissinger

State

Ambassador U. Alexis Johnson

Under Secretary John Irwin

Mr. Charles A. Meyer

Mr. Robert Hurwitch

Defense

Mr. David Packard

Mr. Armistead I. Selden, Jr.

Mr. Raymond G. Leddy

JCS

Lt. Gen. Richard T. Knowles

Colonel Francis Riggs

CIA

Mr. Richard Helms

Mr. Thomas H. Karamessines

Mr. William Broe

NSC Staff

Mr. Viron P. Vaky

Col. Richard T. Kennedy

Mr. Ashley Hewitt

Mr. D. Keith Guthrie

SUMMARY OF CONCLUSIONS

1. The Defense Department option will be reformulated in two versions: (1) a position of overt hostility at the outset and at the initiative of the United States, and (2) a position of hostility, but with overt anti-Allende actions keyed to provocations from Allende. The list of actions contained in the Defense Department option will be reviewed for appropriateness and comprehensiveness.

2. The State Department option will be reformulated in two versions: (1) a position which assumes that the initial and long-term US relationship with Allende will be hostile but seeks to maintain maximum flexibility for the United States to deal with developments as they arise, and (2) a position which seeks to keep open the option of establishing friendly relations with Allende in the event, now considered unlikely, that he moderates his Marxist and authoritarian objectives and pursues a course of action more compatible with US interests.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-48, Senior Review Group Minutes, Originals, 1970. Secret; Sensitive; Nodis. A copy was sent to Vaky and Kennedy. The minutes were sent to Kissinger through Haig under cover of a memorandum from Davis. (Ibid.) The meeting took place in the White House Situation Room. All brackets are in the original.

Dr. Kissinger: I have read the options paper and suggest we discuss that first. We can discuss the CIA annex in a restricted session later; as I understand, it really applies to both options.²

As I understand, the assumptions we are making in the present options paper are the same as in previous papers. Allende will seek a socialist state, will have an anti-US bias and will work against us to eliminate our influences, and will establish linkages with the USSR, Cuba, and other socialist states. He will have domestic opposition, internal tensions within his coalition, and economic difficulties. He will move carefully and may not radicalize very fast, and he will try to maintain his international credibility for a while. Other Latin American and European nations will not be overtly hostile.

Are these assumptions agreed to by everybody as a basis for our analysis?

Mr. Meyer: Yes.

Dr. Kissinger: The paper then states the US objectives—prevent establishment by the Allende government of an authoritarian Marxist regime, act as a counterpoise to Soviet influence, protect US economic interests, and protect US security interests. I don't have any trouble with the first of these, but how are we going to act as a counterpoise to Soviet interest given the assumptions we have just reviewed?

Mr. Packard: By keeping him from going socialist.

Dr. Kissinger: That is, by achieving the first objective. If that is the case, are not the second, third, and fourth objectives dependent on attaining the first?

Mr. Meyer: Yes, I think so.

Dr. Kissinger: If you achieve the first objective, you also achieve the rest. If you don't achieve the first, you might still achieve the third, and perhaps the fourth (if you could induce Allende not to give bases to the Soviets). Of course, Chile's potential as a base for subversion in surrounding countries might be more worrisome to us than would be the establishment of facilities for the Soviets there.

Mr. Meyer: There is no indication that in the medium term Allende plans to export subversion.

Mr. Johnson: He will certainly give refuge to subversives from other countries.

Dr. Kissinger: It would not be in his interest to let us know that he is planning to export revolution.

Mr. Selden: He is certainly not going to tell us.

² Documents 167 and 166, respectively.

Dr. Kissinger: Let's go to the options. The State option calls for us to be outwardly correct, to take no hostile initiative which Allende could turn to his advantage, and to act quietly to limit the Allende Government's freedom of action. The Defense option is to act deliberately and not over-react and to adopt a more direct posture of hostility.

Is the difference between the two options a question of how overt our hostility is? The actions we would take are essentially the same in both cases. What do we do under Option B [the Defense option]—besides talking differently—that we would not do under Option A [the State option]?

Mr. Packard: We have listed a number of things. One would be to start moving on implementing the restrictive provisions of the Foreign Assistance Act.

Dr. Kissinger: You mean that we would assume on November 4 that the Chilean Government is a Communist government as defined in the Foreign Assistance Act.

Mr. Packard: Yes. There is no doubt we are going to end up with a socialist government. We should act accordingly.

Dr. Kissinger: You would implement these provisions on November 5 without waiting for Allende to act. The idea would be that his mere assumption of power justifies action under the Foreign Assistance Act.

Mr. Selden: The real difference between the State and Defense approaches is that State wants to wait and see and let Allende take the initiative. Defense wants to put Allende on notice; this means that we take the initiative.

Dr. Kissinger: State's position seems to be that Allende has to prove his unacceptability.

Mr. Johnson: What State is proposing is to react to what Allende does. He would take the initiative.

Dr. Kissinger: All agree that the overwhelming probability is that we will eventually have to move to a position of hostility. However, tactically it may be better to be provoked than to be in a position of being the aggressor. There is another assumption that seems to be involved in State's proposal. That is, that there is just enough possibility of getting along with him that we ought to keep open this option.

Mr. Meyer: To put it another way, we ought to evaluate Allende progressively.

Dr. Kissinger: When you put it that way, the nuances begin to accumulate, and pretty soon your position has changed.

Mr. Packard: The outcome is inevitable. If we are to do anything, we have got to do it aggressively. That is our only chance to turn things around.

Mr. Irwin: The question is whether the United States has the capability to do anything to turn things around. All we might accomplish might be to have the United States looking as though it wants to turn things around but not being able to do so.

I think that probably the Chilean Government will get into difficulty. Probably the first thing they will want to do is blame the US for their troubles. To the degree that Allende gets into difficulty and we have not done anything that will allow him to put the blame on us, we will be in a better position. There is, of course, the risk that if we do not do anything Allende will grow stronger. However, we have to consider how action against Allende on our part may affect our relations with other Latin American countries.

We also have to take into account that we are dealing with other communist countries. Ceausescu was received at the White House, and the President travelled to Yugoslavia. There is a difference in that Chile is in our back yard. However, there is another difference and that is that Allende was chosen in free elections, and neither Ceausescu nor Tito gained power that way. There is the Nixon Doctrine to consider also; it focuses on negotiation as the approach for working out differences with the communist world.

Mr. Johnson: If we seem to be picking on Chile, rather than exposing Allende's own mismanagement, we will enable him to raise and capitalize on nationalist sentiment in Chile.

Dr. Kissinger: Allende's judgment seems to be that the best course is to present an impression of relative normalcy in his relations with us. He has leaned over backward to be conciliatory. It appears that our judgment that overt hostility would help him get elected was not his. Besides, if he needs hostility, he can get it whenever he wants by expropriating the copper industry.

Mr. Irwin: Most of Chilean copper exports do not go to the United States. Contrast this with the situation in Cuba, which was more dependent on us economically. Our capability to pressure Cuba was a little greater than what we presently have with regard to Chile, and yet we did not go ahead and take action.

Mr. Packard: I don't agree. Allende received less than a majority of the votes. Castro came in with strength. Allende needs time to consolidate his position. I think we should move and not give him the time.

Mr. Irwin: The difference in our judgments of the situation is that we think that what you propose to do will help him consolidate his position faster.

Mr. Packard: We have to make a fundamental decision—whether we are going to move.

Dr. Kissinger: Don't Allende's actions support Dave's [Packard's] view that he needs time and wants to get along with us.

Mr. Selden: I read a report of the Secretary of State's conversation with Chilean Foreign Minister Valdes at the UN.³ Valdes has ties to Allende. Valdes told the Secretary that we were doing the right thing [in the way we have been handling the situation in Chile]. This indicates to me that the Soviets and Communist view is that we are doing the right thing.

Mr. Irwin: We tend to think that he can consolidate his position faster if we act against him.

Dr. Kissinger: That doesn't seem to be what he is thinking.

Mr. Irwin: We don't know what he thinks. There are various possibilities. (to Kissinger) My own feeling is along the lines of what you and Armistead [Selden] are saying.

Dr. Kissinger: The argument that Dave [Packard] is making is that Allende is now in a relatively weak position. All he has going for him is the Chilean tradition that if you win a plurality, you get the Presidency. He has the traditional elements in Chile worried, and the military is at least playing with the idea of a coup. He will have to take over the police and he will seek to eliminate the opposition bit by bit using salami tactics. As the devil's advocate, one could argue that opposition to Allende will be at the maximum prior to the inauguration and that if we are going to do something, that is the time.

Mr. Irwin: You can argue that. I believe he will try to consolidate his position and will perhaps be successful. In the process, he will make many enemies, for instance, in the military. Thus, as he consolidates, he will also in a sense be undermining his position. If anyone could say there are actions we could take to prevent this happening . . .

Dr. Kissinger: There are two questions. Will anything we do prevent his consolidating his position? I don't think that Dave [Packard] says it will.

Mr. Packard: That's right. I don't.

Dr. Kissinger: The second question is will we be worse off if we take action and our action fails?

Mr. Irwin: If it fails, we will not [*now?*] have created a problem for ourselves in other Latin American countries, in countries in other parts of the world or domestically here in the United States.⁴

Dr. Kissinger: You could argue that both ways.

Mr. Packard: That's right.

³ See footnote 2, Document 161. Briefing notes for Rogers's meeting with Valdes are in the National Archives, RG 59, Conference Files 1966–1972, Lot 71D227, Box 521, 1970 UNGA, Daily Briefings, Vol. VI.

⁴ This bracketed correction was added by the editor.

Dr. Kissinger: If the idea gets around in Brazil and Argentina that we are playing along with Allende, we will be in trouble.

Mr. Meyer: We sent out a circular cable asking all our embassies to consult with their host governments. The embassies were to say that we frankly view the situation as not good and to ask what the host governments thought we should do about it. The response from the Latin Americans was: "We agree with your evaluation, but please wait and see how things develop."

Dr. Kissinger: If we implement the State option, will we not eventually wind up in an adversary position? I think we have three choices. One is the Defense option. A second is the Defense option with the State method, that is, be tough, but limit ourselves to counterpunching. A third option is to conduct business as close to usual as you can. This gets Allende into a position where he can use salami tactics.

I don't know the meaning of these phrases (in the State option): "if circumstances permit," "if the situation merits." The situation will always be balled up at any given moment.

One reason we could go along with the non-application of the Hickenlooper Amendment in the IPC case was that we judged that Velasco was a nationalist but not unreasonable and that we could keep some lines open to him.

Mr. Meyer: That is the attitude of the US business community on Chile today.

Dr. Kissinger: The American business community has long been proving that Marx was wrong in thinking that businessmen understand their political interests.

Mr. Packard: I think there is an in-between approach. We could decide that the outcome is inevitable, but we ought to try to prevent it if we can. The first thing to do is to get some of Dick's [Helms'] friends and see what we can do with them. We ought to work out more carefully exactly what actions we plan to take. I am not entirely satisfied with the list of actions that we [Defense] have assembled as of today. The question is whether we should work hard at doing something about this problem or let it drift.

Dr. Kissinger: You can work hard from both postures. On the question of expropriation, Allende's case will be as good as Velasco's.

Mr. Irwin: It might even be better. Allende may pay some compensation.

Dr. Kissinger: If his strategy is to gain time, he can get even with us by taking hostile actions that are ambiguous.

I have a question. Is it possible to marry the covert option with the State option?

Mr. Meyer: There is no problem doing that.

Dr. Kissinger: Won't Allende catch on to what we are doing?

Mr. Meyer: We were blamed for killing General Schneider. Allende will know something is going on. For example, what if a newspaper continues to publish when he knows it doesn't have any resources?

Mr. Irwin: It seems to me that covert action just to be doing something is not a good idea. It is not productive if it doesn't make a significant difference in the situation; and there is always the danger it will become known.

Mr. Helms: At some point we have to make the decision whether we want Allende around for six more years. We can get along with either the State or Defense option. There are a number of ways to whittle around on our plan of action.

Dr. Kissinger: Jack's [Irwin's] point is that even if we decide we don't want to live with Allende, we can't do much about him.

Mr. Helms: One thing we could do is to decide to put Chile on the Russian account. Let them pick up the tab for providing aid, military equipment, and other things to Chile.

Mr. Irwin: There is really no difference on what we want. Neither State nor Defense wants Allende to stay around for six years.

Dr. Kissinger: The State option—as it is likely to be interpreted—is that if Allende goes, it has to be the result of overwhelmingly Chilean factors. The Defense option on the other hand involves a vigorous American effort against him.

Mr. Irwin: State would be happy to see any effective action, covert or otherwise, that would hasten his departure. However, we don't want to see the United States blamed. Unless we can take some effective action, all we can do is play the risks.

Dr. Kissinger: Let me ask a cynical question. Do we care whether we are blamed if our action succeeds in getting rid of him? Certainly, if he goes, people will say, "Those damned Americans!"

Mr. Irwin: Why did we pull back at the Bay of Pigs?

Mr. Selden: It was our action that got rid of Arbenz in Guatemala. The result is that there is no Communist government there. If the Chileans know where we stand on Allende it could strengthen his opposition at home.

Mr. Irwin: All these arguments can be made. It all comes down to a matter of judgment.

Dr. Kissinger: This will be decided by the NSC.

I have a procedural question. Aren't we talking about more than two options?

There are really two versions of the Defense proposal. One is to adopt a posture of overt hostility. The other is to let the other fellow

pick a fight. As for the State option, it assumes a hostile relationship but wants to retain the maximum flexibility. There is also a possible second version of the State option. That is that we follow a course of action such that we keep open the option of getting along with Allende on the off chance that the guy is going to mellow along the way.

Mr. Meyer: One could ask whether taking action against Allende is consistent with our public posture.

Mr. Johnson: State assumes that there is nothing we can do to bring down Allende. Therefore, we have got to look down the longer road. We assume that there will be internal pressures in Chile. Allende will have to react at some point or change his tack. We have to look toward having this kind of government in Chile for some time. Any changes will have to come from within.

Our experience in China and Eastern Europe has demonstrated that change has come from within. In dealing with these countries, we have proceeded on the assumption that maintaining a US presence and boring from within constitutes the more profitable course of action. That has been our thrust since the 1950's.

Rather than take the initiative to take action aimed at isolating Chile—which might convert Chile into another Cuba—we would do better to maintain a presence even if Allende establishes himself. Things are not immutable. Over time, the situation in Chile may change.

Dr. Kissinger: There are two versions of the State option. One is as stated in the options paper. The other is that however things develop with Allende, it would be better for us to have some position in Chile than to end up in a Castro-type situation.

Why not try to sharpen up the options with this in mind? We should state the two versions of the Defense option and, in addition, look over and improve the list of actions. We should also set forth the two versions of the State proposal. What Alex [Johnson] just said is a good basis for this. In addition, we should clarify the meaning of those phrases like "if the situation merits." This is perhaps the most important question we have dealt with, and this restatement of the options will help get us ready for an NSC meeting.

Is there anything else?

Mr. Meyer: There was some press comment about the President's not sending a congratulatory message to Allende. The question now is whether I take a message when I go down to the inaugural.

Mr. Johnson: I think that all in all saying nothing has turned out to be the best course of action. Jack [Irwin] may not agree.

Mr. Irwin: I would lean to some sort of message, since we are sending a delegation. But it is not a critical matter.

Dr. Kissinger: If you want, draft the coolest message you can think of and send it over.⁵ Frankly I don't think the President will put his name to a message of congratulations for Allende. He thinks Allende will end up like Castro, and he doesn't want to be on record as congratulating him.⁶

Mr. Johnson: We'll talk this over some more at State and decide if we want to propose anything.

⁵ The Department of State submitted two potential congratulatory messages on October 30 in a telegram to Kissinger and Rogers in San Clemente, California, with the recommendation that Nixon send a note to President-elect Allende because "such messages have been sent in the past by U.S. Presidents to Latin American Presidents-elect either upon the occasion of their election or inauguration or both." (Telegram 178771, October 30; National Archives, RG 59, Central Files 1970-73, POL 15-1 CHILE)

⁶ On October 30, a message was sent from the San Clemente White House to the Department of State stating, "The President after consultation with Secretary Rogers has instructed that the following procedure be followed with regard to the congratulatory note for the Chilean inaugural. Assistant Secretary Meyer should state orally to Allende, or his representative if there is no normal ceremonial occasion to meet Allende, that he is authorized to convey to him President Nixon's recognition of the great honor and responsibility accorded by the Chilean people in selecting him President of Chile. This oral message should not be embellished further. Meyer may say in response to press queries that he is bringing oral message from President Nixon and later give 'sense' of message, without, however, quoting anything as precise text." (Ibid., Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II) The decision to send only an oral message was based upon a recommendation made by Vaky. (Memorandum from Haig to Kissinger, undated; *ibid.*)

170. Memorandum From Vernon A. Walters to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, November 3, 1970.

SUBJECT

Courses in Latin America

We are engaged in a mortal struggle to determine the shape of the future of the world. There is no acceptable alternative to holding Latin America. We simply cannot afford to lose it.

Latin America is a key area in the struggle. Its resources, the social and economic problems of its population, its proximity to the U.S. and its future potential make it a priority target for the enemies of the U.S. We must ensure that it is neither turned against us nor taken over by those who threaten our vital national interests. In my view there are a number of courses which we must adopt if we are to ensure that this continent be denied to those who threaten us and available to us when we need it.

Courses of Action

1. We can support those who believe that reforms alone will vaccinate the area against subversion and hostility towards the United States. We can support unfriendly governments who maintain a democratic facade.

OR

We can support those who believe themselves to be threatened by the same forces which are hostile to us. We can help them to prove that the conquest of underdevelopment does not require large doses of Marxism. We cannot measure other American governments by some sort of U.S. template.

2. We can continue to refuse to sell relatively modern equipment to the countries of Latin America thus driving them into the arms of waiting extra continental suppliers. By measured sales we can easily prevent an arms race, which is in any case more unlikely than in any

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-29, NSC Meeting, Chile, 11/6/70. Secret. Sent for information. The memorandum is typed on White House stationery. At the top of the page, Kissinger wrote, "Attach to P[resident]'s reading for NSC meeting." The President received the memorandum on November 5 along with other preparatory materials for the National Security Council meeting on Chile. He returned the memorandum to Kissinger with a note that reads, "K[issinger]—Read the Walters memo again + see that it is implemented in *every* respect." (Ibid.)

time in the past. Argentina and Brazil, for example, are closer than at any time since their independence.

OR

We can provide a modicum of modern equipment to friendly governments in order to ensure that they remain tied to us. The procurement of foreign equipment inevitably entails the entry of foreign technicians with their own national interests and ideology. In many cases it is the lack of modern equipment which drives the Latin American military to seek their professional satisfactions outside their chosen profession, that is, in politics. Operating or attempting to operate the same equipment as one's father is neither challenging, inspiring nor satisfying. The idea that modern equipment will be used to overthrow civilian governments is ingenuous and incorrect. This can be done with crossbows.

3. We can tell the South American Armed Forces that their place within their society must be exactly that which the U.S. Armed Forces occupy in our country.

OR

We can recognize that conditions there are different. In many cases both by tradition and constitutionally the Armed Forces have a different role. Often the Constitution gives them the role of guardians of the national institutions. Military coups by leftist military leaders arouse no agitation (Boumediene, N'Gouabi, etc). To many it seems normal and helpful to invite Tito or Ceaucescu, but to invite Medici or Levingston would be anathema.

4. We can take Latin America for granted, pay little attention to our friends there, tell them that the only mission of their armed forces is internal security and feel confident that they have nowhere else to go anyway. We can drive them from a position of warm friendship to the waiting arms of the leftists, whose main priorities are the infiltration of the Church and the military. We can let ideology, not our national interests, determine our policies towards the South American continent.

OR

We can recognize that the South American military do have somewhere else to go. We can give them a sense of participation and consultation as we give our European allies (some of whom are not as reliable as for instance Brazil). We can collaborate with friendly regimes and help them to solve their grave economic and social problems in a non-Marxist framework. If we help, we can influence them. By the end of this century there will be half a billion people in this area, sitting on perhaps the largest untapped sources of raw materials and energy sources. By the end of the century Brazil will have two hundred million

people. Today it has a population almost equal to that of France and Britain put together.²

5. We can seek to do everything by ourselves, or we can use the more developed countries to help the less developed ones. Argentina and Brazil would in many cases have more acceptability, affinity and a lower profile than we do.

The situation in South America has been deteriorating steadily from our point of view. The coddling of leftists as in Chile has been proven a failure. This situation will continue unless we take positive steps to change it. To do this, I believe we must adopt the following courses of action.

A. Make clear that we have a commitment to help them achieve their aspirations. We will increasingly need their help in the years ahead to face the growing strength of the USSR and Red China. A strong developed Brazil and Argentina could do much to redress the balance.

B. We must give them a sense of recognition and participation. We must give careful treatment to their representatives in the U.S. (Both the Presidents of Argentina and Brazil have been military attachés in the U.S. in recent years.) We must increase, not reduce, our program for visits by key groups to the U.S., both in and out of the Armed Forces.

C. We must provide on a sales basis a modicum of modern military equipment for these countries. We must not tell them that their only mission is internal security. History has proved this false (World War II, Korea, the Congo, Suez, the Dominican Republic, etc.). Some day we may want them to do something that we ourselves do not want to do. We must encourage them to cooperate with one another (Police Forces, emergency forces, anti-submarine warfare, etc.). Above all, we must keep alive the idea of a common destiny.

D. We must assist our friends to solve their economic, financial and social problems. If they do not then the alternative is Allende or worse. The idea that all military leaders are necessarily unpopular is childish and false. President Medici received a roaring ovation from over a hundred thousand people in Maracan Stadium in Rio when he attended a football game there.

E. We must help the one-crop, one-product nations to diversify their economies and markets. Management assistance must be made available (Frank Pace's organization which provides retired U.S. executives for periods not to exceed three months is an excellent beginning).³

² President Nixon wrote, "*This is my preference,*" in the margin to the left of this paragraph.

³ Former Secretary of the Army Frank Pace, along with David Rockefeller, established the International Executive Service Corps.

We must help those countries which are technically incapable of doing so to catalogue their resources and establish their priorities. Above all, we must project an image of friendly understanding and willingness to help. (This is more important perhaps than the aid itself.) We must be able to take decisive action rapidly without endless study groups and feasibility studies (for which they often pay).

F. The alternative to doing the above may be a beleaguered fortress in North America. If we move actively (not necessarily openly) against our opponents, they will respect us for it.⁴ They want to believe in us. If we disappoint them as to our will and resolution to defend freedom, it will be at our own peril. Whatever may be the differences between the USSR and China, they both have as a major objective the removal of the United States as a power factor from all areas outside of North America.⁵ They can and are cooperating to this end in Latin America. We must meet that challenge.

Vernon A. Walters
Major General, U.S. Army

Attachment⁶

Specific Actions in the Military Field in Latin America

First and foremost, we must improve the quality of our diplomatic and military representation in Latin America. This area should not become the refuge of incompetence and mediocrity.

1. We must provide a modicum of modern military equipment to the Latin nations, particularly to the larger and more responsible ones. (Everyone is equal, but in Europe Germany is more equal than Denmark. We recognize this.)

2. Instead of telling the nations of Latin America that their only mission is internal security, we must give them a sense of participation in the defense of freedom. By large-scale visits at different levels we must keep alive the sense of common destiny that makes "God bless America" their song too.

3. Much greater attention must be paid to the military representatives of the Latin American nations in Washington. These are the future leaders of their Armed Forces or they would not be here. (The Presidents of both Brazil and Argentina have been Military Attachés in

⁴ President Nixon underlined this sentence and noted in the left margin, "This should be our line."

⁵ President Nixon underlined this sentence.

⁶ Secret.

the recent past in Washington. Both carried away a sense of having been slighted while here.

4. More frequent visits to Latin America by top Defense Department officials and senior U.S. officers. Compared with visits to Europe by such officials, the ratio to South America is negligible.

5. A much enlarged program of visits by key Latin American figures and general staff schools to the U.S. must be prepared. Visits to U.S. Forces in Europe and Vietnam would be helpful also. Panama with its Latin American schools also plays a key role. The Four Star job at SouthCom should NOT be reduced to 3 stars. This would be considered a clear indication of loss of interest by the U.S.

6. We must provide Vietnamization type training *BEFORE*, not *AFTER*, insurgency starts in the Latin American area.

7. We must be prepared to let Brazil or Argentina sometimes carry the ball instead of doing it ourselves. We must not always try to do everything our way, by ourselves. The Soviet Union has given us many excellent examples of how to do things by proxy.

8. We must make the nations of Latin America understand that their interests go beyond their own borders and that our greater interest and help must be matched by their greater sense of responsibility and sharing in the defense of freedom wherever it may be threatened.

VAW

171. Briefing Memorandum From the Acting Assistant Secretary of State for Inter-American Affairs (Hurwitch) and the Director of the Policy Planning Staff (Hartman) to Secretary of State Rogers¹

Washington, November 3, 1970.

SUBJECT

NSC Meeting on Chile, Thursday, November 5, 1970, 3:00 p.m.

The assumption of power in Chile by the Allende government is clearly a setback for the U.S. and a gain for our opponents. Nevertheless, the manner in which the U.S. treats Chile under a democratically-

¹ Source: Department of State, S/S–NSDM Files, Lot 83D305. Secret; Sensitive. Sent through Irwin, Johnson, and S/S. A copy was sent to Irwin, Johnson, and Pedersen.

elected Marxist President, in a hemisphere where a key current issue is U.S. domination, can incur even more serious losses for us in the hemisphere and elsewhere in the world. With respect to Latin America, our future role in the hemisphere may well be at stake. The policy we adopt toward Chile is, therefore, a watershed decision.

U.S. policy toward Chile will be assessed by many governments and their peoples as a test of the U.S. announced policy of respect for the outcome of democratic elections. Failure on our part to act from the outset in a manner consistent with that policy would reduce our credibility throughout the world. Such failure would probably also: increase nationalism directed against us and divert attention from the real issue of the potential establishment of an authoritarian Marxist state; be used by the Allende government to consolidate its position with the Chilean people and to gain influence in the rest of the hemisphere, where other governments are also facing threats from leftist nationalist forces; and move the Allende government to seek even closer relations with the USSR than it might have initially contemplated.

Respect for the outcome of the elections and awareness of the intensity of Latin American nationalism carry with them the obligation that the U.S. manifest, at the least, a deliberate, restrained attitude and that we refrain from overt actions which could be interpreted by Latin American governments and others as hostile and without evident and warranted basis. This posture would mean that, in the main, we respond to situations rather than take initiatives. Although the Allende government's ultimate goals appear clear—the establishment of an authoritarian Marxist state—the route he may be forced to take because of the problems he will face, is marked by many, perhaps important, unknowns which may provide us with unforeseen opportunities to exercise our influence.

Another fundamental consideration in dealing with Chile is a realistic assessment of U.S. capability to influence the situation there. We believe that developments in Chile will be primarily controlled by the Allende government and by its reactions to internal pressures. U.S. overt and covert capabilities to force the course of events positively in our favor, short of the use of armed force, are marginal at best, and for the reasons described above as well as the considerable risks of exposure, could be seriously counter-productive.

Our consultations with the other American republics reveal that they share our concern over developments in Chile, but in the main have adopted a "wait and see" attitude and counsel us to do the same.

To date, Chile has not become a major political issue in the U.S.; predominant editorial reaction has been to compliment the administration for its restrained reaction to events in Chile. We expect that as time passes Chile may become more of a political issue accompanied by crit-

icism as to why we haven't "done something" about Chile. If by our actions and attitudes, however, we have contributed to a worse situation in Chile and elsewhere in the hemisphere, the criticism will be even greater.

The paper describes four policy options.² Although for tactical reasons Options A and B appear as distinct options, Option A is in reality an exposition of the philosophy underlying Option B, and we regard them as one option. Taken together, they provide that the U.S. should maintain publicly a restrained, deliberate attitude toward Chile, and should seek to respond to developments as they occur, in a manner under which we would not take the initiative in actions that would isolate us from Chile. The courses of action listed under Option B are equally applicable to Option A. Should circumstances so require, there are several courses of action listed under Options C and D that could also be followed under Option A/B. In sum, Option A/B, together with the stated assumptions and introductory comments for the options, offers a good rationale for our actions and at the same time provides us a wide latitude to meet probable developments in Chile.

Option C proposes that early on we publicly and repetitively express our concern over developments in Chile by making publicly clear our opposition to the emergence of a Communist government in Latin America. This option provides otherwise that the United States would react to developments in Chile rather than take initiatives in advance of them.

Option D proposes that from the outset we adopt the public posture of an adversary toward Chile and place into effect immediately certain economic, political and diplomatic measures. These measures would seek to prevent Allende from consolidating his position, but we believe they would be entirely inadequate for that end and would risk being counter-productive.

ARA-S/PC recommends that at least for the next several months the United States should continue its restrained, deliberate posture, refraining to the extent possible from commenting publicly upon Chilean developments, while retaining our flexibility to meet situations in Chile as they arise. Option A/B is suitable for these purposes; Options C and D are not, in that they would place us in too prominent a public posture and in the case of Option D would have us take actions without evidence convincing to others that such actions were warranted.

There is also attached a "talking points" paper³ which, based upon inter-agency meetings regarding Chile, lists questions you may be asked and their suggested answers.

² See Document 33 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

³ Attached but not printed.

Cool and Correct: The U.S. Response to the Allende Administration, November 5, 1970–December 31, 1972

172. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, November 5, 1970.

SUBJECT

NSC Meeting, November 6—Chile

This meeting will consider the question of what strategy we should adopt to deal with an Allende government in Chile.²

A. Dimensions of the Problem

The election of Allende as President of Chile poses for us one of the most serious challenges ever faced in this hemisphere. Your decision as to what to do about it may be the most historic and difficult foreign affairs decision you will have to make this year, for what happens in Chile over the next six to twelve months will have ramifications that will go far beyond just US-Chilean relations. They will have an effect on what happens in the rest of Latin America and the developing world; on what our future position will be in the hemisphere; and on the larger world picture, including our relations with the USSR. They will even affect our own conception of what our role in the world is.

Allende is a tough, dedicated Marxist. He comes to power with a profound anti-US bias. The Communist and Socialist parties form the core of the political coalition that is his power base. *Everyone agrees that Allende will purposefully seek:*

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-29, NSC Meeting, Chile, 11/6/70. Secret; Sensitive. Printed from an uninitialed copy.

² The meeting of the National Security Council scheduled for November 5 was postponed until November 6 on a recommendation from Kissinger. Dwight Chapin explained in a November 4 memorandum to Haldeman, "Henry Kissinger came in this morning to try to see if we could move the NSC Meeting to Friday. He feels this is very important because the subject matter is Chile and Henry says it is imperative that the President study the issue prior to holding the meeting. According to Henry, Chile could end up being the worst failure in our administration—'our Cuba' by 1972. Henry feels that he needs to spend an hour with the President on the subject prior to holding a meeting of the NSC." (Ibid.) Copies of talking points prepared for President Nixon and for Kissinger prior to the meeting are *ibid.*

- to establish a socialist, Marxist state in Chile;
- to eliminate US influence from Chile and the hemisphere;
- to establish close relations and linkages with the USSR, Cuba and other Socialist countries.

The consolidation of Allende in power in Chile, therefore, would pose some very serious threats to our interests and position in the hemisphere, and would affect developments and our relations to them elsewhere in the world:

—US investments (totaling some one billion dollars) may be lost, at least in part; Chile may default on debts (about \$1.5 billion) owed the US Government and private US banks.

—Chile would probably become a leader of opposition to us in the inter-American system, a source of disruption in the hemisphere, and a focal point of support for subversion in the rest of Latin America.

—It would become part of the Soviet/Socialist world, not only philosophically but in terms of power dynamics; and it might constitute a support base and entry point for expansion of Soviet and Cuban presence and activity in the region.

—The example of a successful elected Marxist government in Chile would surely have an impact on—and even precedent value for—other parts of the world, especially in Italy; the imitative spread of similar phenomena elsewhere would in turn significantly affect the world balance and our own position in it.

While events in Chile pose these potentially very adverse consequences for us, *they are taking a form which makes them extremely difficult for us to deal with or offset*, and which in fact poses *some very painful dilemmas for us*:

a. Allende was elected legally, the first Marxist government ever to come to power by free elections. He *has* legitimacy in the eyes of Chileans and most of the world; there is nothing we can do to deny him that legitimacy or claim he does not have it.

b. We are strongly on record in support of self-determination and respect for free election; you are firmly on record for non-intervention in the internal affairs of this hemisphere and of accepting nations “as they are.” It would therefore be very costly for us to act in ways that appear to violate those principles, and Latin Americans and others in the world will view our policy as a test of the credibility of our rhetoric.

On the other hand, our failure to react to this situation risks being perceived in Latin America and in Europe as indifference or impotence in the face of clearly adverse developments in a region long considered our sphere of influence.

c. Allende’s government is likely to move along lines that will make it very difficult to marshal international or hemisphere censure of

him—he is most likely to appear as an “independent” socialist country rather than a Soviet satellite or “Communist government.”

Yet a Titoist government in Latin America would be far more dangerous to us than it is in Europe, precisely because it can move against our policies and interests more easily and ambiguously and because its “model” effect can be insidious.

Allende starts with some significant weaknesses in his position:

- There are tensions in his supporting coalition.
- There is strong if diffuse resistance in Chilean society to moving to a Marxist or totalitarian state.
- There is suspicion of Allende in the military.
- There are serious economic problems and constraints.

To meet this situation, *Allende’s immediate “game plan”* is clearly to avoid pressure and coalescing of opposition prematurely, and to keep his opponents within Chile fragmented so that he can neutralize them one by one as he is able. To this end, he will seek to:

- be internationally respectable;
- move cautiously and pragmatically;
- avoid immediate confrontations with us; and
- move slowly in formalizing relations with Cuba and other Socialist countries.

There is disagreement among the agencies as to precisely how successful Allende will be in overcoming his problems and weaknesses, or how inevitable it really is that he will follow the course described or that the threats noted will materialize.

But the weight of the assessments is that Allende and the forces that have come to power with him do have the skill, the means and the capacity to maintain and consolidate themselves in power, provided they can play things their way. Logic would certainly argue that he will have the motivation to pursue purposefully aims he has after all held for some 25 years. Since he has an admittedly profound anti-US and anti-capitalist bias, his policies are bound to constitute serious problems for us if he has any degree of ability to implement them.

B. The Basic Issue

What all of this boils down to is a fundamental dilemma and issue:

a. *Do we wait* and try to protect our interests in the context of dealing with Allende because:

- we believe we cannot do anything about him anyway;
- he may not develop into the threat we fear or may mellow in time;
- we do not want to risk turning nationalism against us and damaging our image, credibility and position in the world;

AND thereby risk letting Allende consolidate himself and his ties with Cuba and the USSR, so that a year or two from now when he *has* established his base he can move more strongly against us, and then we really will be unable to do anything about it or reverse the process. Allende would in effect use us to gain legitimacy and then turn on us on some economic issue and thereby caste us in the role of “Yankee imperialist” on an issue of his choice.

OR

b. Do we decide to do something to prevent him from consolidating himself *now* when we know he is weaker than he will ever be and when he obviously fears our pressure and hostility, because:

- we can be reasonably sure he is dedicated to opposing us;
- he will be able to consolidate himself and then be able to counter us in increasingly intense ways; and
- to the extent he consolidates himself and links to the USSR and Cuba the trend of events and dynamics will be irreversible.

AND thereby risk:

- giving him the nationalistic issue as a weapon to entrench himself;
- damaging our credibility in the eyes of the rest of the world as interventionist;
- turning nationalism and latent fear of US domination in the rest of Latin America into violent and intense opposition to us; and
- perhaps failing to prevent his consolidation anyway.

C. Our Choices

There are deep and fundamental differences among the agencies on this basic issue. They manifest themselves in essentially three possible approaches:

1. *The Modus Vivendi Strategy:*

This school of thought, which is essentially State’s position, argues that *we really do not have the capability of preventing Allende from consolidating himself* or forcing his failure; that the main course of events in Chile will be determined primarily by the Allende government and its reactions to the internal situation; and that the best thing we can do in these circumstances is maintain our relationship and our presence in Chile so that over the long haul we may be able to foster and influencing domestic trends favorable to our interests. In this view actions to exert pressure on Allende or to isolate Chile will not only be ineffective, but will only accelerate adverse developments in Chile and limit our capacity to have any influence on the long-range trend.

In this view the risks that Allende will consolidate himself and the long-range consequences therefrom are less dangerous to us than the

immediate probable reaction to attempts to oppose Allende. Its perception of Allende's long-term development is essentially optimistic and benign. Implicit is the argument that it is not certain he can overcome his internal weaknesses, that he may pragmatically limit his opposition to us, and that if he turns into another Tito that would not be bad since we deal with other governments of this kind anyway.

2. *The Hostile Approach:*

DOD, CIA and some State people, on the other hand, argue that it is patent that Allende is our enemy, that he will move counter to us just as soon and as strongly as he feels he can; and that when his hostility is manifest to us it will be because he has consolidated his power and then it really will be too late to do very much—the process is irreversible. In this view, therefore, we should try to prevent him from consolidating *now* when he is at his weakest.

Implicit in this school of thought is the assumption that we *can* affect events, and that the risks of stirring up criticism to our position elsewhere are less dangerous to us than the long-term consolidation of a Marxist government in Chile.

Within this approach there are in turn two schools of thought:

a. *Overt Hostility.*

This view argues that we should not delay putting pressure on Allende and therefore should not wait to react to his moves with counter-punches. It considers the dangers of making our hostility public or of initiating the fight less important than making unambiguously clear what our position is and where we stand. It assumes that Allende does not really need our hostility to help consolidate himself, because if he did he would confront us now. Instead he appears to fear our hostility.

This approach therefore would call for (1) initiating punitive measures, such as terminating aid or economic embargo; (2) making every effort to rally international support of this position; and (3) declaring and publicizing our concern and hostility.

b. *Non-overt Pressure, Cold, Correct Approach.*

This approach concurs in the view that pressure should be placed on Allende now and that we should oppose him. But it argues that *how* we package that pressure and opposition is crucial and may make the difference between effectiveness and ineffectiveness. It argues that an image of the US initiating punitive measures will permit Allende to marshal domestic support and international sympathy on the one hand, and make it difficult for *us* to obtain international cooperation on the other. It further argues that it is *the effect of pressure* not the posture of hostility that hurts Allende; the latter gives him tactical opportunities to blunt the impact of our opposition.

Implicit in this approach is the judgment that how unambiguous our public position is and making a public record are all less important in the long run than maximizing our pressure and minimizing risks to our position in the rest of the world.

This approach therefore calls for essentially the same range of pressures as the previous one, but would use them quietly and covertly; on the surface our posture would be correct, but cold. Any public manifestation or statement of hostility would be geared to his actions to avoid giving him the advantage of arguing he is the aggrieved party.

D. Assessments

As noted, the basic issue is whether we are to wait and try to adjust or act now to oppose.

The great weakness in the *modus vivendi* approach is that:

- it gives Allende the strategic initiative;
- it plays into his game plan and almost insures that he will consolidate himself;
- if he does consolidate himself, he will have even more freedom to act against us after a period of our acceptance of him than if we had opposed him all along;
- there are no apparent reasons or available intelligence to justify a benign or optimistic view of an Allende regime over the long term. In fact, as noted, an “independent” rational socialist state linked to Cuba and the USSR can be even more dangerous for our long-term interests than a very radical regime.

There is nothing in this strategy that promises to deter or prevent adverse anti-U.S. actions when and if Chile wants to pursue them—and there are far more compelling reasons to believe that he will when he feels he is established than that he will not.

The main question with the hostile approach is whether we *can* effectively prevent Allende from consolidating his power. There is at least some prospect that we can. But the argument can be made that even if we did not succeed—provided we did not damage ourselves too severely in the process—we could hardly be worse off than letting him entrench himself; that there is in fact some virtue in posturing ourselves in a position of opposition as a means of at least containing him and improving our chance of inducing others to help us contain him later if we have to.

In my judgment the dangers of doing nothing are greater than the risks we run in trying to do something, especially since we have flexibility in tailoring our efforts to minimize those risks.

I recommend, therefore that you make a decision that we will oppose Allende as strongly as we can and do all we can to keep him from

consolidating power, taking care to package those efforts in a style that gives us the appearance of reacting to his moves.

E. The NSC Meeting

Contrary to your usual practice of not making a decision at NSC meetings, it is essential that you make it crystal clear where you stand on this issue at today's meeting. If all concerned do not understand that you want Allende opposed as strongly as we can, the result will be a steady drift toward the *modus vivendi* approach. This is primarily a question of priorities and nuance. The emphasis resulting from today's meeting must be on opposing Allende and preventing his consolidating power and not on minimizing risks.

I recommend that after your opening remarks you call on Dick Helms to give you a briefing on the situation and what we might expect. I would then outline the main issues and options along the above lines, after which you could call on Secretaries Rogers and Laird for their views and observations. Your Talking Points, which are appended, are written along these lines.³

Also included in your book are:

- A State/DOD options paper.
- An analytical summary of that options paper.⁴

³ Attached but not printed.

⁴ See Document 167 and footnote 1 thereto.

173. Memorandum of Conversation of a Meeting of the National Security Council¹

Washington, November 6, 1970, 9:40 a.m.

PARTICIPANTS

The President
The Vice President
Secretary of State William P. Rogers
Secretary of Defense Melvin Laird
Director of Emergency Preparedness George A. Lincoln
Attorney General John N. Mitchell
General William Westmoreland, Acting Chairman, Joint Chiefs of Staff
Director of Central Intelligence Richard Helms
Under Secretary of State John N. Irwin II
Deputy Assistant Secretary of State Robert A. Hurwitch
Assistant to the President for National Security Affairs Henry A. Kissinger
General Alexander M. Haig, NSC Staff
Mr. Arnold Nachmanoff, NSC Staff
Col. Richard T. Kennedy, NSC Staff

The President opened the meeting by asking Director Helms to brief.

Director Helms read from the briefing paper which is attached at Tab A.² The President interrupted to review what Director Helms said about the makeup of the Allende Cabinet. [See page 9] He wished to emphasize the degree to which the Cabinet ministries were controlled by Marxists.

The President then asked Dr. Kissinger to brief.

Dr. Kissinger: All of the agencies are agreed that Allende will try to create a socialist State. As for our response to this, the SRG came up with four options.³ But really basically it amounts to two choices: (1) seek a modus vivendi with the Allende government, or (2) adopt a posture of overt and frank hostility. In between is a third possibility: adopt what is in fact a hostile posture but not from an overt stance, that is, to move in hostility from a low-key posture.

A modus vivendi has the risk that he will consolidate his position and then move ahead against us. A posture of overt hostility gives

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files, (H-Files) Box H-29, NSC Meeting, Chile, 11/6/70. Secret; Sensitive. According to the President's Daily Diary, the meeting went until 10:53 a.m. (Ibid., White House Central Files, President's Daily Diary) The meeting took place in the White House Cabinet Room. All brackets are in the original.

² Helms's briefing is *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 35.

³ See Document 169.

strength to his appeal of nationalism and may not work anyway. As for in between—the problem is that he will know we are working against him and he can expose us anyway even though we maintain a correct and cool posture.

All of these options have advantages and disadvantages. There is no clear choice.

Secretary Rogers: Dr. Kissinger has spelled it out well. There is general agreement that he will move quickly to bring his program into effect and consolidate his position. We are also in agreement that it is not necessary to make a final decision now.

Private business and the Latin American countries believe that we have done the right things up to now. If we have to be hostile, we want to do it right and bring him down. A stance of public hostility would give us trouble in Latin America. We can put an economic squeeze on him. He has requested a debt rescheduling soon—we can be tough. We can bring his downfall perhaps without being counterproductive.

The Christian Democratic Foreign Minister thinks we are doing the right thing. He sees two possibilities: that his economic troubles will generate significant public dissatisfaction, or second, that his difficulties will become so great that there will be military moves against him. I think the U.S. military should keep in contact with their Chilean colleagues and try to strengthen our position in Chile.

We have severe limitations on what we can do. A strong public posture will only strengthen his hand. We must make each decision in the future carefully in a way that harms him most but without too much of a public posture which would only be counterproductive.

Secretary Laird: I agree with Bill Rogers. We have to do everything we can to hurt him and bring him down, but we must retain an outward posture that is correct. We must take hard actions but not publicize them. We must increase our military contacts. We must put pressure on him economically. He is in the weakest position now that he will be in; we want to prevent his consolidation.

Moorer [to Rogers]: What is the reaction of the Congress?

Secretary Rogers: There is very little, but if he consolidates his position the criticism will build up. Attitudes are therefore favorable to our policy.

Moorer: What would be the reaction if he resorts to expropriation later, after we have given more aid?

Secretary Rogers: We shouldn't give any more credit guarantees. We should do everything we can to show hostility without publicizing it.

Vice President: China and USSR are watching our approach to Argentina. If we show undue interest before anything happens; for ex-

ample if we sell F-4s to Argentina, it could trigger massive support to Chile from the USSR and China. We should act principally inside Chile.

Director Lincoln: Copper accounts for 80% of Chile's exports. They are expanding production rapidly. Other producers (Zambia, Australia, etc.) are also going up in production. So there could be a price decline in the future, with an adverse economic impact in Chile. They blame us. We have a stockpile. If we are adopting a hostile posture, maybe we have to increase the stockpile or alternatively to sell if the market eases in the future.

The President: I want something in a week on how we can sell from the stockpile. Now we can do it. Cutting the stockpile would hurt Chile and also save on the budget.

Director Lincoln: We'll do this. We've been studying this on a priority basis.

The President: This is very important—will it hurt anyone else? I want State and Defense and everyone to study it. It could be the most important thing we can do.

Director Lincoln: The law says we can't sell from the stockpile unless we do it to stabilize the price. The copper price is down in the world market. We've already sold 50 million tons before the prices dropped.

Secretary Rogers: Can we help others build up their production, to help our friends?

The President: We should do this if we can.

Director Lincoln: If we sell anything too fast it will destabilize the price. Most things don't sell fast.

Mr. Irwin: The problem is how to bring about his downfall. I would question our capability to do it. Internal forces in Chile are the only way. The question is how best to influence the internal forces to create the conditions for change. He will need to consolidate his position and probably he will move slowly for the sake of respectability as he moves. It will be soon that dissatisfaction begins. As he tries to consolidate he will inevitably have strains. If we move too quickly in opposition to him we will help him consolidate quickly. As we move to consider specific issues either overt or covert, we should be hostile only if we can be sure it will have a significant effect on the internal forces there in a way that will hurt Allende and prevent his consolidation. This may mean we may have to do things we would not want to do—it depends on the effects on the internal situation in Chile. Graham Martin would like to see us move along as we have.

The President: It is all a matter of degree. If Chile moves as we expect and is able to get away with it—our public posture is important here—it gives courage to others who are sitting on the fence in Latin

America. Let's not think about what the really democratic countries in Latin America say—the game is in Brazil and Argentina. We could have moves under the surface which bring over time the same thing.

I will never agree with the policy of downgrading the military in Latin America. They are power centers subject to our influence. The others (the intellectuals) are not subject to our influence. We want to give them some help. Brazil and Argentina particularly. Build them up with consultation. I want Defense to move on this. We'll go for more in the budget if necessary.

Our main concern in Chile is the prospect that he can consolidate himself and the picture projected to the world will be his success. A publicly correct approach is right. Privately we must get the message to Allende and others that we oppose him. I want to see more of them; Brazil has more people than France or England combined. If we let the potential leaders in South America think they can move like Chile and have it both ways, we will be in trouble. I want to work on this and on the military relations—put in more money. On the economic side we want to give him cold turkey. Make sure that EXIM and the international organizations toughen up. If Allende can make it with Russian and Chinese help, so be it—but we do not want it to be with our help, either real or apparent.

We'll be very cool and very correct, but doing those things which will be a real message to Allende and others.

This is not the same as Europe—with Tito and Ceaucescu—where we have to get along and no change is possible. Latin America is not gone, and we want to keep it. Our Cuban policy must not be changed. It costs the Russians a lot; we want it to continue to cost. Chile is gone too—he isn't going to mellow. Don't have any illusions—he won't change. If there is any way we can hurt him whether by government or private business—I want them to know our policy is negative. There should be no guarantees. Cut back existing guarantees if it's possible.

No impression should be permitted in Latin America that they can get away with this, that it's safe to go this way. All over the world it's too much the fashion to kick us around. We are not sensitive but our reactions must be coldly proper. We cannot fail to show our displeasure. We can't put up with "Give Americans hell but pray they don't go away." There must be times when we should and must react, not because we want to hurt them but to show we can't be kicked around.

The new Latin politicians are a new breed. They use anti-Americanism to get power and then they try to cozy up. Maybe it would be different if they thought we wouldn't be there.

We must be proper on the surface with Allende, but otherwise we will be tough. He is not going to change; only self-interest will affect him.

174. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, November 6, 1970.

SUBJECT

Allende Aid to Latin American Revolutionaries

A reliable CIA source reports that during the week of 18–24 October 1970, Salvador Allende held a clandestine meeting with leaders of the Chilean National Liberation Army (a radical group created to support the Bolivian revolutionary movement) and with representatives of the Brazilian National Liberating Action. Allende told them that Chile will become a center of assistance and training for Latin American revolutionary organizations seeking to “liberate” their countries through armed struggle once his administration is firmly in power.

Allende told the group of revolutionaries that the future government of Chile will provide their organizations with guerrilla training installations, political and insurgency training, financial support and refuge for their personnel. He noted that the Chilean Government will have to provide that support in a clandestine manner to avoid becoming isolated and blockaded like Cuba.

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret. Sent for information. President Nixon wrote at the end of the memorandum: “I want this leaked to a columnist. Give me a report.” Haig wrote in the margin, “Done. AH.” For the likely outlet for the leak, see Rowland Evans and Robert Novak, “Menacing Takeover in Chile,” *Washington Post*, November 13, 1970, p. A27.

175. National Security Decision Memorandum 93¹

Washington, November 9, 1970.

TO

Secretary of State
Secretary of Defense
Director, Office of Emergency Preparedness
Director of Central Intelligence

SUBJECT

Policy Towards Chile

Following the discussion at the meeting of the National Security Council on November 6, 1970,² the President has decided that the basis for our policy toward Chile will be the concept underlying Option C of the Interagency paper submitted November 3, 1970 by the Department of State³ for the consideration of the National Security Council as outlined in the guidelines set forth below.

The President has decided that (1) the public posture of the United States will be correct but cool, to avoid giving the Allende government a basis on which to rally domestic and international support for consolidation of the regime; but that (2) the United States will seek to maximize pressures on the Allende government to prevent its consolidation and limit its ability to implement policies contrary to U.S. and hemisphere interests.

Specifically, the President has directed that within the context of a publicly cool and correct posture toward Chile:

—vigorous efforts be undertaken to assure that other governments in Latin America understand fully that the U.S. opposes consolidation of a communist state in Chile hostile to the interests of the United States and other hemisphere nations, and to the extent possible encourage them to adopt a similar posture.

—close consultation be established with key governments in Latin America, particularly Brazil and Argentina, to coordinate efforts to oppose Chilean moves which may be contrary to our mutual interests; in pursuit of this objective, efforts should be increased to establish

¹ Source: National Security Council, National Security Decision Memorandum 93. Top Secret; Sensitive; Eyes Only. A copy was sent to the Secretary of the Treasury, the Administrator of AID, the Director of the Office of Management and Budget, and the Chairman of the Joint Chiefs of Staff.

² See Document 173.

³ The paper is Document 33 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

and maintain close relations with friendly military leaders in the hemisphere.

—necessary actions be taken to:

a. exclude, to the extent possible, further financing assistance or guarantees for U.S. private investment in Chile, including those related to the Investment Guarantee Program or the operations of the Export-Import Bank;

b. determine the extent to which existing guarantees and financing arrangements can be terminated or reduced;

c. bring maximum feasible influence to bear in international financial institutions to limit credit or other financing assistance to Chile (in this connection, efforts should be made to coordinate with and gain maximum support for this policy from other friendly nations, particularly those in Latin America, with the objective of lessening unilateral U.S. exposure); and

d. assure that U.S. private business interests having investments or operations in Chile are made aware of the concern with which the U.S. Government views the Government of Chile and the restrictive nature of the policies which the U.S. Government intends to follow.

—no new bilateral economic aid commitments be undertaken with the Government of Chile (programs of a humanitarian or private social agency character will be considered on a case by case basis); existing commitments will be fulfilled but ways in which, if the U.S. desires to do so, they could be reduced, delayed or terminated should be examined.

The President has directed that the Director of the Office of Emergency Preparedness prepare a study which sets forth the implications of possible developments in world copper markets, stockpile disposal actions and other factors as they may affect the marketing of Chilean copper and our relationships with Chile.

The President also has directed that the Senior Review Group meet monthly or more frequently as necessary to consider specific policy issues within the framework of this general posture, to report actions which have been taken, and to present to him further specific policy questions which may require his decision. To facilitate this process the President has directed the establishment of an Ad Hoc Interagency Working Group, comprising representatives of the Secretaries of State and Defense, the Director of Central Intelligence, and the President's Assistant for National Security Affairs, and chaired by the representative of the Secretary of State, to prepare options for specific courses of action and related action plans for the consideration of the Senior Review Group and to coordinate implementation of approved courses of action.

Henry A. Kissinger

176. **Transcript of a Telephone Conversation Between President Nixon and the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, November 9, 1970, 3:40 p.m.

[Omitted here is discussion unrelated to Chile.]

[P:] Anything new on Chile?

K: We have put out directives on Friday.² Their propaganda is stepping up against us but nothing overt.

P: After making the statement he did³ [omission is in the original] it's as cold as that. Helms has to get to these people. Get out of it now.

K: We have made that clear.

P: Re-scheduling of debts comes up when?

K: Early next year. We have put in the instructions at the NSC meeting into the directive. I am holding a meeting on Chile in the Sr. Review Group every 3 weeks.

P: I feel strongly this line is important regarding its effect on the people of the world. If he can prove he can set up a Marxist anti-American policy, others will do the same thing.

K: It will have _____ effect even in Europe. Not only Latin America.

[Omitted here is discussion unrelated to Chile.]

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box 365, Telephone Conversations, Chronological File. No classification marking. All blank underscores are omissions in the original.

² Document 175.

³ President Nixon may be referring to Allende's inaugural address, which was featured in a November 8 *New York Times* article. (Juan De Onis, "Chile: Allende Begins the March Toward Socialism," *New York Times*, November 8, 1970, p. E5)

177. **Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, November 12, 1970.

SUBJECT

Possible Chilean Government Involvement in the International Narcotics and Counterfeit Currency Traffic

Attached at Tab A² is a memorandum sent to you by the Attorney General containing intelligence information indicating possible involvement in the international narcotics and counterfeit currency traffic on the part of individuals in the Chilean Government, and perhaps of the Government itself. The reports are circumstantial and incomplete. On the basis of information received thus far the following seems certain:

—The participation of Chilean citizens in the narcotics and counterfeit currency traffic has increased markedly in the past 18 months to 2 years.

—Chilean participation in this traffic has received some assistance from individuals in the Chilean Government—the previous Government as well as the present one.

—Some of the individuals involved in the narcotics and counterfeit currency traffic have had contact with President Allende.

What is unclear is the degree to which involvement in the narcotics and counterfeit currency traffic has occurred as a matter of Chilean Government policy and to what degree it is a matter of simple corruption not uncommon in Latin Governments. With respect to Allende, it is unclear the degree to which he may personally know of this traffic and be personally involved in it.

Aside from the importance of this subject from the law enforcement and narcotics control viewpoint, hard information on the involvement of the Chilean Government under the present regime and/or of Allende personally in the narcotics and counterfeit currency traffic is a potentially powerful political weapon. Hence, steps should be taken to

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Sensitive; Outside System; No Copies. Sent for action. A notation at the top of the page indicates the memorandum was sent via Haig. Haig initialed the memorandum.

² Attached but not printed is a November 4 memorandum from Director John Ingersoll of the Bureau of Narcotics and Dangerous Drugs to Mitchell.

acquire a more thorough knowledge of Chilean involvement in this traffic.

I recommend that a small Task Force of the principal intelligence agencies, reporting to you, be formed under the chairmanship of CIA, and charged with exploring the question of Chilean Government involvement in narcotics and counterfeit currency traffic and/or that of Allende personally, and with the preparation of a report to be submitted to you within 30 days.³ The Task Force might consist of representatives from CIA, DIA, FBI and the Bureau of Narcotics and Dangerous Drugs. If the Task Force does come up with some hard evidence, you will then be in a position to decide how to crank this into our overall strategy toward the Allende government.

Recommendation

That you discuss this subject with the Attorney General and suggest that a Task Force, as proposed above, be established to give priority attention to developing more information on this.⁴

³ Kissinger crossed out "60" and wrote "30" in the left margin.

⁴ On November 14, Kissinger initialed the Approve option. At the bottom of the page he wrote, "Of course as I understand it, it was *previous* govt which was involved. Get study *without* written directive. Written directive is too dangerous." Nachmanoff replied in an undated memorandum to Kissinger that he had requested a report from the CIA and the Bureau of Narcotics and Dangerous Drugs, but had not issued a written directive. (National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II)

178. Record of a Briefing by the Assistant Secretary of State for Inter-American Affairs (Meyer)¹

Washington, November 13, 1970.

ATTENDEES

State

Mr. U. Alexis Johnson
Mr. Charles A. Meyer

Defense

Mr. G. Warren Nutter
Mr. Armistead I. Selden
Lt. Gen. Donald Bennett

CIA

Mr. Richard Helms
Mr. David H. Blee
Mr. Thomas H. Karamessines
Mr. William Broe

JCS

Lt. Gen. Richard T. Knowles

NSC Staff

Col. Richard Kennedy
Mr. Frank Chapin
Mr. Arnold Nachmanoff
Mrs. Jeanne W. Davis

Mr. Johnson: I heard Charley Meyer describe his experiences in Chile and I thought they were highly interesting and he should brief this group while they were still fresh in his mind.

Mr. Meyer: I had two hours with Frei, five hours with the former Ministers of Finance, Interior and Defense, an hour with Alessandri, and forty-five minutes with Allende. The Chileans simply do not accurately evaluate the threat to Chile. They believe they will be saved by the miraculous character of their mystique or by immobilization of the bureaucracy, or their tradition of democracy. They are convinced that there is something in the Chilean character which will soften the blow of Marxism. They have no concept whatsoever of what will happen in a police state. I told them over and over that they would have to be realistic enough to keep their eyes open. Conservatives are convinced that the Christian Democrats robbed them of 35,000 votes. They insist that they did not lose the election but that it was stolen from them. The

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL108, Geopolitical File, Chile, 2–30 Nov. 1970. Secret; Sensitive. This briefing was held at the 40 Committee meeting. See Document 179.

Christian Democrats do not have the kind of blind hatred, but they have no respect for the Nationalistas.

Mr. Kissinger: Does anyone believe the Conservatives? Did the CD steal votes?

Mr. Meyer: No, I don't believe it.

Mr. Broe: No, we don't think so.

Mr. Meyer: The Christian Democrats are completely split. Frei thinks he was sacrificed by that madman Tomic. Valdez is a pure self-seeker.

Mr. Kissinger: But wasn't Tomic Frei's candidate?

Mr. Meyer: No, he was the party's candidate. Frei had lost control of the party.

Mr. Kissinger: Does Frei think another Christian Democrat could have won?

Mr. Meyer: Yes. The Christian Democrats convention opens November 28 and no one knows who, if anyone, will emerge as the effective party leader.

Mr. Kissinger: It can't be Frei?

Mr. Meyer: It could be, but Frei recognizes that he will be the favorite target for everyone. He is prepared to stay and to make some sacrifices but he has never said that he would pick up the baton of leadership. Assuming any political opposition is possible, any concept is so fractured as to be hopeless. After the Christian Democrats get through their period of self-excoriation and decide who will run the party, it might be possible. At the moment it's a mess. I asked if the two parties—the Christian Democrats and the Nationalistas—couldn't get together. The CD felt they could accommodate the rational side of the Nationalistas, but the far right of the Nationalistas won't do business with anyone. In other words, I had no feeling of any rock on which we could build a church.

Mr. Kissinger: Then what happens to our plan that we should allow time to Allende so as to crystalize an opposition?

Mr. Meyer: We might do that later. But every Chilean or Latin American that I talked to said that if the US did anything to draw strong or adverse attention to Allende, the 36% of the popular vote which he got would be 70% within 24 hours. They all felt this was true at least within the first 100 days. They all begged us not to put an anti-US stamp on Allende.

Mr. Kissinger: Why doesn't he force us to, then? Why is he making it easy for us not to take a strong stand against him?

Mr. Meyer: One problem is that the group around him is not his choice. Frei analyzes him as a vain man, an astute politician, but not a

profound student of Marxism. Indeed, Frei thinks he has never read Marx. Allende has been persuaded that he is in constant danger of his life—he is almost paranoid. Frei does not believe that Allende can run the country, but thinks he will try.

Mr. Kissinger: How did he survive 24 years of political life if he is that vapid?

Mr. Meyer: Remember he was in the Socialist party and there is a great difference between being a Senator and being Chief Executive. Frei warned Allende that sooner or later everyone would turn against him and that his only strength would lie in the Army. Frei told me after Schneider had died that he was surprised there had not been a putsch. I think it is the basic abhorrence of Chileans toward fighting other Chileans. So far as the Cabinet is concerned, no one in Chile knows much about them. They are all radicals of course, but the sub-Cabinet is even worse.

Mr. Kissinger: From what you say, we find that Allende is vain, given to spasmodic actions, more a candidate than an executive. It will take a back-breaking effort to control the bureaucracy and his ministers. Our only hope then seems to lie in their incompetence.

Mr. Johnson: And the possibility that they will begin fighting among themselves.

Mr. Meyer: It is a problem of gigantic proportions, and no one can evaluate the outcome. We can only keep our fingers crossed. But everyone begged that we not push on Allende now.

Mr. Kissinger: A good definition of a miracle is a situation where there is no rational expectation of something happening and it happens. I have no feeling of any group or policy likely to challenge Allende. However, we can't prevent a miracle. Why set limits to the grace of God?

Mr. Selden: Do we have any indications of outside Communist interference in Chile?

Mr. Meyer: They are playing the straight Moscow line.

Mr. Kissinger: In August we were told to lie low so as not to screw up the Congressional vote. In October we were told to lie low so as not to screw up the opposition in November. Now we find ourselves with no opposition.

(The meeting then moved to a meeting of the 40 Committee)

179. Memorandum for the Record¹

Washington, November 13, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee, 13 November 1970

PRESENT

Mr. Kissinger, Mr. Nutter, Mr. Johnson, Lt. Gen. Richard T. Knowles and Mr. Helms

Colonel Richard T. Kennedy, Mr. Thomas Karamessines and Mr. William Broe were present for all items.

Mr. Charles Meyer and Mr. Arnold Nachmanoff were present for Item 1.

Mr. John Holdridge was present for Item 2.

1. *Chile*

a. Mr. Meyer briefed the Committee members on his visit to Chile for President Allende's inauguration and his conversations with Allende, Frei, Osso and numerous other Chileans and Latin Americans.²

b. Mr. Meyer expressed his conviction that very few Chileans accurately evaluate the Allende threat to Chile—they believe that the "Chilean character" will somehow miraculously preclude a Marxist take-over of the country. Because of Chilean abhorrence of Chileans fighting Chileans there is little likelihood of an attempt to remove Allende by force. Any concept of a unified political opposition to Allende at the moment is virtually hopeless. The CDU is so badly split its factions cannot get together and there is no rock on which to build a solid political opposition.

c. Mr. Meyer stated that a unanimous view expressed to him by every Chilean and other Latin American with whom he spoke was that the U.S. should refrain from taking any hostile action against Allende for at least the traditional 100-day honeymoon period or Allende would immediately receive at least double the support he now has among Chileans. To this, the Chairman observed that it would then appear advantageous to Allende to take steps designed to provoke a U.S. reaction against him and thus far he has carefully avoided doing so.

d. Mr. Meyer noted that after a period of about 70 days any substantial exchanges of foreign funds for escudos will not be possible as controls will by then be too stringent. The Chairman suggested that

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only. Drafted on November 17. A copy was sent to Mitchell, Packard, Johnson, Moorer, and Helms.

² See Document 178.

prompt steps be taken to procure escudos for possible future expenditures in Chile and Mr. Broe responded that such acquisition has commenced.

e. [5½ lines not declassified]

f. The Chairman observed that the scope for covert operations in Chile does not seem very broad at present but asked that the CIA produce for consideration at the next meeting a paper offering certain specific proposals along the lines of the general *Covert Annex* dated 27 October 1970 to the NSC Options Paper on Chile.³

[Omitted here is discussion unrelated to Chile.]

Frank M. Chapin

³ Document 166.

180. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, November 16, 1970.

SUBJECT

Post-Inauguration Analysis

Attached at Tab A² is a lengthy analysis of the Chilean situation by Ambassador Korry. He says there is universal agreement in Chile that the main threat is the degree and pace of Communist control, the Communist Party having made a deliberate policy decision to seek undisputed control over the economy despite the risks of such a course. If this policy should be successful, i.e. if the Communists can manage the economy without chaotic results, they will be in the driver's seat.

Korry says Communist control of the economy will, even in the early stages, provide them with tremendous leverage and powerful

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret. Sent for information. Nachmanoff drafted the memorandum. On a draft of the memorandum that did not contain the last paragraph, Kissinger wrote, "What do I think? Add a comment. Of course, avoid counterproductive hostility but be sure it doesn't turn into mindless accommodation." (Ibid.)

² Telegram 4735 from Santiago, is Document 36 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

weapons to prevent the development of organized opposition to them and the Government.

In response to this situation, Ambassador Korry makes the following policy recommendations:

—that we not take actions that will provide a pretext for the quick radicalization of the Government of Chile;

—that we maintain a public posture of restrained coolness and of encouraging the democratic opposition;

—that we seek to hold our military connections and “maintain a deliberately confusing flexibility of case-by-case treatment of other relationships”; and

—that we reject across-the-board hostility on grounds that it would not have a determining impact on the economy, while it would serve to mobilize national sentiment and strengthen the position of the Allende government.

I agree that we should, of course, avoid unproductive hostility to the Allende government, but we should be sure our policy does not slide off into mindless accommodation.³

³ President Nixon wrote in the right margin of this paragraph, “right.”

181. Paper Prepared for the Senior Review Group¹

Washington, November 17, 1970.

Chile—Status Report on Implementation of NSDM 93

A. Multilateral

1. *OAS and Cuba*. The Department of State is urging Latin American governments to make unilateral public statements along the lines of the U.S. statement of November 13, reaffirming adherence to the

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-49, Senior Review Group, Chile, 11/19/70. Secret; Sensitive. Meyer sent the paper to the National Security Council, and it was distributed to the members of the Senior Review Group for consideration at the meeting originally scheduled for November 18, but which took place on November 19. Tabs A–F described in the text are attached but not printed.

OAS resolution on Cuba sanctions,² and is taking careful soundings on prospects for constructive statements within the OAS forum. Circular telegram sent November 15 is at Tab A.

2. *Concern over Chile.* The Department of State is preparing to provide to selected Latin American governments overt, and to the extent feasible, covert information on Chile's links with subversion in other countries, to document the reasons for our concern over Chile and to encourage other governments to understand the U.S. posture and to adopt a similar one.

3. *Consultation with key governments, particularly Brazil and Argentina, to coordinate efforts on Chile.* The Department of State is preparing an instruction to selected posts for such consultation and the Ad Hoc Interagency Working Group on Chile will meet promptly to consider how to increase efforts to establish and maintain close relations with friendly military leaders in the hemisphere.

4. *IDB Lending to Chile.* The Department of State is exploring with the U.S. Director of IDB and the Department of the Treasury the procedural possibilities for delay or veto of FSO loans to Chile, and will prepare a recommendation for action. See Tab B for discussion.

B. *Bilateral*

1. *Public Position.* Recommendation: that approval be given to the statement at Tab C, to be drawn upon on a contingency basis by senior USG officials in responding to questions on Chile. The Department of State has meanwhile given (on November 12) an off-the-record briefing on Chile to Mr. George Meany and other leaders of the AFL–CIO, and will give on November 17 in New York similar off-the-record briefings to the staff of the Council for the Americas and to senior officers of Anaconda and other companies interested in Chile.

2. *Consultations with the Congress.* Recommendation: that consideration be given to having high level briefings of key Congressional leaders on our Chile policy, to insure understanding of our posture, and with a view to easing present legislative restrictions in economic and military matters of special interest to Latin American governments, with which we will be consulting closely on Chile; e.g., soluble coffee for Brazil; meat for Argentina, and reductions in MAP and FMS availabilities in general. The Department of State will prepare proposals for carrying out the consultations with the Congress.

² The Department of State issued a statement on November 13, after Allende announced Chile's recognition of Cuba, affirming U.S. support of the OAS resolutions isolating Cuba. ("U.S. Decries Chile's Recognition of Cuba," *Washington Post*, November 14, 1970, p. A12)

3. *Military Assistance to Chile*. Recommendation: that approval be given to the proposed telegram to Embassy Santiago at Tab D, instructing the Ambassador to begin moves which will have the effect of forcing a decision from the GOC on continued U.S. military presence. Discussion of existing and potential requests by the Chilean military services for the purchase of arms and equipment in the United States is at Tab E. Note that the Chilean desire to buy three C-130's and eleven F-5's would not involve USG decisions on financing. Decision would be required on export licensing and on accommodating any FMS part of the sale (i.e. government furnished equipment such as weapons) within the \$75 million area limitation on FMS and grant matériel articles for Latin America.

4. *Economic Assistance to Chile*. The Department of State has issued classified instructions to withhold until further notice any new commitments of U.S. bilateral assistance to Chile, including AID loans, AID Investment Guarantees, and Eximbank loans and export guarantees. The Department of State has in preparation recommendations on courses of action on handling Investment Guarantee problems which may arise when the GOC begins to nationalize U.S. property.

5. *Peace Corps*. Recommendation: that the 17 PCV's scheduled to go to Chile following completion of training on December 12 be held back until the Allende government has given some authoritative confirmation of the request for them made by the previous government. We would make clear at the working level that we would not be prepared to go ahead without such reaffirmation. See Tab F for discussion.

C. *Organizational*

1. The Ad Hoc Interagency Working Group on Chile has been organized and has begun its work under the chairmanship of Assistant Secretary of State for Inter-American Affairs, Charles A. Meyer.

2. The Department of State Country Director for Andean and Pacific Affairs has been permanently assigned full time to Chilean affairs, and has been provided an additional Associate Director exclusively for Chile, and has been designated as the central working-level point of coordination for Chilean matters.

182. Memorandum From Richard T. Kennedy and Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, November 17, 1970.

SUBJECT

SRG Meeting on Chile, November 18

This will be the first meeting to get our new policy moving. The NSDM which is the basis for the policy is at Tab.² A 40-Committee on this subject is scheduled to follow the Senior Review Group meeting.

State has prepared a paper (Tab—State Paper)³ which outlines where we stand and some proposed actions. It also raises for decision (a) public statement, (b) congressional briefings, (c) a proposed message dealing with continued US military presence and assistance, and (d) a proposed position on continuation of Peace Corps.

We recommend that you ask *Mr. Meyer* (Chairman of the Ad Hoc Group) to *briefly summarize where we are, what has been done and what he proposes.*

We recommend that you then *proceed through the agenda* of the meeting covering the following major topics:

1. Diplomatic Steps
2. Economic Measures
3. Military Steps
4. Peace Corps
5. Public and Congressional Posture

Your talking points which follow proceed in this order. You will want to drive home the following points.

a. We need a fully fleshed-out action program with all of the policy ramifications considered, and

b. All steps must be cleared through the interagency mechanism (cables should be cleared by the White House).

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-49, Senior Review Group, Chile, 11/19/70. Top Secret; Sensitive.

² Document 175.

³ Document 181. All subsequent references in this memorandum are to Tabs A–F of that paper.

1. *Diplomatic Steps*

a. *Approaches to the OAS*—The US in a November 13 statement reaffirmed adherence to the OAS Resolution on Cuba sanctions. Chile has reestablished relations with Cuba and is exchanging representation. State proposes to “take careful soundings on prospects for constructive statements within the OAS forum” and is urging Latin American governments to make unilateral public statements along the lines of our own.⁴

—Have any specific steps been taken or are they planned? With which governments? What has been the reaction of the Latin American governments?

—Who are we approaching with what kind of statements (State has sent a cable to all Latin American Posts—Tab A)? What do we expect them to say or do in the OAS? What are the prospects for any kind of resolution? Do we want one?

—Specifically what do we propose to say in the OAS? Should we take the lead?

(We need to get specific on these points. We need also to have a clear definition of precisely what we are trying to achieve. Generalized approaches are not likely to produce the kinds of specific results we want.)

b. *Spreading the word about Chile*—State is proposing to provide “selected” Latin American Governments information on Chile’s links with subversion in other countries and to encourage them to adopt a posture similar to ours.⁵

—To whom is the information being provided, and what do we expect them to do with it?

c. *Consultations with Key Governments, particularly Argentina and Brazil to coordinate efforts on Chile*—State is preparing an instruction for such consultations and the Ad Hoc Working Group plans to meet promptly to consider how to increase efforts to maintain relations with friendly military leaders.

—What specifically do we plan to tell the Brazilians and Argentines, and what do we expect them to do? When will the instruction be ready?

—What specific steps will the Ad Hoc Group consider to increase ties with the military? Could we have a detailed report in two weeks? (Ask Adm. Moorer for his views.)

⁴ In the right margin of this paragraph, Kissinger wrote, “Chile + the OAS. Strategy.” In the left margin he wrote, “Ambassadors?”

⁵ Kissinger wrote, “Which?,” in the left margin of this paragraph.

—Is the military in Brazil and Argentina, for example, likely to want to—or be able to—influence the Chilean military in any significant way? (You may wish to ask for a detailed report on these diplomatic efforts within two weeks.)

2. *Economic Steps*

a. *IDB lending to Chile*—2 Loans for Chile are awaiting action by the IDB Board of Directors—a total of \$11.6 million for two universities, another \$8.6 million loan for agriculture research and extension may be ready during December. State is exploring procedural possibilities for delay or veto of the loans, and will prepare a recommendation for action. In the interim, the Executive Director will take the position that he is uninstructed and, therefore, effectively block action on the loans. (State Paper Tab B)

—What steps are we taking to coordinate our tactics with other friendly Latin countries in order to reduce our unilateral visibility?

—You want to emphasize that no new loans are to be approved; if there is any question about a specific case, it should be brought back to the SRG.

—What steps are being taken to limit Chile's access to credits from other international financial institutions?

b. *Economic Assistance to Chile*—State has issued instructions to withhold new commitments of AID loans, investment guarantees, and Ex-Im Bank loans and guarantees. State is preparing recommendations on how to handle investment guarantee problems when the GOC begins to nationalize US property.

—What is being done to determine how we can defer or cut off existing commitments if that becomes necessary?

—What provisions of law are applicable if Chile resumes trade with Cuba, or establishes trade with North Korea (as they recently announced they would)? At what point do these provisions become applicable?

—When can we have State's recommendations on how the U.S. Government should react to the first incidents of Chilean nationalization of U.S. property?⁶

State has briefed the AFL–CIO and the staff of the Council of the Americas and several companies interested in Chile on an off-the-record basis.

⁶ Kissinger wrote, "Nationalization strategy," in the upper margin of this paragraph.

—What specifically has been said in the briefings to labor and business leaders? What have we suggested that they do about Chile, if anything?

—What are State's plans for systematically briefing American business on the situation in Chile and our approach? Is the Commerce Department involved?⁷

3. *Military Steps*

a. *Military Presence*

—Our small military mission (approximately 17 men) is still in Chile. It offers a means of continued close contact with the Chilean military and we will want to keep it there for this purpose as long as we can. But it is there under the Mutual Defense Assistance Agreement of 1952 and a Military Mission Agreement of 1964. The Chilean Defense Minister has stated that the Government of Chile will study all military agreements and the decision as to whether the US mission remains is a decision for the two governments. *The question is whether we should force the issue of a reaffirmation of those agreements by the Allende government.* We may have much to gain by the continued contact with the Chilean military. If we force their hand now, we might cause a break. On the other hand if we push the Chilean military to press for continuance, the chance of success might increase and, if Allende refuses, the discontent of the military might increase. State has a proposed cable at *Tab D—State Paper*. It would have the military go in and raise the question now. (We recommend you *not* clear the cable at the meeting.)

—Do we gain more by pushing this issue ourselves or by waiting for the Allende government to raise it with us?

—The Service Chiefs seem to want us to stay. Will we make it more difficult for them to maneuver if we give them what seems to be a demand for an early final decision?

—Should this be handled by our military with the Chilean military or by Korry with the Minister of Defense or Allende (whatever is done we believe should be done initially at least by the military).⁸

b. *Military Assistance (Tab E—State Paper)*

—There are twenty M-41 light tanks funded under a Credit Sale in FY 69 which have been overhauled and are ready for shipment to Chile. The Chileans also have expressed interest in purchasing three C-47 aircraft, three C-130s and eleven F-5s on a commercial basis. The C-130s and F-5s would not involve any USG financing but would require deci-

⁷ Kissinger made checkmarks in the right margin of these two paragraphs. In the lower margin, he wrote, "What are we doing re pvt business meetings?"

⁸ Kissinger wrote, "Can we make (a) depend upon (b)," in the left margin of this section.

sions on export licenses. *If we are responsive* we would strengthen our hand with the Chilean military, increase Chile's dependence on US spares and replacements, and preempt Communist suppliers with this type of equipment; *but* we would also strengthen Allende's forces and perhaps confuse some of our Latin American friends and generate pressures for more military assistance from others. *If we are unresponsive* we would disassociate ourselves from strengthening Allende's forces and avoid the disadvantages of confusing our friends or generating demands for assistance from them, *but* we would alienate Chile military, reduce our influence with them, and perhaps turn them to Communist sources of supply.

—What should we do about the tanks? How long can we hold up this delivery?

—Will the aircraft sales be possible without credit assistance (allegedly the Chileans will not require new USG financing but they may require some sort of financing assistance from the suppliers—would we be willing to encourage or permit this?)

—Can we sell the aircraft and not deliver the tanks?

—What will the real effect be on our Latin American friends? Can we explain this to them?

—Can we deal with the question of continued deliveries of these proposed sales without having first resolved where we stand with respect to the military assistance agreements?

4. Peace Corps (Tab F—State Paper)

—We have 17 Peace Corps volunteers who will complete training in the U.S. on December 12 and then are scheduled to go to Chile. There are 92 volunteers now in Chile who will complete their tours between now and the end of 1971. *The question is whether we should send the new volunteers either when they are ready in December or at some later time or not send them at all. If we hold off until we get Allende's confirmation of the request for them, which his predecessor gave us, we leave the initiative to Chile. This would put the onus for whatever decision is finally reached on Allende but could result in a growing press campaign with a highly emotional content. If we decide now not to send them we would probably face early termination of the entire program and lose the opportunity for continuing contact in Chile; we would be open to the charge that we were taking punitive action and seeking to worsen relations.*

—Is there any real hope that the program will continue?

—Do we want to keep the Peace Corps in Chile?

—Will our actions on the 17 new volunteers have any important bearing on the 92 now in Chile?

—Can we afford to hold off and if so for how long?

5. *Public Position*

State asked for approval of a statement (which is at Tab C of the State paper) which could be drawn upon to answer questions on Chile. DOD has proposed some alternative language.

—What is it we want to get across—or avoid—in a public statement?

—While something undoubtedly will have to be said before long, it is probably desirable to say the least amount necessary.

—I suggest that we say something along the following lines:

“The new President has taken office in accordance with Chilean constitutional procedures. We have no wish to prejudge the future of our relations with Chile but naturally they will depend on the actions which the Chilean Government may take toward the United States and the inter-American system. We will be watching the situation carefully and be in close consultation with other members of the OAS.”⁹

6. *Consultations with Congress*—State recommends high level briefings of key Congressional leaders on our Chile policy.

—What do we want to accomplish by Congressional consultations? Who should we talk to? How much can we tell them? Who should do the briefings?¹⁰

—We need a well-thought out assessment of the pros and cons of Congressional consultations, and a detailed strategy proposal.

⁹ Kissinger made a checkmark in the left margin of this paragraph.

¹⁰ Kissinger made a checkmark in the left margin of this paragraph.

183. Minutes of a Meeting of the Senior Review Group¹

Washington, November 19, 1970, 4:04–5:53 p.m.

SUBJECT

Chile

PARTICIPATION

Chairman—Henry A. Kissinger

State

Mr. John Irwin

Mr. U. Alexis Johnson

Mr. Charles A. Meyer

Defense

Mr. David Packard

Mr. G. Warren Nutter

Mr. Armistead I. Selden

B/Gen. Robert C. McAlister

Justice

Atty. Gen. John Mitchell

CIA

Lt. Gen. Robert E. Cushman

Mr. William Broe

Mr. Thomas Karamessines

JCS

Adm. Thomas H. Moorer

B/Gen. Joseph Belser

NSC Staff

Mr. Arnold Nachmanoff

Col. Richard T. Kennedy

Mr. D. Keith Guthrie

SUMMARY OF CONCLUSIONS

1. *Bilateral Consultations.* The United States will advise other OAS Governments that it considers Chilean recognition of Cuba unwarranted and will seek to discourage them from following the Chilean lead. The Ad Hoc Group will prepare a factual rationale to support this US position, which should be conveyed to the OAS Governments through both Embassy and military channels. The rationale should also lay the basis for future opposition to Chile in the OAS. It was agreed that the US approach should be varied as appropriate with each of the Latin American governments. It was also agreed that all messages would be cleared with the White House.

2. *OAS Strategy.* The Ad Hoc Working Group will prepare a study of US strategy on Chilean participation in the OAS. The study should be submitted for the next SRG meeting on Chile.

3. *Inter-American Defense Board (IADB).* The Defense Department will review the security implications of Chilean participation in the IADB and will bring any potential problems to the attention of the SRG.

¹ Source: National Archives, Nixon Presidential Materials, NSC Institutional Files (H-Files), Box H-111, SRG Minutes Originals, 1970. Top Secret; Sensitive. The meeting was held in the White House Situation Room. All brackets are in the original. The decisions made at the meeting were circulated to the members of the Senior Review Group in a November 27 memorandum from Kissinger. (Ibid., Box H-49, Senior Review Group, Chile, 11/19/70)

4. *Military Mission.* The United States will not take the initiative in raising the status of the US Military Mission with the Chilean Government but will continue to maintain the Mission on the current basis pending a specific request from the Chilean government for reduction or discontinuance.

5. *Military Sales.* The United States will delay a decision on whether to go forward with delivery of M-41 tanks already contracted for by the Chilean Government and will also defer action on export licenses for commercial purchase of C-130 and F-5 aircraft for the Chilean Air Force. The subject is to be reviewed at the next SRG meeting on Chile.

6. *IDB Loans.* The United States will continue seeking to delay action on Chilean loan applications pending before the Inter-American Development Bank (IDB). White House approval must be obtained before the US representative on the IDB Board agrees to approval of any loan to Chile.

7. *IBRD Loans.* The State Department will undertake working-level consultations with the IBRD with a view to enlisting IBRD cooperation in restricting loans to Chile.

8. *Export-Import Bank.* The State Department will consult with the Export-Import Bank about discontinuing all new credits and guarantees for Chile. If possible, such action is to be justified on the basis of banking risk alone.

9. *Public Statement.* The SRG approved the text of a public statement on Chile to be used by US officials on an if-asked basis.

10. *Congressional Consultations.* The SRG agreed that efforts to generate Congressional support for Administration policy on Chile should be focused on the new Congress which is to convene in January 1971. The subject is to be reviewed at the next SRG meeting on Chile.

11. *Peace Corps Volunteers.* The United States will seek confirmation of the Chilean Government's approval prior to proceeding with assignment to Chile of the seventeen Peace Corps volunteers currently in training.

12. *Ad Hoc Working Group.* A JCS representative will be added to the Ad Hoc Working Group on Chile established under NSDM 93.

13. *Chilean Trade with Communist Countries.* The SRG at its next meeting on Chile will review policy options for application of provisions of US law that may relate to Chile's establishment of trade with Cuba, North Korea, and North Vietnam.

14. *Expropriation.* The SRG at its next meeting on Chile will consider policy options for the US Government in the event that the Chilean Government nationalizes US-owned firms.

Dr. Kissinger: We have two related subjects to discuss. First, we will try to outline the basic elements involved in implementation of

NSDM 93. Then, in a more restricted session, we can discuss the 40 Committee aspects.²

We have a State Department paper that outlines various diplomatic steps we might take. Why don't I run through these?

The first one has to do with approaches to the OAS. This was specifically triggered by Chilean restoration of relations with Cuba in violation of an OAS Resolution and by the lukewarm response of the Latin American states to our overtures on the matter.

There are two issues: how we handle the Cuba question and, more fundamentally, how we deal with Chile in the OAS. The other day I had lunch with three Latin American ambassadors at their request.³ Precision of thought was not an outstanding attribute of those gentlemen. They seemed totally baffled about how to deal with Chile in the OAS. At the same time, they didn't see how the OAS could function if the Chilean involvement in the OAS develops in the way they fear. I want to discuss both issues.

Mr. Meyer: With regard to the first, we should be prepared for an approach at the foreign minister level within the OAS to reconsider Cuba's exclusion under the resolution of the Ninth Meeting of Foreign Ministers.⁴ Carrillo Flores of Mexico spoke approvingly in public recently about Chilean recognition. The Colombian Foreign Minister has said he wants to bring the Cuba question to a Meeting of Foreign Ministers. He has said the OAS position should be changed if there is a change in Cuba's own position on exportation of revolution. We need to get together with CIA to see if there is any information we could share with the Latin Americans that would serve to counter the "Oh-Cuba-is-all-right" attitude.

Dr. Kissinger: This raises two problems. Is there nothing we can do to get a tougher Latin American response to Chile? And is there something we can do to prevent the Chilean action from having worse consequences?

Mr. Packard: If we don't take some action, we will find ourselves in a worse position. We could provide some leadership to get the other Latin American countries not to accept Cuba and perhaps to move against Chile. In addition to the help CIA can provide, we might be able to do something through our military contacts all over Latin America.

² See Document 184.

³ On November 17, Kissinger lunched with the Ambassadors of Argentina, Brazil, and Uruguay at the Argentine Ambassador's residence. See *Foreign Relations, 1969–1976*, vol. E-10, Documents on the American Republics, 1969–1972, Document 31.

⁴ In January 1962, the Meeting of Consultation of OAS Foreign Ministers in Punta del Este, Uruguay, agreed to exclude Cuba from the OAS. The Ninth Meeting of Consultation of Foreign Ministers, held in July 1964 in Washington, imposed sanctions on Cuba.

We should move as quickly as possible. If we let things drift, we will wind up with everyone recognizing Cuba, and we will be left alone. I think we can bring the other Latin American countries along.

Dr. Kissinger: Should we make clear that we oppose Chilean recognition of Cuba on its own merits? Or because it is a violation of an OAS resolution?

Mr. Packard: We ought to do both. The two aspects are linked together. The merits of the issue are required to support the OAS position [on Cuban exclusion and non-recognition].

Mr. Irwin: I agree with both Charlie [Meyer] and Dave [Packard]. It is no use bringing up the issue in the OAS or with other Latin American countries unless we can provide some information [about the dangers of Cuba] on background. As Charlie said, the other countries may raise the question of Cuban recognition in the OAS.

Dr. Kissinger: Nobody thinks we should go on the offensive against Chile? (to Meyer) What you are talking about is a tactic to prevent the Chilean recognition from having a multiplier effect in the OAS.

Mr. Irwin: We sent a cable on Chilean recognition of Cuba but got very lukewarm replies from the Latin Americans.

Mr. Packard: What we need is personal contact, not just a cable.

Mr. Meyer: There was contact. The Ambassadors saw the Foreign Ministers.

Mr. Packard: We need to give them some ammunition to use in presenting our position.

Mr. Meyer: I don't believe it is very profitable to attack the Chilean position on recognition. The OAS has been a little bit pregnant ever since 1964. Mexico never broke relations with Cuba; Jamaica was admitted to the OAS even though it had consular relations with Cuba; and Chile voted against the resolution, although it did comply by breaking relations.

Mr. Selden: That is right. Something worth remembering is that it took a two-thirds vote to adopt the resolution and that a two-thirds vote is required to repeal it. That puts us in a strong position.

Dr. Kissinger: (to Meyer) Do you think we are not on strong ground if we seek to attack Chile in the OAS?

Mr. Meyer: That's right, because there is no penalty for failing to carry out an OAS resolution.

Dr. Kissinger: The other day these three Latin American ambassadors talked on all sides of the question. I could quote your remarks to support any position. But, looking at just one aspect of their remarks, how do you interpret their expressions of concern about Chilean participation in the OAS?

Mr. Meyer: I am sure the three Ambassadors are sincere in being willing to fight the issue to the last North American.

Dr. Kissinger: They would not support us if we raised the issue of Chile?

Mr. Meyer: That's right. In the case of either Chile or Cuba, anything we do in the way of consulting within the Hemisphere has to be backed up by factual information. It cannot be just hortatory.

Dr. Kissinger: But the information we make available would be in the context of persuading them not to follow Chile's lead rather than of convincing them that the Chilean action in recognizing Cuba was unjustified.

Mr. Meyer: Yes.

Dr. Kissinger: (to Cushman) What do you think?

Lt. Gen. Cushman: I think we can work on both objectives together. We can give information about support for guerrilla activities, and this will lead other countries to take a strong stand against both Cuba and Chile.

Mr. Packard: If the Latin Americans know what we think about the situation, their own views may be strengthened.

Mr. Meyer: The Cuba question in the OAS requires us to go to work right away. The issue of Chile has a longer fuse.

Dr. Kissinger: Then the consensus is that we go back to the Latin American governments with the argument that Chilean recognition of Cuba is not warranted because of various facts which we will cite. We also say that the Chilean example should not be followed by other governments. All of this can be used as a platform for eventual condemnation of Chile. Do we all agree? Then let's get a cable prepared.

Mr. Irwin: We would plan to operate not only through Embassy but also military channels?

Dr. Kissinger: Yes.

Mr. Meyer: It is interesting to note that General Martinez of Argentina was originally very strong about having Chile thrown out of the Inter-American Defense Board. Then after Allende took office he changed his position, apparently after consulting with General Lanusse.

Dr. Kissinger: Will we employ a differential approach in passing information to the Latin Americans? I assume, for example, we would not want to give as much information to Figueres as to some others.

Mr. Meyer: We will have to do it that way.

Mr. Nutter: We have to develop the line that the Cuban danger is magnified by the Cuba–Chile axis. (to Irwin and Meyer) Perhaps you would not want to play this strongly right now.

Dr. Kissinger: Yes, we want to emphasize that now.

Mr. Meyer: That's right.

Mr. Karamessines: We have been laying the foundation by passing information through intelligence contacts.

Dr. Kissinger: We are clear about the general strategy. The details can be worked out in the Ad Hoc Group.

What about the general issue of Chile and the OAS?

Mr. Meyer: This is part of the slower process. We have to convince the Latins. We have to make them see what Chile is—and not what they hope it is. For years the OAS has been saying that a Marxist-Leninist regime is incompatible with the Inter-American system. The Latins don't want to face this. They say, "We have known Allende for years."

Dr. Kissinger: If they know him, they ought to be concerned.

Mr. Meyer: Yes, but logic doesn't play much of a role here. We have to play Chile with a longer fuse. We should let Chile build the case against itself and keep reminding the OAS what is happening. We should inform them if Chile is harboring revolutionaries and link one fact with another. We should not let their wishful thinking color their outlook. I don't think now is the time to make an issue of Chile's continuance in the OAS.

Mr. Packard: I agree. You have to build your case.

Dr. Kissinger: What about the question of the IADB [Inter-American Defense Board]? Does this involve classified information?

Adm. Moorer: Not particularly. I think most of what they deal with is at the confidential level. They do not do too much. To my knowledge, they have only been active during the Dominican Republic incident. They don't get into very deep subjects. The IADB is principally a way of increasing our contact with the Latin American military.

Mr. Meyer: The IADB is related to the problem of what sort of links we maintain with the Chilean military.

Dr. Kissinger: It would be useful if Dave [Packard] and Tom [Moorer] could review what the Chilean military representative will learn from being on the IADB and could check into the classified information problem if there is one. If special measures should be adopted, these should be brought to our attention.

Mr. Packard: I believe the problem can be handled. The subject matter in each case will determine what we should do.

B/Gen. Belser: The IADB found it necessary to exclude Cuba.

Dr. Kissinger: (to Meyer) It would be helpful if your group could prepare for our next meeting (in two or three weeks) a paper on the strategy we should follow in the OAS.

Mr. Meyer: This also relates to the IADB and to the Inter-American Defense College, both of which are OAS organs.

Adm. Moorer: One of the objectives of the Ad Hoc Group is to maintain close relations with friendly military leaders in Latin America; yet, there is no JCS representative on the Group. I think the JCS should have a representative and would like to propose General Richard Shaefer as the JCS member.

Dr. Kissinger: I agree. Does anyone have any objection?

Mr. Meyer: I don't. Armie Selden brought this up at the last meeting of the Group.

Dr. Kissinger: Then I see no problem.

Mr. Irwin: What about giving Charlie [Meyer] the authority to call in USIA where appropriate in connection with the Ad Hoc Group's work? I think this is important. USIA can have a big impact.

Dr. Kissinger: I agree.

We have taken care of the questions of spreading the word about Chile and consulting with key Latin American governments. Now let's discuss military steps. There are two related issues: our military mission and whether or not to raise its status with the Chilean government, and military assistance. The Chileans are awaiting delivery of some M-41 tanks we are providing under a credit sale, and they also want to purchase on a commercial basis C-47, C-130, and F-5 aircraft.

With regard to the military mission, the argument in favor of raising its status with the Chilean Government is that the Chilean military want to retain the Mission and if Allende refuses, it will create strain between him and the armed forces. Or if Allende is reluctant to create such strain, he will agree to continuing the Mission and will thus get locked in. The argument against is that access to the Chilean military, which is the only significant institution with an independent command system, is one of our greatest assets and that by raising the issue of the Mission's status, we run the risk of triggering a negative response from Allende. As I understand, State leans toward raising the matter.

Mr. Irwin: I think that if Allende is disposed to get rid of the Mission, it will be only a question of time until he does so. There is, however, a risk of precipitating a break.

Adm. Moorer: The Chilean military are constitutionalists; they are very conservative. We have close relations with them; I know several of them myself. They have participated in the UNITAS exercises.⁵

⁵ The annual U.S. Navy Unitas exercise involved a tour of South America and joint exercises with national navies.

Dr. Kissinger: Are you in favor of asking whether our Mission should continue? Or should we simply assume that it is to be maintained?

Mr. Packard: I think we should do the latter. That way it is more likely we will be able to stay longer.

Dr. Kissinger: Suppose that in our judgment Allende wants to get rid of the Mission but doesn't feel strong enough to do so now. If we get him to say that he wants the Mission continued, will we thereby prolong the Mission's likely tenure beyond the point when he becomes strong enough to ask for its removal?

Mr. Irwin: I don't think what he says now will have any effect on what he does later.

Mr. Nachmanoff: There is one other consideration. We may be more vulnerable to charges of engaging in improper activities, if we are operating the Mission without affirmation from Allende that he desires it to continue.

Adm. Moorer: Raising the matter will force Allende to take action.

Mr. Meyer: If we go to the military and tell them to prod the boss and he says no, we will thereby have crystallized the separation between Allende and the military.

Mr. Selden: There is a double issue. Is it possible for us to continue MAP without continuing the MAAG?

Mr. Packard: But taking the initiative in going to Allende will raise this issue.

Dr. Kissinger: My smell says that he will get rid of the Mission as soon as he feels strong enough. Whenever he does it, it will be annoying to the military.

Adm. Moorer: He could waffle his answer to the military.

Mr. Nutter: Perhaps there may be some political problems in this country if we continue military assistance after he has ousted the Military Mission.

Dr. Kissinger: The thing that impresses me is that the Mission gives us a channel of communication and some normal means of contact with the one element in Chile that has the best chance to move against Allende.

Mr. Packard: And it also gives us an opportunity to get across to the military the impression that we might support them if they moved against Allende.

Dr. Kissinger: I understand Charlie's [Meyer's] point that taking the initiative to raise the issue might force a break between Allende and the military. I also think Tom [Moorer] has a point in suggesting that Allende might give them a waffly answer.

B/Gen. Belser: This would be a two-part approach. We would first go to the military and then to the civilian government leadership.

Dr. Kissinger: Is it possible to approach the military on this?

Mr. Packard: The question is whose answer do you accept?

Dr. Kissinger: Let's go around the table on this.

Mr. Irwin: I lean toward trying to clarify the matter by going through the military. But I don't feel strongly about it.

Adm. Moorer: I agree with Dave [Packard]. It will be difficult to get a definite answer from the military.

Lt. Gen. Cushman: If we approach the military, the word will get to the civilian leadership. This will give them options that would not otherwise be available to them.

Mr. Meyer: I should point out that this question would not have come up if the Minister of Defense had not stated that all military agreements will be reviewed and that continuation of the US Military Mission depends on the agreement of both governments. At the moment our Embassy has instructions not to talk to Allende about anything.

Dr. Kissinger: Couldn't we just say that we are operating on the assumption that the Mission will continue?

Mr. Meyer: That is what we were planning to say.

Dr. Kissinger: Can't we follow past practice?

Mr. Packard: That has been to assume that the Mission is to continue.

Dr. Kissinger: Can't we handle this by planting a question in a press conference?

Mr. Irwin: In that case I am inclined to do nothing.

Mr. Packard: I agree.

Mr. Irwin: (to Meyer) Has the issue [of the Mission's status] come up [between us and the Chilean Government]?

Mr. Meyer: Only that the Defense Minister said on November 10 that the Government would be reviewing all military agreements. We can just wait until they start their review.

Dr. Kissinger: That would be my inclination.

Mr. Packard: I agree.

Dr. Kissinger: If we raise the matter, they will kick us out or will waffle. Should I raise this with the President?

Mr. Packard: No, it is not worth bothering him.

Dr. Kissinger: Then we will continue to operate the Mission. Now for the question of military assistance.

Mr. Packard: I think we should act as though we plan to continue. We should not stop MAP.

Dr. Kissinger: What about the new stuff?

Mr. Selden: The tanks have already been contracted for. They are stored down in Anniston, Alabama.

B/Gen. Belser: The Chileans have been told that the tanks will be ready for shipment on December 31. They are not aware that they are ready now.

Mr. Packard: Let's hold off on this as long as we can.

Mr. Irwin: I hate to go ahead or, at this point in time, to break off the deal. It would be better to delay.

Mr. Packard: We can continue with other things such as spare parts.

Adm. Moorer: Anything we want to sell, they will buy.

Mr. Selden: They want to buy F-5s.

Adm. Moorer: The sales help to maintain contact with the military. If we don't sell to them, they will get what they want elsewhere.

Dr. Kissinger: What we do depends on their policy. If Cuba wanted to buy military equipment, what would we do? Have the Chileans made a formal request for F-5s and C-130s?

B/Gen. Belser: Only to the company representatives in Santiago.

Mr. Packard: This sort of thing takes time. We will need to review these requests.

B/Gen. Belser: These are new requests. The Chileans have \$86 million available which they want to spend.

Dr. Kissinger: Then we think that after December 31 we might give them the M-41 tanks they have already paid for unless they do something outrageous in the interim. We should wait on the other requests until they become more real. That is, if we won't have to start talking with the companies.

Mr. Irwin: (to Meyer) Do you have to go back to the companies?

Mr. Meyer: Lockheed has been in touch about export licenses.

Mr. Nachmanoff: The new Air Force Chief of Staff talked to our Military Mission.

B/Gen. Belser: The C-130s are an old request; the interest in F-5s is post-Allende.

Mr. Packard: If they get these aircraft, they will be dependent on us for spare parts.

Adm. Moorer: That's just the point.

Mr. Meyer: Selling to the Chileans will raise the question of what we are going to do for our friends.

Dr. Kissinger: Will they do without the planes if we refuse to sell to them?

Adm. Moorer: They have tried everywhere else.

Dr. Kissinger: The question is whether we gain additional leverage by selling the planes. We can't avoid the question of the reaction of our friends.

Mr. Irwin: Selling does give extra leverage. They will need to get spare parts from us. The key issue is the effect on surrounding countries. We tell them how bad Allende is; and as a New Year's present, we sell him planes we have refused to sell to the others.

Dr. Kissinger and Mr. Packard: That is a strong point.

Mr. Irwin: We also need to consider the internal reaction here both with the public and on the Hill.

Mr. Packard: That indicates that we should drag our feet.

Dr. Kissinger: I agree with that.

Mr. Packard: We should just follow our normal pace.

Dr. Kissinger: (to Kennedy) Put this on the agenda for succeeding meetings so that we can review where we stand.

Mr. Meyer: Then the instructions to the Embassy are that it is to be business as usual as far as military relations are concerned.

Dr. Kissinger: Let's turn to economic steps. There are two loans for Chilean universities before the IDB Board. We have been delaying action on them. I don't know exactly where we go from here. My impression of the President's views is that we are under instructions to see that no new loans are approved "to the extent possible."

Mr. Irwin: If that is taken literally, it means no loans. If we don't take it literally, it could mean no loans "to the extent desirable."

(Attorney General Mitchell and Under Secretary Johnson joined the meeting at this point.)

Dr. Kissinger: I am sure that "to the extent desirable" was not the meaning intended. The directive means to make no new loans unless there are overwhelming reasons to do so. The burden of proof is on those who are proposing the loan. Even that interpretation may be stretching the meaning beyond what the President intends. Where does this leave us on the two loans?

Mr. Meyer: Felipe Herrera has said they will not come up until the end of the year.

Mr. Irwin: I would like to leave this for as long as possible. There is no overwhelming reason to approve the loans. On the other hand, this would be our first overt move hostile to Allende. The loans were previously set. If we back off now, the presumed reason for such a decision must be the Allende government. Such a step could, of course, serve to

carry out the President's decision that we should clearly signal our attitude toward Allende to other countries. It is doubtful to what degree he could make a case of these loans; they do not amount to much money.

Dr. Kissinger: If it gives him the rub, he must never be able to make a case against us.

Mr. Irwin: The question is do we move against him in relatively small increments or do we do something substantial?

Dr. Kissinger: If we don't do something significant somewhere along the line, we will be lending support to his line that there is no penalty for going against the United States.

Mr. Irwin: I think he will eventually show his true stripes.

Dr. Kissinger: Let us leave it that no loans are to be approved without coming back to this group.

Mr. Irwin: (to Meyer) Then you should press for further delay [on the loans].

Mr. Meyer: There are two other institutions involved. The World Bank has in the hopper several hundred million dollars worth of projects. None of them are coming up immediately except one for \$25 million for Santa Gertrudis cattle. This one was deferred during the election period. It has already been favorably recommended to the Board and should be coming up within the next few weeks. There is also a \$50 million loan for electric power that will be coming up early next year.

Dr. Kissinger: Do we have any means to block them?

Mr. Meyer: No.

Dr. Kissinger: Then how would we stop them?

Mr. Selden: With some help from others.

Mr. Meyer: Perhaps Bob McNamara might be able to exert some influence.

Dr. Kissinger: My sense is that the President really means for us to try to cut off economic assistance to Chile.

Mr. Mitchell: How does the Bank vote? By stock interest?

Mr. Meyer: Yes, by stock interest.

Dr. Kissinger: I wonder whether McNamara would be disposed to cooperate. Probably he would not.

Mr. Irwin: Someone ought to talk to him.

Dr. Kissinger: Let me explore it with McNamara.

Mr. Meyer: Let us explore it first at the working level.

Dr. Kissinger: I would prefer that—on the assumption that nothing happens in the meantime.

Mr. Irwin: I would rather go ahead on the University loans but not on the economic loans.

Mr. Selden: Is either of these universities the one that Felipe Herrera is going to be rector of?

Mr. Meyer: I agree with Jack [Irwin] that the two university loans are less important.

Dr. Kissinger: (to Meyer) You explore it at the lower level. I am not sure what McNamara's reaction would be on this.

Mr. Irwin: I had lunch with him the other day, and we had a general discussion about loans to countries that expropriate without compensation.

Dr. Kissinger: I see him from time to time. I will not raise this with him till I hear from Charlie [Meyer].

Mr. Meyer: The Export-Import Bank can place Chile in Category D. Normally there would be \$2 million per month in credits going to Chile. If there were no Export-Import Bank loans or guarantees at all, we would give the biggest signal to Chile. Export-Import Bank action would cover the entire commercial banking network in the United States. It is easy to tell Henry Kearns to get the word out.

Mr. Packard: That is a good signal. It is clear as a bell.

Mr. Johnson: It is pretty dramatic. Will this cut off most commercial exports to Chile?

Mr. Meyer: Yes.

Mr. Irwin: It is a very clear signal. I am uncertain about the impact. It will cut off a lot of commercial retailers here. There could be a political problem here.

Dr. Kissinger: As I understood Ambassador Korry when he was here, one of his principal arguments was that between now and next March we ought to maximize economic pressures on Allende. What does Category D cut off that isn't covered under Category C?

Mr. Meyer: Going from C to D means that the Board has to review each of the applications for Chile.

Mr. Irwin: On this we have got to make a decision quickly.

Mr. Johnson: Putting aside all political considerations, isn't this really primarily a banking question?

Mr. Meyer: Yes.

Mr. Irwin: If we do it that way, there would be no problem.

Dr. Kissinger: Do you want to do that?

Mr. Meyer: I think so.

Dr. Kissinger: Then we can assume you are going ahead unless we hear from you.

Mr. Irwin: We will come back only if they won't do it on a banking basis.

Mr. Nutter: The university loans require an affirmative vote.

Mr. Selden: What if we don't vote?

Mr. Irwin: This tactic will last only as long as the IDB President wants.

Mr. Nutter: Surely we can get other people to support us.

Mr. Meyer: This is all part of the longer-range question of building a case against Chile.

Dr. Kissinger: I favor foot-dragging. We need a few months to see how things come out. There are other questions which perhaps we could consider at the next meeting; for example, Chilean trade with North Korea and when to implement legislative restrictions. There is also the question of what policy we follow on nationalization of American properties. (to Meyer) I understand you have briefed American businessmen on Chile.

Mr. Meyer: We talked to David Rockefeller's Council of the Americas, and I will be talking to the Blue Ribbon Committee in Pittsburgh next week.

Dr. Kissinger: No investment in Chile is taking place?

Mr. Meyer: I know of no plans for any.

Mr. Mitchell: Is there any resistance in the business community to the policy of clamping down?

Mr. Meyer: There doesn't seem to be much interest. They understand our careful approach. Some are decapitalizing. I have put together an inventory of all ties of any sort which the United States has to Chile. The private debt owed to the United States is \$800 million exclusive of the copper companies. Everybody is hoping to get out before the situation collapses.

Mr. Irwin: What worries me about all of this is that it looks like we are engaging in economic warfare.

Dr. Kissinger: Are you content with the present position of administrative delay?

Mr. Irwin: Yes.

Dr. Kissinger: State has provided a recommended public statement on Chile, and we have an amendment submitted by Defense. These say roughly what we had intended to say originally. Is there any need to say anything now?

Mr. Meyer: This came up in the Ad Hoc Group. It is clearly preferable to say nothing until Allende's colors become evident.

Dr. Kissinger: Is there any objection to this? The last time we considered a statement, we found it was difficult to strike a balance between appearing too provocative or too conciliatory.

Mr. Irwin: We don't need to say anything. The problem is that various people may very well get asked.

Dr. Kissinger: We had thought there might be a Presidential press conference this week and had drafted a response which could be used. Let me read it: "The new President has taken office in accordance with Chilean constitutional procedures. We have no wish to prejudge the future of our relations with Chile but naturally they will depend on the actions which the Chilean Government may take toward the United States and the Inter-American system. We will be watching the situation carefully and in close consultation with other members of the OAS."⁶

Mr. Irwin and Mr. Johnson: That's good.

Dr. Kissinger: We will distribute it to all of you.

Mr. Irwin: Should we let the President use it first?

Dr. Kissinger: This should be the substance of our position. Whoever comes to bat first should say it. The Presidential press conference may not be for two weeks.

On Congressional consultations, I think it would be better to defer anything we can to the new Congress. The Chairman of the Foreign Relations Committee is fully occupied trying to tear the Cambodian section out of the foreign aid supplemental.

Mr. Meyer: Consultations with Congress would involve making the point that if we are to counter Chile, we need to build ties with our friends and right now we are not in a position to offer our friends anything.

Mr. Packard: I think it would do good to begin talking with our friends on the Hill. We can build a case for enabling us to do something.

Dr. Kissinger: Can't we tell them what we have been telling the Latin Americans?

Mr. Packard: We should be careful whom we talk to.

Mr. Mitchell: Yes, one of them will find himself before a microphone and start talking. You won't need an Administration position because they will provide one for you.

Mr. Packard: There is nothing that has to be done tomorrow.

Dr. Kissinger: Let's leave this till our next meeting. We can focus our efforts on the new Congress.

Mr. Irwin: Has anyone had an opportunity to talk to anyone in Congress on this?

⁶ This statement was circulated on November 20 for use by senior U.S. Government officials. (Memorandum from Davis, November 20; National Security Council, Nixon Intelligence Files, Subject Files, Chile, National Security Study Memorandum 97)

Dr. Kissinger: I haven't.

Mr. Irwin: I have taken the line that we face a dilemma, that there are two difficult sides to this question, and that we hope that Allende, now that he has responsibility, will turn out differently than what we are inclined to expect from his record.

Dr. Kissinger: I understand that 17 Peace Corps Volunteers are ready to go to Chile in December. Our policy has been that we should maintain people-to-people contact. The issue is whether we should stop the Volunteers from going or ask the Allende government what it wants to do.

Mr. Johnson: Can't we treat each Volunteer on an individual basis, depending on where he is going, what he is doing, and what sort of an individual he is?

Mr. Meyer: There are ten who will be working in forestry and seven in fisheries. These are not kids; they are the middle-level manpower types.

Dr. Kissinger: What is your view?

Mr. Meyer: I sort of like the idea of going ahead and sending them.

Mr. Packard: If they are not kids, they might be useful in helping to maintain contacts.

Mr. Mitchell: When were they recruited?

Mr. Meyer: Early in the spring.

Dr. Kissinger: (to Irwin) What do you think?

Mr. Irwin: I would like to have them there. I am not sure the argument we used in the case of the military applies here. It may be different just to send them off if they are not wanted. I lean to asking.

Dr. Kissinger: Why not ask? It is not a question of a vital contact. If the Chileans turn them down, it will show that they are hostile.

Mr. Selden: There is also the question of the Volunteers' safety. If the Chilean Government has asked to have them there, we will have a better case if something happens to them after they get there.

184. Memorandum for the Record¹

Washington, November 19, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee, 19 November 1970

PRESENT

Mr. Kissinger, Mr. Mitchell, Mr. Packard, Mr. Johnson, Admiral Moorer, and General Cushman.

Messrs. John Irwin, Charles A. Meyer, William Broe, Arnold Nachmanoff, and Wymberley Coerr were present for Item 1.

Colonel Richard T. Kennedy and Mr. Thomas Karamessines were present for the entire meeting.

1. *Chile—Covert Action Program*

a. Mr. Kissinger commented that the first item on the agenda was Chile and asked the CIA to provide a briefing on the proposals outlined in the paper dated 17 November 1970.²

b. Mr. Broe stated that, essentially, the program consisted of a number of political actions designed to divide and weaken the Allende government:

(1) [*less than 1 line not declassified*] one of the smaller Popular Unity (UP) coalition parties has been asked by Allende to unite the smaller parties into a single party as a counterweight to the Communist and/or Socialist parties, neither of which is under Allende's specific control. [*less than 1 line not declassified*] has requested CIA financial support for [*less than 1 line not declassified*] effort to form a political bloc capable of stopping the Communist Party from eventually gaining complete control of the UP.

(2) Increased efforts are being made to develop intelligence showing specific vulnerabilities or tensions within the UP which can be used on a continuing basis in black operations to create splits within and between UP coalition parties. [*3 lines not declassified*]

(3) Various subtle efforts are being made to take advantage of Allende's weaknesses and sensitivity to direct criticism by placing tailored articles in selected major newspapers outside of Chile.

(4) Also being explored is the desirability of stimulating and assisting the exodus of key technicians and professionals from Chile in an

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1970. Secret; Eyes Only. Drafted on December 10. A copy was sent to Mitchell, Packard, Johnson, Moorer, and Helms.

² Document 181.

effort to weaken the effectiveness of the government. But it is recognized that such action could have negative results in the loss of competent opposition leadership within Chile during a crucial period.

(5) Contacts are being maintained and, where possible, enlarged within the Chilean military forces.

(6) Special briefings are being provided to top Argentine and Brazilian leaders. For example, [*name not declassified*] has recently been informed of an extremely sensitive report that during a clandestine midnight meeting with [*less than 1 line not declassified*] guerrilla leaders, Allende had agreed that Chile would become a center of assistance and training for Latin American revolutionary organizations.

(7) CIA is providing financing [*1½ lines not declassified*] to generate criticism of the Allende government under the guise of [*less than 1 line not declassified*] studies.

(8) Since the Democratic Radical Party (PDR) seems to be finished politically, Frei's PDC and the National Party (PN) and their media are the only sources of serious political opposition. Studies are continuing to identify individuals or factions that could provide leadership for an opposition force. The forthcoming PDC Junta and the upcoming senatorial by-elections and the municipal elections should be of help in identifying potential opposition leadership.

(9) While some support is now being provided to certain opposition periodicals, it is recognized this could be short-lived in event of a government crackdown. Therefore, serious consideration is being given to the purchase of a printing press for contingency use. The possibilities of either purchasing or leasing a local radio station and/or propagation of third country radio programming into Chile are also under study.

(10) On the international scene, selected media outlets in Latin America and Europe are continuing [*less than 1 line not declassified*] to publicize the Cuban and Soviet intelligence services subversive efforts, encroachments on the Chilean constitution and violations of Allende's "guarantees" of democratic liberties. A worldwide effort has begun to provide selected military and civilian policy-makers in Latin America, Europe and Asia with periodic [*less than 1 line not declassified*] briefings detailing specific Chilean Government actions to subvert democracy and institute a Marxist state.

(11) For contingency purposes, a [*dollar amount not declassified*] stockpile of escudos in Chile is planned although it is recognized losses could be incurred through devaluations or change in currency. [*2 lines not declassified*]

(12) The estimate for funding the above proposed CIA covert action program for Chile is [*dollar amount not declassified*].

c. Mr. Broe requested Committee approval in principle for the foregoing program including specifically funds for the sensitive penetration agent referred to in paragraph (1) above, continued funding of the [less than 1 line not declassified] research activity mentioned in paragraph (7) and the general support provided in the periodical and media field. He stated that future specific proposals will be submitted for Committee approval on such expensive items as purchases of printing presses, radios, and funding to individuals and political parties should further study and developments make such actions seem feasible and desirable.

d. Mr. Kissinger referred to the proposed stockpile of [dollar amount not declassified] in escudos and commented that this did not seem to be a very large fund to have on hand if stringent currency controls should be imposed.

e. Mr. Broe responded that CIA was confident that it could work out covert arrangements [less than 1 line not declassified] in Chile to provide escudos for operations within Chile [1½ lines not declassified].

f. Mr. Kissinger stated that he raised this question because he did not wish the problem of a lack of operational funds in Chile to be used later as a justification for not being able to follow through on desirable actions.

g. Mr. Mitchell questioned whether the sensitive penetration agent referred to in paragraph (1) was under CIA control or whether, if he was provided the requested funds, he could operate in any direction he might wish.

h. Mr. Irwin, on the same point, asked if the agent would have proof (other than his own statement) if he elected to go to Allende and say he was working for the CIA.

i. Mr. Broe responded to both questions by noting that while it could not be said the agent was under full CIA control, he has been working with the CIA for a long period of time, [1½ lines not declassified], and would destroy himself should he inform Allende of his CIA relationship.

j. Mr. Irwin asked if the capability really exists to carry out the proposed CIA program or if it is just good general planning. He also questioned just how helpful it would really be to encourage the exodus from Chile of key technical and professional personnel in order to weaken the effectiveness of the government (paragraph (4) above).

k. Mr. Broe pointed out that some of the activities involving local and international media assets and exacerbation among coalition individuals and groups are already under way with a degree of effectiveness indicated. With regard to stimulating the exodus of key personnel, he agreed that this is a most difficult question to decide and clearly one which needs further study.

l. Mr. Kissinger, in the role of the devil's advocate, pointed out that the proposed CIA program was aimed at supporting moderates. Since Allende is holding himself out as a moderate, he asked why not support extremists.

m. Mr. Broe answered that the overall objective is to sow dissension within the coalition of parties and individuals supporting Allende, so anything might be done on a selective basis where it appears advantageous to this end.

n. Mr. Kissinger polled the members, all of whom agreed in principle with the CIA program as submitted with the understanding that additional specific proposals involving large expenditures would be presented to the Committee as developed.

o. Mr. Mitchell suggested that the Committee be kept regularly informed on progress and developments under the program.

p. Mr. Kissinger agreed and called for a monthly progress report, or in the alternative, a report on covert action developments for the 40 Committee principals only following each Senior Review Group (SRG) meeting convened for the purpose of discussing Chile.

[Omitted here is discussion unrelated to Chile.]

Frank M. Chapin

185. Central Intelligence Agency Intelligence Information Cable¹

TDCS DB–315/06287–70

Washington, November 25, 1970.

COUNTRY

Chile/Cuba

DOI

Early November 1970

SUBJECT

Advice by Fidel Castro to Salvador Allende Concerning His Relations With the United States and Latin America

SOURCE

[2 lines not declassified]

1. A Chilean diplomat, who is close to Chilean President Salvador Allende Gossens, said that soon after Allende was elected President, he held a two-hour telephone conversation with Fidel Castro. The diplomat said one of the major topics discussed during the long conversation was what policy Allende would follow in his relations with the United States and Latin America. He said that Castro took advantage of the opportunity to urge Allende not to repeat the same mistakes that he, Castro, admitted he had made vis-à-vis the United States. Castro reportedly told Allende that he regretted that he had gone too far too fast in alienating the United States and said that, if he had it to do over again, he would proceed differently. Allende apparently agreed with Castro and told him that he had no intention of antagonizing the United States beyond the point of no return.

2. In addition to accepting Castro's advice on relations with the United States, the Chilean diplomat said that Allende has given indications that he wants to try to neutralize, to the extent possible, the fears and apprehensions of the major military governments in Latin America, especially Brazil and Argentina. The diplomat speculated that Allende was leaking information about his conversation with Castro to selected high foreign officials as a tactic in his efforts to neutralize potential opposition. While Allende realizes he cannot expect the support and approval of military governments in Latin America, he is at least hopeful of avoiding their open hostility.

3. Field dissem: None. (Also sent Santiago.)

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; No Foreign Dissem; No Dissem Abroad; Controlled Dissem; Background Use Only.

186. Memorandum From Richard T. Kennedy and Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, December 5, 1970.

SUBJECT

SRG Meeting—Chile, December 7, 1970

This meeting will serve to (1) update the situation, (2) review specific actions taken in response to the SRG action memo following the last meeting, and (3) address specific issues raised by the Working Group's studies.

You should begin the meeting by asking Mr. Meyer to report on actions taken since the last SRG meeting. These in summary are:

—*Military Mission*—Embassy instructed *not* to raise question of its status. Embassy has advised that GOC is not pressing and seems willing to continue.

—*Military Equipment Deliveries*—Embassy was informed that M-41 delivery will be delayed as long as possible and decisions on sale of aircraft will be subject to continuing review.

—*Peace Corps*—Chile wants them and visas have been requested.

—*IDB Lending*—U.S. representative will remain "uninstructed" until further notice—thus lending is stopped (*Status report Tab 6 State Paper*).

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-50, SRG Meeting, 12/7/70. Top Secret. Sent for information. Kissinger wrote, "I want Chilean media analysis," at the top of the first page. To the right of that note, he wrote, "Options 1 + 2 in Paper 2 not commensurate. 1 talks of advocacy if req[ui]red, 2 talks exclusion now." References throughout this memorandum to the "State Paper" and its Tabs are to a collection of papers prepared by the Ad Hoc Working Group on Chile pursuant to the November 19 SRG meeting (see Document 183). The tabs are papers on the Security Implications of Chile's Participation in the Inter-American Defense Board (IADB); a Study of Options for U.S. Strategy Concerning Chile's Future Participation in the Organization of American States; Legal Implications of Chilean Trade with Communist Countries; Plans for Congressional Consultations on U.S. Policy towards Chile—January 1971; Status Report on U.S. Actions to Discourage Further Resumptions of Relations with Cuba; Status Report on U.S. Stance on IDB Lending to Chile; Status Report on Restrictions on IBRD Lending to Chile; Status Report on Discussions with Export-Import Bank on Discontinuation of New Credits and Guarantees; and the U.S. Scientific Projects in Chile. (Ibid., National Security Study Memorandum 97)

—*IBRD Lending*—State is providing questions designed to show Chilean vulnerability in performance to be passed by U.S. Executive Director to bank personnel (*Status report Tab 7 State Paper*).²

—*Ex-Im Credits and Guarantees*—Kearns is prepared to cooperate fully. State is working with Bank officials to sort out specific actions—will report further to SRG. (*Status report Tab 8 State Paper*).

Mr. Meyer also should be asked to report on his consultations in Mexico City with Latin leaders concerning Latin interest in reconsidering the OAS sanctions on Cuba. (This is related to the study of options for U.S. strategy on further Chilean participation in OAS—*Tab 2 State Paper*.)

The most important issues for discussion at the meeting are:

—Options for U.S. Strategy Concerning Chile's Future Participation in the OAS. (*Tab 2 State Paper*)

—Plans for Congressional Consultations. (*Tab 4 State Paper*)

—Actions to Discourage Further Resumption of Relations with Cuba. (*Tab 5 State Paper*)

Your talking points, which follow,³ request updating briefing by Mr. Meyer and then address the issues raised in the Working Group Paper.⁴

² Kissinger wrote, "Where does that leave us," to the left of this paragraph.

³ Not printed.

⁴ At the bottom of the page, Kissinger wrote, "Pres. wants Brazilian Pres. invited to U.S. before July."

187. Minutes of a Meeting of the Senior Review Group¹

Washington, December 7, 1970, 11:13 a.m.–11:57 a.m.

SUBJECT

Chile

PARTICIPATION

Chairman—Henry A. Kissinger

State

Mr. U. Alexis Johnson

Mr. Charles A. Meyer

Mr. Samuel Eaton

Defense

Mr. David Packard*

Mr. Armistead I. Selden

Mr. Raymond G. Leddy

B/Gen. Robert C. McAlister

CIA

Mr. Richard Helms

Mr. William Broe

JCS

Adm. Thomas H. Moorer

B/Gen. Joseph Belser

NSC Staff

Mr. Arnold Nachmanoff

Col. Richard T. Kennedy

Mr. D. Keith Guthrie

* Mr. Packard was not present at the start of the meeting.

SUMMARY OF CONCLUSIONS

1. *IDB Loans to Chilean Universities*. The SRG agreed that a decision whether or not to support approval of these loans should be deferred until the question is raised in the IDB Board of Directors. The SRG noted that these loans might not constitute an appropriate vehicle for initiating a policy of blocking Chilean access to IDB funds.

2. *Inter-American Defense Board (IADB)*. The SRG endorsed the conclusions of the Ad Hoc Group report on the security implications of Chilean participation in the IADB and agreed that no further action was required at the present time. The JCS will keep under continuous review the security aspect of Chilean participation and will report potential problems to the SRG.

3. *Chilean Participation in the OAS*. With regard to possible OAS exclusion of or sanctions against Chile, the SRG noted that the only feasible course of action at the present time was to concentrate on building a case against Chile on the basis of Chilean policies and tactics. The SRG agreed that Chilean disruptive tactics in the OAS should be dealt with on a case-by-case basis, with US reaction increasing in proportion to Chilean actions.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-48, Senior Review Group Minutes, Originals, 1970. Top Secret; Nodis. The meeting was held in the White House Situation Room. All brackets are in the original. All references to options papers are to the collection of papers prepared by the Ad Hoc Working Group on Chile. See footnote 1, Document 186.

4. *Cuba and the OAS*. With regard to a possible initiative by Chile, or any other OAS member, to terminate OAS exclusion of or sanctions against Cuba, the SRG agreed that the US should actively initiate consultations with other OAS members with a view to seeking reaffirmation in the OAS of the sanctions against Cuba.

5. *Revitalizing the OAS*. In connection with the forthcoming NSSM study on the implications of Chile for overall US policy in Latin America,² particular attention will be given to identifying means to revitalize the OAS in order to make it a more effective instrument for positive action within the Hemisphere, consistent with overall US interests and objectives.

6. *Security Implications of the Allende Regime*. JCS will distribute to SRG members the study being prepared on the security implications of Soviet establishment of bases or use of facilities in Chile. CIA will prepare a study of the security implications in the Hemisphere from Chilean propaganda activities and Chilean support for guerrilla activities. Both of these studies will be completed by December 20.

7. *Chilean Trade with Communist Countries*. The SRG agreed that the US should continue to defer making any approach to the Chilean Government to notify it of possible penalties imposed by US law if Chile trades with communist countries.

8. *Scientific Projects*. The SRG agreed that the NSF radio astronomy and Antarctic research projects in Chile should be continued.

Dr. Kissinger: I wonder whether we could just run through the status of the actions we discussed at the last meeting.³

Mr. Meyer: They are all discussed in the briefing book. The table of contents indicates what has been covered.

Dr. Kissinger: If we are all on board on this, then there is no reason to go through it here. Does anyone have any comments?

Mr. Meyer: I have only one. I would like to call attention to the fact that there are three World Bank loans to Chile that are beyond recall.

Mr. Helms: One minor point relates to Page 3 of the paper [on the options for US strategy on Chilean participation in the OAS] where it notes that Chile "has already resumed full relations with Cuba and established commercial relations with North Korea". We should add that the Chileans have begun conversations with the Chinese Communists in Paris looking toward opening relations with Peking.

² Presumably NSSM 108, December 10, which directed a review of U.S. policy toward Latin America. See *Foreign Relations, 1969–1976*, vol. E–10, Documents on the American Republics, 1969–1972, Document 32.

³ See Document 183.

Dr. Kissinger: With regard to those IDB loans to the universities, I wanted to raise one question. Someone (I think it was Alex [Johnson] or Charlie [Meyer]) raised the question whether it was best to veto these particular loans.

Mr. Meyer: It was Jack Irwin. His point was that if we are going to have a confrontation with Chile in the IDB, these loans, which are old ones negotiated with the Frei government, might not provide the best basis for action by us. If these do come up for decision in the IDB, we might have to suggest that we make an exception and approve these loans.

Dr. Kissinger: We can wait to decide until that [a proposal to vote on the loans in the IDB] happens. What you say would not be an unreasonable proposition. However, there is nothing we can do about it now.

Mr. Johnson: No.

Adm. Moorer: When we discussed this before, wasn't there some question about whether Felipe Herrera was going to become rector of one of these universities?

Mr. Meyer: He isn't. But one of his proteges is to be the new Chilean Ambassador to the United States. His name is Letelier.

Dr. Kissinger: Is he any good?

Mr. Meyer: The reports we have are that he is a bright, able, charming socialist and also a hell of a liar.

Dr. Kissinger: In that case he is no different from Santamaria.

Mr. Selden: If he is one of Herrera's boys, he is no friend of ours. Also he will know the IDB's operations and that will make it difficult to outmaneuver him.

Speaking of Herrera, I don't know that we will be doing any better with Ortiz Mena.

Dr. Kissinger: Why was he chosen? I thought he was our man.

Mr. Selden: Treasury wanted him. They didn't ask our approval.

Mr. Meyer: We weren't consulted.

Dr. Kissinger: I have read the JCS paper on Chilean participation in the Inter-American Defense Board. My only question is what are the informal means for the Chileans to get information there. Can they get a sense of our direction on strategic policy through informal contacts with our people on the IADB?

Adm. Moorer: I wouldn't think so. The people we have there don't participate in the day-to-day discussions of overall policy. They only come to the Pentagon to receive instructions.

Dr. Kissinger: What *do* they do?

Adm. Moorer: Not very much.

Mr. Meyer: It is purely cosmetic.

Dr. Kissinger: What type of people do you assign to those jobs?

Adm. Moorer: A flag or general officer. We try to get one with attaché experience in Latin America who knows some of those people.

Dr. Kissinger: At any rate you will watch the situation. There is nothing more to do right now.

Adm. Moorer: That's right.

Dr. Kissinger: Next we need to take up Chilean participation in the OAS. The conclusion of the paper is that exclusion or sanctions are not in the cards in the present situation.

Mr. Johnson: Immediate exclusion.

Dr. Kissinger: The paper also says that harassing the Chileans to force their withdrawal from the OAS is not a promising approach. The recommendation is to build a position to use against Chile if an opportunity presents itself later to move for expulsion.

Mr. Johnson: The paper doesn't make any recommendation, but the third option seems the only feasible one.

Dr. Kissinger: I have one methodological problem with the paper. This relates to the two options. The first one, on Page 12, speaks of attempting to organize support for sanctions as soon as there is reiteration by Allende of his advocacy of revolution in the Hemisphere. The second, on Page 14, reads: "Make no move in the OAS now but continue to document further developments in Allende's attitude toward 'armed struggle' in other countries, especially any clear evidence of actual interventionist activities". These are not really commensurate problems. One assumes that he has reiterated his revolutionary intention. The other deals with the case where he has not done so. Am I right that he hasn't made any reiteration yet?

Mr. Meyer: No, he has not.

Dr. Kissinger: The major choices we now have in the OAS are (1) early concerted action to render Chile's participation in the OAS ineffectual and (2) countering Chilean tactics on a case-by-case basis and increasing our reaction as Chile's tactics become more disruptive. That is a good defensive position. But there is another matter, which I have discussed with some of you on the phone, which causes me to raise a question. That is the President's order to put out a NSSM on how our general Latin American policy is affected by Chile. I wonder if in making this review, we can't think of things we could do to vitalize or revitalize the OAS. This would be something positive to go along with our defense posture.

Mr. Meyer: I think the President has done everything possible along this line. However, the other day I met with some of the people in my Bureau, and we discussed this.

Dr. Kissinger: I have no particular suggestions to offer. I would just like for us to have a look at it. The President has a particular concern about strengthening our relations with Argentina and Brazil. In that connection, I saw the report of your [Meyer's] recent conversation with [Brazilian Foreign Minister] Gibson.

Mr. Johnson: The toughest problems we have with the Latin Americans involve trade.

Mr. Selden: I was at the 1962 meeting in Punta del Este when Cuba was thrown out of the OAS and also the 1964 meeting which decided on sanctions against Cuba.⁴ At those meetings I found that unless we take the leadership, these people will not act. We didn't have the votes [to exclude Cuba] when we went down there [Punta del Este], but Mr. Rusk decided to take the bull by the horns, and the resolution was passed. We have to take the leadership.

Dr. Kissinger: The point of the proposed NSSM is to come up with some recommendations on what we should do to exert leadership.

Mr. Meyer: That's right.

Dr. Kissinger: My experience with Latin Americans is that precision of thought is not their distinguishing attribute.

Mr. Selden: We have got all the marbles; we have to push this. I think that it is more likely that the Chileans will get someone else to raise the issue of Cuba in the OAS. We ought to tell the Latin American ambassadors that we definitely do not favor bringing up this question.

Dr. Kissinger: That is my next point. What should be our immediate response to Chilean action to raise the Cuba question or to some proposal along the lines of what the Colombians have been talking about? I am usually told to bring options to the oval office. However, I am not authorized to bring in options on improving relations with Cuba. He doesn't want to hear of it. Of course, if it is the unanimous view that we should do something along this line, I could bring it up, but his predisposition is to be against it.

Mr. Meyer: Let me brief on my talks with the concerned Foreign Ministers, that is, those of Colombia, Uruguay, and Ecuador. I also talked to Galo Plaza, who is a master example of imprecise thinking. I took the position that nobody wants to bring the Cuban question before the OAS. We want to talk about this among ourselves, and that includes *us* [the US]. We are part of the team. I said that we all recognize that there is no possibility of a two-thirds vote to erase the 1964 Resolution against Cuba. None of them want Cuba back in the OAS or want to have diplomatic relations with Cuba. However, nobody wants to be left

⁴ See footnote 4, Document 183.

behind if there is an erosion of the OAS position that will give Cuba a political victory.

The concept I sold—or believe I sold (I will know when I talk to Galo Plaza again)—is that if anyone is concerned about Chile—and the Latin Americans are, and if anyone is concerned about the Rio Treaty and the future of the Inter-American philosophy of non-intervention—and they are, then the basic thing for us to do is to get together a clear analysis of the problem. Everybody has a different idea of what the problem is and what we should do.

Dr. Kissinger: And how will this probably wind up?

Mr. Meyer: That everyone will decide to do nothing.

Dr. Kissinger: I take it your suggestion is that we undertake a series of bilateral contacts.

Mr. Meyer: Or regional or sub-regional consultations—in which we take part.

Colombia is the most dovish. The Colombian Foreign Minister told me, “There are risks to the Inter-American system in doing anything and in doing nothing.” I said that in that case we ought to put our cards on the table and discuss the matter fully. None of them want Cuba back in the OAS. They are concerned about the economic sanctions but not about diplomatic sanctions. The Colombian Foreign Minister said at one point: “I don’t want to have any of those bastards floating around in my country.”

Dr. Kissinger: I take it that the principal consequence of these consultations would be a reaffirmation of the 1964 Resolution.

Mr. Selden: It will take a two-thirds vote to make any change in the trade sanctions.

Mr. Meyer: The Latin Americans are caught up in an emotional position.

Dr. Kissinger: What is involved?

Mr. Meyer: It has to do with the trend toward advocacy of universality in the UN. The Latins also point out that the Western world is moving toward recognition of Communist China and wonder what they should do.

Dr. Kissinger: How will they ease their problem by palavering with each other?

Mr. Meyer: They won’t ease the problem. But we don’t want them to palaver without us. They will talk anyway. They know our position; the Brazilian position is even harder.

Mr. Selden: Such countries as Nicaragua and Haiti are concerned about Chile and Cuba. So are other Caribbean countries.

Mr. Meyer: Jamaica, Trinidad, and Barbados don’t vote on this, since they were not members of the OAS at the time the resolution was adopted.

Dr. Kissinger: That is an interesting constitutional principle. Are they bound by the resolution?

Mr. Selden: Trinidad is not abiding by it. Haven't they been trading with Cuba?

Mr. Meyer: It has all been talk on their part. They haven't done anything yet.

Dr. Kissinger: You are not in favor of trying to get a two-thirds vote for reaffirming the 1964 Resolution?

Mr. Meyer: Yes, I would be in favor. However, the Latin family is worried about reopening the question of Mexican illegitimacy. Colombia is looking for a way to maintain the Resolution but legitimize Mexico. The problem is that if you legitimize Mexico, you also legitimize Chile. They don't know what they want. They want to have their cake and eat it.

Dr. Kissinger: When you say in Option 3 [on page 19 of the paper on Options for US Strategy concerning Chile's Future Participation in the OAS] that we should "deal with the problem of OAS consideration or reassessment of the Cuba question on its own merits", what do you mean? Would you or would you not raise the question in the OAS?

Mr. Meyer: That is just an option.

Mr. Selden: The Defense position is Option 1.⁵

Dr. Kissinger: (to Meyer) Which one do you want?

Mr. Meyer: Option 2 is the recommended alternative.

Dr. Kissinger: I am talking about the options discussed on Pages 18 and 19.

Mr. Johnson: (to Meyer) What you have been saying is in line with Option 1. Your discussions in Mexico City are also consistent with that option.

Mr. Nachmanoff: What we are discussing now is a broader matter than the question of dealing with a Chilean initiative on Cuba.

Mr. Selden and Mr. Johnson: That's true.

Dr. Kissinger: Are we or are we not going to seek OAS reaffirmation of the 1964 Resolution?

Mr. Meyer: I wouldn't want to say until we know what the Latin concept of reaffirmation is.

(Mr. Packard joined the meeting at this point.)

⁵Option 1 is "Prepare the groundwork now for concerted action to block any Chilean initiative in the OAS with regard to Cuba." Option 2 is "Avoid adversary attitudes that might give Chile the incentive to introduce question now." Option 3 is "Deal with the problem of OAS consideration of the Cuba question on its own merits and not primarily as a question of a Chilean initiative." See footnote 1, Document 186.

Dr. Kissinger: But if I understand what Mr. Selden is saying, the Latin American understanding of anything depends on the leadership we give them. Where we come out depends on our own preferences and the energy with which we press them. (to Meyer) Charlie, your thought is that we first explore the matter in bilateral and multilateral consultations in order to get the lay of the land and that we then move for reaffirmation. Would we be taking an active or passive role?

Mr. Meyer: That's what I had in mind. We would be active.

Dr. Kissinger: Does everyone agree?

Mr. Selden: Yes.

Dr. Kissinger: (to Johnson and Moorer) Alex and Tom?

Mr. Johnson and Adm. Moorer: Yes.

Dr. Kissinger: (to Helms) Dick?

Mr. Helms: Yes.

Dr. Kissinger: Regarding Soviet military facilities in Chile, I think we need do no more now than to note that it is a problem we may have to face in the future.

Adm. Moorer: We are working on a Joint Staff paper on the security implications of Soviet bases in Chile for the entire Western Hemisphere. I believe it would be useful to make it available to the members of this Group.

Dr. Kissinger: I think it would be useful to distribute the paper.

Mr. Johnson: I think we have to proceed on the assumption that there will be no Soviet bases in Chile. What will happen is that Chile will permit the Soviets to use Chilean facilities, along the pattern of Alexandria.

Adm. Moorer: But we certainly need to look at this. There is a chicken and egg question here: which comes first, the policy or the military implications? I believe the policy must be derived from the military implications.

Dr. Kissinger: I believe the security problems posed by Chile can be categorized as follows. The first is propaganda. The second is guerilla activity. And the third would be overt military activity, either through the construction of bases (I agree with Alex [Johnson] that this is not very likely) or the use of existing facilities. I believe that this third problem is farther down the road than the other two.

Mr. Helms: I agree. The principal threat is from propaganda and guerrilla activity. The Chileans would not want to raise our hackles by getting involved in overt military activity.

Mr. Meyer: I don't feel very comfortable about the report that the USSR might build a merchant marine base in Antofagasta.

Dr. Kissinger: If you are uncomfortable, what do you propose to do about it? Could you get a vote in the OAS against a merchant marine base?

Mr. Meyer: I doubt it.

Mr. Selden: It is worth exploring.

Mr. Packard: We are all right in the short term, but we should spend some time looking at the long-term implications so as to be prepared for all eventualities.

Dr. Kissinger: We could look at both the guerrilla question and the other matter. (to Helms) Dick, could you take a look at the guerrilla problem? (to Moorer) If you can explore the military side, Dick [Helms] can look at propaganda and subversion.

Adm. Moorer: My paper will be ready by the 20th.

Dr. Kissinger: Perhaps the 20th will be a bit early for Dick [Helms].

Mr. Helms: (to Broe) What do you think?

Mr. Broe: We can try to have our paper ready by the 20th.

Dr. Kissinger: Now let's take up the legal implications of Chilean trade with Communist countries.

Mr. Meyer: The legal implications are that such trade will call into force a certain amount of US reaction in proportion to the size of the trade.

Mr. Johnson: It seems you would just carry out the legal requirements.

Dr. Kissinger: We don't trigger a national security exception?

Mr. Johnson: I don't think we would want to do that.

Mr. Selden: What about formally notifying the Chilean Government about this [the penalties under US legislation]?

Dr. Kissinger: That is what Ambassador Korry wanted to do.

Mr. Johnson: Is it safe to assume that the Chileans know?

Mr. Meyer: It is always better to remind them.

Dr. Kissinger: Would we do so at a high level or just send the Ambassador to see the Foreign Minister?

Mr. Selden: If we do it, we should do it that way.

Mr. Meyer: We called this to Frei's attention in the case of Chilean trade with Cuba.

Dr. Kissinger: Then there is no reason not to do the same with Allende.

Mr. Johnson: What would be our objective in doing so?

Mr. Meyer: Just to make sure they know the rules.

Dr. Kissinger: Don't you achieve that just by sending them some notification? How would you do it at a low level?

Mr. Johnson: You could have the desk officer give a memorandum to the Chilean Embassy here.

Dr. Kissinger: What is the argument against telling them? All we want is to make sure that they know, without giving them an opportunity to turn it into a test of strength.

Mr. Nachmanoff: One point worth noting is that sanctions under our present policy are non-sanctions. They apply to PL-480 and economic aid. Notifying them could raise the implication that if they do not trade with the communists, then we would go forward with aid.

Mr. Packard: The sanctions can be waived. We ought to advise them that we are not likely to grant a waiver.

Mr. Johnson: What is the point in raising the matter if no loans or PL-480 are planned for Chile?

Dr. Kissinger: Alex's [Johnson's] point is that if we make an approach on sanctions and then don't go ahead with our aid, the Chileans would then have an opening to ask why we are not proceeding with aid. We have one other possibility. That is the Trading with the Enemy Act.

Mr. Nachmanoff: There is not much we can do under that.

Mr. Johnson: That would be farther down the road.

Mr. Meyer: On the basis of Arnie's [Nachmanoff's] point, then we should do nothing.

Mr. Packard: Nothing we can do would have much effect.

Dr. Kissinger: Except to give us a pretext for formalizing what we are already doing. We have never said we are applying sanctions. Where will we be on this six months from now?

Mr. Johnson: Hopefully the Chileans will have done something that we can use as an excuse [for denying them aid].

Dr. Kissinger: That is an interesting theory of hopefulness.

Mr. Meyer: I told Allende not to expect anything from AID. He said he wanted to continue access to the international financial institutions. If he is smart enough to seek funds from the regular capital of the IBD—rather than the Special Fund—and if the other Latin American governments approve, there is nothing we can do to stop him from getting money there.

Dr. Kissinger: If we are in fact not applying sanctions, then a case can be made for not publicizing it. We might want to save the sanctions for later.

Mr. Leddy: They are talking to a North Korean trade delegation about a trade agreement. It may be only a matter of days until we will have to face the issue.

Dr. Kissinger: I think we ought to defer a decision and see how things develop. How about the scientific programs? Is it our view that they should continue?

Mr. Johnson: Yes.

188. Memorandum for the Record¹

Washington, December 7, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee, 7 December 1970

PRESENT

Mr. Kissinger, Mr. Packard, Mr. Johnson, Admiral Moorer, and Mr. Helms. Mr. Mitchell was not present because of a conflicting meeting.

Mr. Charles A. Meyer, Mr. William Broe, and Mr. Arnold Nachmanoff were present for Item 1.

Mr. John Hart was present for Item 2.

Rear Admiral James C. Donaldson, Jr. was present for Item 3.

Colonel Richard T. Kennedy and Mr. Wymberley Coerr were present for all items.

1. *Chile*

a. Mr. Kissinger asked for a progress report on the CIA covert action program in Chile.

b. Mr. Broe stated that there are no new proposals, but actions are continuing designed to exacerbate relations between groups and individuals in the UP coalition and between UP elements and Allende, as well as to build a non-communist political opposition. Efforts are also continuing to develop new contacts and obtain additional intelligence sources in the Chilean Armed Forces.

c. Mr. Kissinger asked about the current attitude of the Chilean Armed Forces. He commented that it appeared that the Allende government was handling them much as the Nazis did the German Army prior to World War II and that the Chilean military were being just as stupid, if not more so, than the German Army had been.

d. Mr. Johnson thought this a very interesting parallel.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 40 Committee Minutes. Secret; Eyes Only. Drafted on December 29. A copy was sent to Mitchell, Packard, Johnson, Admiral Moorer, and Helms.

e. Mr. Broe responded that the present attitude of the Chilean Armed Forces could perhaps be best described as one of considerable caution.

f. Mr. Broe stated that it seems the political situation is changing some. He observed that the PDC is pulling together more, has purchased a number of newspapers and is still considering the purchase of Radio Cooperativa. However, the PDC also has a debt of 25,000,000 Escudos resulting from the Tomic electoral campaign, and it is likely they will be seeking U.S. financial support for their media activities and political opposition efforts. Mr. Broe pointed out that the National Party (PN), too, is seeking funds for purchases of news media and is sending a delegation to Washington for this purpose. He expressed the view that sponsorship of radio and news outlets by political parties, as opposed to individuals, will offer a greater chance of success as Allende may not move so strongly against a political party as he would against an individual. Mr. Broe concluded that the main objective must be to keep the PDC and PN, and factions thereof, from fighting one another and not provide support to any group unwilling to pull together to form a Center-Left coalition.²

g. Mr. Kissinger asked why it is necessary to have a united Center-Left coalition as long as they are all opposing Allende. He commented that if a presidential election were going on then we would certainly want a united opposition, but it seems in the present situation the more centers of opposition the better it might be.

h. Mr. Broe expressed the view that if the opposition elements cannot be stopped from fighting one another and persuaded to start pulling together, the opposition will be ineffective.

i. Mr. Meyer stated that it would seem well to form some kind of National Unity, instead of Popular Unity, and agreed that the main problem is to persuade the opposition elements not to fight one another.

j. Mr. Kissinger asked if Allende would not become aware of U.S. funding if extensive financial support is provided for the purchase of news media, presses and radio outlets for opposition elements.

k. Mr. Broe agreed that this would be a problem and it would have to be handled very carefully. However, he felt that secure arrangements could be worked out through certain European sources and assets.

² According to a December 7 memorandum by Nachmanoff, Korry stated in a back-channel message that he "did not find it necessary to use the \$25,000 contingency fund authorized for possible influencing of the PDC Party convention in favor of the Frei group leadership." Korry noted that the PDC would need substantial funds to purchase media outlets and for operating expenses in 1971. (Ibid., Chile 1970)

l. Mr. Kissinger asked what has happened thus far to the media in Chile and requested a report on the subject. He also requested a memorandum on the splits and frictions within the UP between the Communists and the Socialists.

m. Mr. Helms said he would undertake to provide memoranda in response to both of these queries. This was done under date of 18 December 1970.³

[Omitted here is discussion unrelated to Chile.]

Frank M. Chapin

³ See Document 191.

189. Memorandum of Conversation¹

Washington, December 7, 1970.

PARTICIPANTS

Senator Jarpa, Nacionalista Senator from Chile
Dr. Henry A. Kissinger
Ashley C. Hewitt, NSC Staff
Arnold Nachmanoff, NSC Staff

SUBJECT

Chilean Developments

With respect to the present political situation in Chile and its probable development, Senator Jarpa made the following points:

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret; Nodis. Drafted on December 8. The conversation was held in Kissinger's office. In a December 9 meeting with Hewitt, Jarpa made the following additional points: "A confrontation between the Communists and Socialists is inevitable. When it occurs, Allende will seek the support of the armed forces in ridding himself of Communist domination. The armed forces will provide that support in order to get rid of Soviet and Cuban foreign influence. The result could be a Socialist government backed and participated in by the armed forces and based as much on nationalist as on Marxist ideals." Both this memorandum and the December 9 memorandum of Hewitt's conversation are attached to a December 10 memorandum from Nachmanoff to Kissinger. In it, Nachmanoff noted that the memoranda contained intelligence information of potential value to the Department of State and the CIA, and recommended that they be distributed on a Nodis basis. Kissinger disapproved sharing the memoranda with either agency. Also attached is a December 13 note from Kennedy to Kissinger, recommending against release of the memoranda, noting that Jarpa's views coincided with the "soft" line advocated by the State Department. (Ibid.)

—A majority of Chileans are socialist in their sympathies. If they are offered a choice between capitalism and socialism they will choose the latter.

—However the majority are also patriotic nationalists and if given a choice between the Communist variety of socialism linked to the Soviet Union and an exclusively national variety they will choose the latter.

—The situation of Allende is inherently unstable and he must move either to the right or the left. Movement to the left means falling prey to the Communists and he will make every effort to avoid that.

—The future of Chile will probably be decided by the outcome of a struggle between the Communists on the one hand and the Armed Forces on the other. He believes the Armed Forces have the better chance of winning this struggle.

—However a government such as that in Brazil or Argentina cannot be hoped for in Chile because of the fundamentally socialist persuasion of the majority, including the majority of the Armed Forces. The best that can be hoped for is a nationalist government, socialist in its philosophy, and dependent on the military. Peru is an example of this kind of government.

The Senator said that before leaving for the United States he had visited both President Allende and the Foreign Minister and told them that he would be calling on Assistant Secretary Meyer and other high officials. At that time Allende and the Foreign Minister made the following points:

—His government would make no compromising commitments with the USSR.

—His government would not permit the establishment of Soviet military bases of any kind in Chile.

—His government would not permit the conduct of subversive operations against other countries based in Chile.

—His government would not interfere in any way with the friendly relations maintained between the United States and other governments in the hemisphere.

—His government hoped for friendly relations with the United States.

When asked what, in his view, the policy of the United States should be towards Chile, Jarpa said that we should:

—Apply indirect pressures.

—Leave open avenues for Allende to move toward the center from his present position on the left, as the Senator believes he will be obliged to do by circumstances.

—Resist anti-US actions and initiatives of the Allende Government in the political field.

When asked about the plans of his party for opposing Allende the Senator said that the PN plans stiff resistance on an issue-by-issue basis and has already begun by seizing control, together with the Christian Democrats (PDC) of the Budget Committee in the Senate—a most significant political event. However, the PN did not plan a blanket or high profile opposition to Allende on broadly ideological grounds since this would be counterproductive. Ideology has little public appeal in Chile, and attacks based on these grounds might tempt the government to loose the extreme left wing organizations for purposes of actions of retaliation.

Concerning developments in the hemisphere generally, Senator Jarpa said there was definitely a current of socialism or radicalism that could be distinguished throughout the region, but on balance he felt this current was more apt to lead to National Socialist or Nasserist type governments on the Peruvian model than to Communist governments.

Concerning Chile's foreign relations, Jarpa said that relations with both Peru and Bolivia are at a peak at the moment but are sure to go down hill as ancient rivalries reassert themselves, which they inevitably will.

(Remarks made earlier—while waiting in the White House Lobby)

Senator Jarpa commented that the PN was prepared to forget its long-standing differences with the PDC—in fact had forgotten them—but this was not true of the PDC which was still influenced by its own left wing and the MAPU, a breakoff splinter that now forms part of Allende's UP coalition.

190. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, December 18, 1970.

SUBJECT

Chile Status Report—November 27–December 11

*A. Developments in Chile**Government and Politics*

Allende continues to project an image of responsibility and moderation while appointing Cuban-oriented leftists to influential positions. He continues to adhere to the announced program of the Popular Unity (UP) Government but has not taken any dramatic steps since the flurry of activity following the inauguration.

Differences between the Socialists and the Communists in the UP coalition are becoming more apparent. The Communists are complaining among themselves of having been “cut out” and have even established a special commission to maintain contact with the Presidency. One bone of contention is the 14,000 local committees established by the UP during the campaign. The Socialists wish to dissolve the committees while the Communists wish to retain them as a mass power base for the Revolution.

Old differences between the Communists and the extreme Leftist Revolutionary Movement (MIR) erupted into violence as a clash led to the killing of one MIR youth and the wounding of another. Allende backed the MIR in this incident. The MIR role in the government seems to be growing as Allende has appointed many of them to his personal bodyguard and the new intelligence service he is organizing.

Despite these problems, however, the tone of communist speakers was vigorous and self-confident at their convention last week and Party Secretary General Corvalan emphasized the dominant role of the Party in the UP.

On the opposition side, the Christian Democrats (PDC) have pulled themselves together to a surprising degree partly due to the leadership of ex-President Frei and partly due to increasing concern over the purge of PDC office-holders from the government. A national

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret; Sensitive. Sent for information A stamped notation on the memorandum indicates that the President saw it. Nachmanoff sent this memorandum to Kissinger on December 15 with the recommendation that he sign it and send it to the President. (Ibid.)

convention of the PDC began December 12 to resolve the pressing questions of the Party's leadership and its policy toward the Allende government. A decision to oppose the government strongly and selection of an anti-Allende leadership might split the Party, but the most likely result is a moderate policy on opposition and middle of the road leadership.

The Economy

Allende has reiterated the government's resolve to proceed with nationalization of major industries, especially American-owned copper mines. However, he has indicated his intention of going to Congress for enabling legislation, and there has been talk of a possible amendment to the Constitution. Hence, widespread nationalization may be delayed. Thus far only one firm has been nationalized, a large textile factory owned by Chileans of Middle Eastern origin.² Two small American firms intervened earlier remain under government management but technically ownership continues to be private. In a move to protect itself from excessive wage demands as well as gain labor support the government signed an agreement with the CUT, the country's largest labor confederation, which in effect makes the CUT the labor arm of the government.

Foreign Relations

In a recent press conference Allende once again reiterated his hope for friendly relations with the United States. On the same occasion he said his government was exploring ways for normalizing relations with Bolivia, with which diplomatic relations have been suspended since 1962. Chile signed an agreement to export copper to Red China and also received an East German trade mission, but is still in no hurry to accord diplomatic recognition to more Communist countries. However, conversations in Chile do point toward an eventual establishment of relations with Red China.

Chile made its first purchase of Russian machinery under an old credit agreement. The machinery will be used on public works projects. The Soviets reportedly have indicated interest in establishing a merchant marine facility in Chile. The facility would service both fishing and merchant vessels.

B. US Actions

With respect to *US policy* we have:

—Initiated a re-examination of our entire hemispheric policy in light of developments in Chile.

² President Nixon underlined the phrase "owned by Chileans of Middle Eastern origin" and wrote in the left margin, "Lebanese?"

—Launched a review of our military programs in the hemisphere in view of your decision to increase efforts to expand contact with Latin American military leaders.

On the *diplomatic front* we have:

—Provided information on Chile to other hemisphere governments and to certain of our allies in Europe and elsewhere.

—Undertaken consultations with members of the OAS to dissuade them from following Chile's recognition of Cuba; we are providing detailed information to them on the continuing threat which Cuba poses to the peace and stability of the hemisphere.

—Adopted a strategy to counter Chilean tactics in the OAS and build a case for stronger sanctions as warranted.

On the *economic side* we have:

—Cut off new Ex-Im Bank loans and guarantees to Chile.

—Continued to stall consideration of loans for Chile in the IDB and IBRD.³

With respect to the *military* we are continuing normal contacts, while delaying action on new commitments.

The NSC Senior Review Group also:

—Approved measures to continuously review Chile's participation in the Inter-American Defense Board to assure that no security problems arise.

—Initiated studies of the security implications of:

- a. possible Soviet military use of Chilean facilities;
- b. Chilean propaganda activities and Chilean support for guerrilla activities in the hemisphere.

³ In the left margin, President Nixon wrote, "*Continue,*" and highlighted this and the previous point.

191. Editorial Note

On December 18, 1970, the Central Intelligence Agency submitted three memoranda to the President's Assistant for National Security Affairs Henry A. Kissinger and the members of the 40 Committee in response to instructions given at the December 7 meeting (see Document 188). The memorandum on "Friction within the Unidad Popular" presents a detailed chronology of inter-party strife among members of

Chilean President Salvador Allende's coalition. It goes on to recount CIA's efforts to exacerbate tensions and embarrass Allende by placing propaganda in the European and Latin American press, underscoring friction within the Unidad Popular (UP), and focusing on Allende's poor health, heavy drinking, promiscuity, and expensive tastes. Moreover, the CIA had supported efforts to wreak havoc on the Chilean Communist and Socialist Parties by creating a counterbalance to the coalitions and disseminating intelligence designed to foster mistrust. In addition to these and other activities, the CIA intended to plant evidence that Cuba was providing support to sectors of the Allende government, which might "arouse a military reaction vis-à-vis certain sectors of the Allende coalition." (National Security Council, Nixon Intelligence Files, Subject Files, Chile, 303/40 Committee Files)

The memorandum on "Chilean Facilitation of Subversive Activities in Latin America" begins by noting that there was little intelligence that Chile supported guerrilla activities. Thereafter, it catalogues the presence of Latin American leftist leaders in Chile, describes potential institutional vehicles for supporting external subversion (the Chilean Foreign Office, the trade union movement, and international forums) and assesses a possible approach that the Soviet Union might take in employing Chile as a model of successful Marxist government. The text of this memorandum is Document 42 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

The memorandum on "Chilean Media Under a Marxist Regime" concludes that political and economic pressures applied by the UP, coupled with a related decrease in advertising revenue, resulted in a significant portion of the Chilean mass communications media focused on receivership and ultimate UP control. It also notes, however, that some newspapers and radio stations directly associated with opposition political parties continued to wage an aggressive anti-Communist campaign. This effort merited encouragement and support. The text of this memorandum is *ibid.*, Document 41.

192. Transcript of a Telephone Conversation Between the Ambassador to Chile (Korry) and the President's Assistant for National Security Affairs (Kissinger)¹

Washington, December 19, 1970, 3 p.m.

K: I have talked to Irwin and there is no problem about staying until April as far as I know. He has to talk to the Secretary.²

Ko: You spoke today? I had an unsettling talk this morning. Irwin said it could happen next week.

K: I don't believe it. I talked to him around noon. If it doesn't happen the way I said, I would be prepared to intervene.

Ko: It's terribly unsettling.

K: Of course, and you don't deserve it.

Ko: They are using me as a football indirectly with you. It goes back to the people around the Secretary with the development business. The President accepted the Peterson report and they think I ganged up with you. The recommendation that the Peterson Commission adopted would denigrate the powers of the Department. They haven't ever gotten over it and have been waiting ever since.³

K: I didn't have any views.

Ko: I have explained that a dozen times. I don't know where I go from here.

K: Hold on a bit. Things are always in a state of flux.

Ko: With four kids . . .

K: You don't deserve to have to panic, and don't. We will do what we can.

Ko: Irwin's talk this morning goes back to our talk the other day.⁴

K: I had hoped it would straighten out without White House interference, but I am prepared to intervene.

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box 365, Telephone Conversations, Chronological File. No classification marking.

² Irwin called Kissinger at 11:37 a.m. to discuss several issues, including when Korry would resign. A transcript of the conversation is *ibid*.

³ In 1969, Korry prepared a report on U.S. foreign assistance as directed by NSSM 45, April 21, 1969. His report was released in early March 1970, at the same time as the report of the Task Force on International Development, chaired by Rudolf Peterson. President Nixon based his proposals for changes to the U.S. foreign assistance program on the Peterson report. See *Foreign Relations, 1969–1976*, vol. IV, Foreign Assistance; International Development; Trade Policies, 1969–1972, Documents 123 and 124.

⁴ According to his Record of Schedule, Kissinger last met Korry on December 8 from 2:32 to 2:50 p.m. (Library of Congress, Manuscript Division, Kissinger Papers, Box 438, Miscellany, 1968–1976, Record of Schedule) No substantive record of the conversation has been found.

Ko: When I go back, we are entering a rough period on the copper thing. I will be sending cables. I will also write a letter with regard to your latest NSSM.⁵

K: I would love that. Would you do that? I won't show it to anyone.

Ko: Thank you, Henry.

⁵ No letter was found. Korry is probably referring to NSDM 108, December 10; see footnote 2, Document 187.

193. Paper Submitted by Acting Director of Central Intelligence Cushman to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, December 21, 1970.

SUMMARY. After examination of all source material available in Washington and the field, we do not find confirmed information that directly implicates Chilean President Salvador Allende or his top government associates with narcotics trafficking to the United States. What we do find is Chilean Government tolerance of this traffic at too many levels for Allende (or his predecessor, Eduardo Frei, for that matter) to be ignorant of it for long. Whether Allende will take action against this rather widespread drug trafficking by Chilean Nationals is not known but Frei, whose rectitude was well-established, saw no reason to do so, possibly because drug abuse is not a serious domestic problem in Chile.

An ominous new fact, however, is Allende's appointment of a known narcotics trafficker to a lower down but still important position in a new Chilean internal security service being organized under

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret. Printed from a copy that bears Cushman's stamped signature, as well as notations indicating that the original was signed by John Ingersoll, Director of the Bureau of Narcotics and Dangerous Drugs, and had been signed on behalf of Miles J. Ambrose, Commissioner of Customs. The paper was submitted to Kissinger attached to a December 29 memorandum from Nachmanoff recommending that nothing further be done in view of the agencies' findings. Nachmanoff added he would remain in contact with the agencies and would inform Kissinger if any additional significant information developed. On this memorandum, Kissinger wrote, "OK but I want follow-up given high priority—we may be able to develop something we can use later." (Ibid.)

Cuban Government direction. Also of concern is Allende's close personal relationship with a known narcotics trafficker who maintains extensive connection with the international drug traffic.

Not only is Allende still new in office, but also U.S. Government coverage of drug traffic from Latin America is being intensified. It is therefore possible that firmer links between Allende and this traffic may yet appear as a result of additional information or that Allende's conscious condoning of the traffic may become demonstrated.

[Omitted here is the Discussion Section.]

Conclusions.

We conclude that Chilean Nationals have a large role in smuggling narcotics into the United States, and in nearly every instance of large-scale narcotics traffic from Latin America there has been Chilean involvement in one way or another. Nevertheless, we are unable to associate the present narcotics traffic with any one political leader or political party.

The mere fact that this traffic flourished during the regime of Christian Democratic President Eduardo Frei as well as under the present government demonstrates that Chilean involvement in illegal narcotics traffic is not a new phenomenon. Contributing to this involvement, we believe, are numerous factors which in some sense are unique to Chile. These include the geography of the country with long and relatively unpatrolled borders; an abundance of processing chemists; large numbers of educated people with few profitable employment opportunities, who then turn to other practices, and a local political climate in which many officials and politicians are available for a price.

We found no evidence which linked President Allende or his government per se with drug trafficking to the United States. Whether he is aware that a sizeable number of people, including those he knows personally and those who helped in his election, are engaged in the narcotics business is open to conjecture. He can, of course, deny any knowledge of such traffic and we would not be able effectively to dispute such a denial on the basis of information now available.

We believe, however, that Budnevich, as an official in the Allende government's security apparatus, will be in a position to contribute to further expansion of Chilean participation in the narcotics traffic and as such constitutes a clear and present danger.

We lack a definitive reading on Allende's own views on narcotics. Although our files on him are extensive and by our standards he has vices and is not judged by us to be morally strong, at no time has he himself been associated with narcotics traffic. The question thus remains whether Allende as a doctor would find drug trafficking repugnant, once he came to focus on it, or whether he would sanction the

same for financial or political ends, or support the interest certain of his supporters certainly have in it for their sake. He is still feeling his way in office and more information will be needed definitely to establish his position vis-à-vis this traffic.

194. Minutes of a Meeting of the Senior Review Group¹

Washington, December 23, 1970, 5:07–6:17 p.m.

SUBJECT

Chile

PARTICIPANTS

Chairman—Henry A. Kissinger

State

John N. Irwin, II

John Crimmins

Samuel Eaton

Defense

Armistead I. Selden

Raymond G. Leddy

CIA

LTG Robert E. Cushman

William Broe

JCS

Adm. Thomas H. Moorer

B/Gen. Joseph Belser

USIA

Frank Shakespeare

NSC Staff

Arnold Nachmanoff

Col. Richard T. Kennedy

Jeanne W. Davis

SUMMARY OF DECISIONS

It was agreed that:

- (a) activities at the NASA station in Chile should continue;
- (b) a \$10 million agricultural sector loan should be de-authorized;
- (c) monthly reports on continuance or extension of AID loans and grants and on loan utilization will be made to the SRG Ad Hoc Group, rather than AID/Washington;
- (d) the SRG Ad Hoc Group will receive prior notice of terminations of grants;

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-50, SRG Meeting, Chile, 12/23/70. Secret; Sensitive. A copy was sent to Nachmanoff and Kennedy. The meeting took place in the White House Situation Room. Kissinger "OK'ed" these minutes on the attached December 28 transmittal memorandum from Davis. For the text of the options papers discussed, see *Foreign Relations*, 1969–1976, vol. E-16, Documents on Chile, 1969–1973, Documents 41 and 42.

(e) Option 4 on extension of the ship loan agreement will be reworded to provide a recall clause and to refer the question, if and when the Chileans raise it, to the SRG;

(f) The President's reaction will be sought to the recommendation for approval of the IDB loans to Catholic and Austral Universities;

(g) the Eximbank will be advised to reduce guaranties and insurance for exports to Chile but not to stop them;

(h) State will draft a formulation for an approach to the Chileans on the expropriation action, before the proposed Constitutional amendment is approved, indicating our readiness to help in negotiations with the companies but warning them that, if no satisfactory solution is reached, there are certain steps that we will be required by law to take;²

(i) regarding our public position, we should respond to questions with the line that, for the next sixty days, the issue is in the constitutional process and we do not wish to prejudge the outcome; however, while we do not contest the right of a sovereign nation to expropriate property, we have the right under international law to ask for fair compensation.

Mr. Kissinger: Before we disband, I thought we might have a brief discussion of where we stand on various issues. We have six issues, and I suggest we consider first the four of these which appear relatively easy to dispose of.

First, the *continuation of the NASA station in Chile*. The Working Group has recommended that its routine activities continue. Does anyone disagree? Our basic policy calls for keeping our contacts with the military and the people. The NASA station doesn't fit this perfectly, but do you all agree that it should be continued?

All agreed.

Mr. Kissinger: The second item concerns *AID commitments to Chile*.

NSDM 93³ called for exploration of ways to terminate or delay existing commitments. I understand we have about \$25 million in undisbursed loans, \$2 million in grants and up to \$10 million in PL 480 humanitarian food programs. The Working Group has recommended that

² On December 21, Allende announced that he would submit legislation for a constitutional amendment to nationalize the U.S. interests in the Chilean copper industry. The legislation would modify Chilean property rights and authorize the government to expropriate mines. Allende emphasized that foreign companies would receive compensation. ("Allende Asks Law To Seize Copper," *New York Times*, December 22, 1970, p. 7)

³ Document 175.

a \$10 million agricultural sector loan, which has not yet been discussed with the Allende government, be de-authorized. Do you all agree?

All agreed.

Mr. Kissinger: They also recommend that the AID mission be instructed to delay draw-downs of existing loans and grants where feasible, although we would not invoke the legally available options for cancelling remaining balances since this would constitute a clear, overt political act. Does anyone disagree?

Mr. Irwin: To save time, I might say that we agree with all the recommendations.

Mr. Kissinger: You made them!

Mr. Crimmins: The Working Group made them with the full participation of all.

Mr. Selden: We would like to see Recommendations 3, 4, 6 and 7 recast to bring these matters back to the SRG Ad Hoc Group for decision rather than have the Ambassador or AID Mission Director making the decisions.

Mr. Crimmins: This would create a very complicated administrative situation, requiring the Ad Hoc Group to involve itself in great detail. The purpose of these recommendations was to break the administrative logjam created by the standstill following the last meeting.⁴

Mr. Kissinger: Recommendation 4 calls for an instruction to the AID Mission to terminate grants. Why would this need to be referred back to Washington? When the Ambassador wants to terminate an agreement, we should give him the authority. That is the direction in which we are going. If he does not do it fast enough, then it should be brought to the attention of the SRG, but why should we not give him the authority to terminate these grants?

Mr. Selden: It also gives him authority to continue grants.

Mr. Kissinger: Within the existing budget?

Mr. Irwin: Within the \$2 million.

Mr. Crimmins: This would be true only within the outstanding balance of grants. It would not involve any new programs—it refers only to existing programs. It provides guidance to the Country Team to terminate grants selectively—to phase down but to continue some projects, mostly involving training in the US for some technicians.

Mr. Kissinger: (to Selden) What is wrong with that?

Mr. Selden: Nothing. But we believe the Ad Hoc Group should keep control of what's going on.

⁴ See Document 187.

Mr. Kissinger: Could we do this by a monthly report on those programs which are continuing?

Mr. Crimmins: We have indicated in Recommendation 3 that AID/Washington will be given prior notice of major extensions and periodic reports on loan utilization.

Mr. Selden: But that's not the SRG.

Mr. Kissinger: If we changed AID/Washington to the SRG Ad Hoc Group as recipient of these reports, would that take care of your concerns?

Mr. Selden: Yes, it would.

Mr. Kissinger: Does anyone have any problem with the PL 480 humanitarian food program? It is the President's intention to phase down our AID activities—to undertake nothing new and to use no administrative devices to keep things going, but to do this in such a way that Allende can't claim we are exerting pressure on him. This will be tough to do.

Mr. Crimmins: These recommendations were cast with that in mind.

Mr. Kissinger: Can we agree that terminations do not need to come back to the Ad Hoc Group for approval?

Mr. Crimmins: The Ad Hoc Group will have prior notice, which will give them a chance to blow the whistle if they wish to.

Mr. Kissinger: (to Selden) Is that okay?

Mr. Selden: Okay.

Mr. Kissinger: A third issue is the *extension of the ship loan agreement*.

Mr. Selden: We have a fifth option on this which we would like to have considered. (Passed out new option at the table) It is a combination of Options 3 and 4.

Adm. Moorer: We would support this option.

Mr. Shakespeare: Isn't the key to this question the attitude of the Navy. I understand they don't want the submarine back.

Mr. Kissinger: I'm told it probably couldn't make it back.

Mr. Shakespeare: Does their Navy want it? Would this be an additional contact with their Navy? If we should decide recall of the ship is not desirable, does this mean that when the agreement expires in 1971, we would just wink and let them keep it?

Adm. Moorer: The unilateral consideration of whether or not to recall the ship would be made on the basis of their attitude.

Mr. Kissinger: I have no strong personal views on this. (to Selden) I think your first point is spelled out in Option 4: do nothing unless they raise it; if they raise it, say we will study it. Why do we have to decide now whether to extend the agreement for three years or X years? We

can look at it when it comes up, in the light of the circumstances. If the Chilean military remains a weight on the scale on the anti-Allende side, we would want to stay in contact with them.

Mr. Selden: That's all right as long as it comes back to the Ad Hoc Group. We wouldn't want to extend the agreement for three to five years without the recall clause.

Mr. Kissinger: (to Crimmins) Can you reword Option 4 to make these additional points?

Mr. Crimmins: We can specify extension only for a year with a recall clause.

Mr. Irwin: We might not want to extend it at all.

Mr. Kissinger: Or we might want to extend it for a longer period. We want to keep maximum contact with the Chilean Navy as long as it is a potential anti-Allende force. We should favor whatever favors it. There would be no problem in coming back to an automatic turn-down, if that were desirable. We could agree to delay a response "for further study."

Mr. Irwin: Or refer it to the SRG.

Mr. Kissinger: Yes. Do you all agree?

All agreed.

Mr. Irwin: There would be a quasi-legal point in providing the ship without a continuance of the agreement, but I wouldn't worry about it.

Mr. Kissinger: What is our legal position? Is it a serious problem?

Mr. Irwin: I don't think so.

Mr. Crimmins: Some Congressmen might get a little restive about it, but I think we could sell it on the grounds that we are trying to maintain ties with the Chilean Navy.

Mr. Kissinger: On the matter of *IDB loans*, the Chileans have now agreed to put up their share for the university loans pending in the IDB.

Mr. Shakespeare: On both loans?

Mr. Crimmins: Yes.

Mr. Shakespeare: So we now have a formal request from them.

Mr. Crimmins: Yes, it will come before the Board of the Bank tomorrow. Our Executive Director believes he can hold off a decision until the 14th, but the pressure will increase at the January 7 Board meeting.

Mr. Kissinger: (to Irwin) What do you recommend?

Mr. Irwin: That we go ahead on the 7th to make the loan to the two universities.

Mr. Kissinger: (to Moorser) What about you?

Adm. Moorer: I defer to Mr. Irwin.

Mr. Shakespeare: I agree we should do it. Loans to the universities are the wrong issue to make a case on. I have reservations on Catholic University—it operates the most pro-left, pro-Castro television station in Latin America. We operate on the wrong assumption that all Catholics are anti-Communist, which is just not true in Latin America. However, our Ambassador says that the Frei forces have made a major effort to move into Catholic University and that there was a shift to the right in a recent student election. Also, it is usually true that opposition to Communist governments is formulated more in the universities than elsewhere. The other university is even safer. I think the amount is small and that this is the wrong issue for us to make a case on.

Mr. Kissinger: (to Cushman) Do you agree with the Ambassador's assessment of the influence of Frei's forces?

Gen. Cushman: We agree with the Ambassador's assessment, but the Frei forces aren't forces. He has no control of even his own junta.

Mr. Kissinger: Has he lost out to left-wing control?

Mr. Crimmins: Not clearly. There is considerable waffling.

Mr. Kissinger: Will this action by the IDB be taken as a go-ahead by other lending institutions?

Gen. Cushman: The University of Chile may come in for a loan, and they are really bad news.

Mr. Shakespeare: They didn't link these loans to anything for the University of Chile.

Mr. Irwin: These were pending loans. Anything else would be a new request.

Mr. Nachmanoff: Other international agencies will see a positive vote as an indication that we are willing to go ahead in some degree.

Mr. Shakespeare: Could we make it known informally, possibly by a leak, that these are special university loans and are not to be considered precedential?

Mr. Crimmins: There will be no problem in the Export-Import Bank.

Mr. Selden: If we go ahead with this, it should be with the full knowledge that Catholic University is heavily Communist and that the Rector has supported Castro publicly. If we can separate the loans, I would prefer one and not the other.

Mr. Crimmins: We couldn't make the case for separation.

Mr. Selden: Why not?

Mr. Crimmins: There would be no reason other than an overtly political one for making such a distinction. We are trying to avoid any overtly political act which would play into Allende's hands.

Mr. Selden: How would we distinguish between these universities and the University of Chile?

Mr. Crimmins: That would be a new loan request, and we have all sorts of stalling devices available.

Mr. Selden: But we would eventually have to make a decision. Aren't we creating a precedent for a favorable decision?

Mr. Kissinger: At some point we will undoubtedly have to turn down some loan, but that will be a political decision.

Mr. Shakespeare: We should choose our own ground for making that kind of decision. Also, by the time such a loan request might be made, we will know more about the situation.

Mr. Irwin: These two loans have been pending for a long time.

Mr. Kissinger: How much is involved?

Mr. Shakespeare: \$12 million.

Gen. Cushman: I might add that the Rector is completely ineffective.

Mr. Selden: I still have some reservations about this.

Mr. Kissinger: (to Irwin) You need a decision by January 7 although it could wait until January 14 if necessary. I wonder whether we shouldn't run this by the President.

Mr. Shakespeare: Is there another Board meeting in February?

Mr. Crimmins: Yes, but this would create a difficult situation for Ortiz Mena.

Mr. Shakespeare: What does Korry think about it?

Mr. Kissinger: He seems to have a blank spot on the PDC. He exaggerates their prospects.

Mr. Shakespeare: There is the danger that this would create a favorable attitude toward other loans. But this \$7 million to Catholic University and \$5 million to Austral University do nothing to help the Chilean economy or governmental structure.

Gen. Cushman: Also, there is some doubt that the Allende government can put up the escudos.

Mr. Crimmins: He has pledged them.

Mr. Kissinger: Might this affect IDB replenishment?

Mr. Irwin: We would have to tell both House and Senate subcommittees.

Mr. Kissinger: I will run this by the President to get a sense of his feeling, and then I will talk to you (Messrs Irwin and Crimmins).

Mr. Shakespeare: Our Ambassador says the Rector of Catholic University has tried to establish closer relations with Notre Dame.

Would it be a good idea to get a private reaction from Father Hesburgh?

Mr. Irwin: We could be criticized in the Congress for these loans.

Mr. Kissinger: It has the advantage of giving us some protection if we have to crack down later. I will run this by the President. If he reacts negatively, we may still want to recommend it. We won't make any decisions without further discussion here.

One major issue is the question of *guidance to the Eximbank on its position on guaranties and insurance for exports to Chile*. We have three options, to which the Kissinger Law seems to apply—the middle option seems to be the most reasonable. I understand the Working Group agreed that we should advise the Bank to reduce guaranties but not to stop them. What does this mean? How would they go about reducing them?

Mr. Crimmins: They would act only on selected ones.

Mr. Kissinger: Would they tend toward the hard or soft side?

Mr. Irwin: They would do nothing new and let the others fade. They would take no specific action to stop them.

Mr. Kissinger: Are all agreed on this course?

All agreed.

Mr. Irwin: The Eximbank has \$400 million in exposure now.

Mr. Kissinger: Can we turn to the expropriation issue. As you know, Allende has now sent to the Congress a Constitutional amendment for nationalization of US copper enterprises. We have four choices: (1a) suspend assistance immediately, but without formally invoking the Hickenlooper amendment, with (1b) which would formally invoke Hickenlooper; (2) and (3) would refrain from applying Hickenlooper until the six-month period runs out, with the difference being that under (3) the US would take an active role in the negotiations with the Chilean Government and the companies; and (4) which would involve an active USG involvement but would avoid application of Hickenlooper as long as there were plausible grounds for delay.

Mr. Crimmins: Option 2 is essentially passive—we would just wait out the six months.

Mr. Kissinger: But we would let the companies negotiate if they want to.

Mr. Crimmins: Yes, but we wouldn't encourage them one way or another. Option 3 would involve us directly in the negotiations during the six months period while maintaining the present level of economic restrictions against Chile.

Mr. Kissinger: Would the Constitutional amendment amount to expropriation?

Mr. Crimmins: It is a very hard position. There is an outside chance that the companies might be able to negotiate something. Kennecott has asked us not to preempt any position they might wish to take by references to Hickenlooper. The Kennecott Board is meeting today to analyze the situation and get an idea of the options open to them. Some things are not clear, e.g., it talks about compensation in money but doesn't say whether in dollars or escudos. The terms are very hard, though.

Mr. Kissinger: Amounting to expropriation?

Mr. Irwin: If they are carried out. It is not expropriation yet.

Mr. Kissinger: In October we thought about the desirability of telling them the consequences of certain actions, but we decided against it.⁵ This might be a good opportunity to warn them in a low-key way.

Mr. Irwin: It would be possible to do so in a low-key way that didn't tie us down, or in a way that would require us to act at the end of the six-month period. If we decided to invoke Hickenlooper and were called before the OAS, we would be worse off politically if we had given them no warning than if we had.

Mr. Kissinger: Are there arguments against this?

Mr. Crimmins: In the situation with Peru, we did present them with a note when the expropriation process began. This led to an exchange of notes which we regretted later. We can get ourselves involved in a very convoluted process.

Mr. Kissinger: Why did we regret it?

Mr. Crimmins: It gave the Peruvian Government an opportunity to come back to us with a propaganda position. They raised the question of our right to become involved with the IPC which was in fact a Canadian company. It might be a risk worth taking, however.

Mr. Kissinger: We have two choices: to do nothing or to do something, either threatening them with Hickenlooper or indicating that we expect compensation. We should make it clear that we would do something but maintain some flexibility as to what it might be.

Mr. Crimmins: The nature of any communication to the Chileans along this line would depend on what option the SRG chooses. If we chose Option 3, one technique would be a low-key oral discussion with a view to encouraging the Chilean Government to listen to any company proposals. If we chose an earlier option, we might want to change

⁵ See Document 169.

the content and tenor of the communication to verge on the threatening.

Mr. Irwin: The economy of Chile will be basically affected by the climate for private investment, and that is gone now. That takes away a lot of points of possible support for Allende. Another factor is the state of the copper enterprises. If Allende succeeds in copper, what we do won't hurt him. If he fails, then the economic situation will be so adverse that we won't affect it greatly by taking the actions we are thinking about.

Mr. Shakespeare: Why might he not be able to make the mines go successfully?

Mr. Irwin: Capital, technical assistance, bureaucratic problems.

Mr. Shakespeare: Is marketing a factor?

Mr. Irwin: Marketing would be less difficult.

Mr. Crimmins: I personally think they can make it go. We buy very little copper from Chile. However, 50 percent of Europe's copper comes from Chile and they couldn't cooperate in any boycott.

Gen. Cushman: Chile has 30 percent of world copper exports.

Mr. Kissinger: Instead of arguing on the nature of his regime, Allende is getting us into a fight on economic questions, where he is strong and we are weak.

Mr. Shakespeare: Any extractive industry makes a very poor issue on which to fight.

Mr. Irwin: This is more a political issue—economically it won't make much difference. One copper company has already asked us not to step in at this time.

Mr. Kissinger: Businessmen don't understand politics.

Mr. Crimmins: ITT has been adjusting to political factors since 1966 and has come out all right.

Mr. Kissinger: I don't say we should get involved in the negotiations. I think there is a good case for not doing so and for applying Hickenlooper when it is due.

Mr. Irwin: We may find ourselves in a situation where we don't have a choice.

Mr. Kissinger: In Peru, we had an interest in keeping the regime from moving further to the left.

Mr. Shakespeare: If we go with Hickenlooper, we will need to build up in all of Latin America the idea that the issue is not the right of a country to expropriate property—the issue is that of fair compensation.

Mr. Irwin: I agree, but that will be very difficult. Hickenlooper is an emotional name. It would be better to take action on a policy basis

rather than on the basis of the Hickenlooper Amendment. You have a difficult psychological situation in Latin America.

Mr. Selden: Possibly we should look at Option 2, where we would not invoke Hickenlooper until the six-month period ran out.

Mr. Irwin: I don't feel strongly about this. If we had to decide today, I would go to Option 3. But it may develop that the best thing to do would be to do nothing. Why do we have to make a flat decision now?

Mr. Kissinger: When else will we make it?

Mr. Selden: We could begin to do some things in a non-overt way.

Mr. Kissinger: The first decision we have to make is whether or not we warn Chile.

Mr. Shakespeare: Is it possible to be tough without saying anything about Hickenlooper? Could we stall on some things and take some other actions? Could we threaten in more subtle ways than with Hickenlooper?

Mr. Kissinger: We have two choices: to threaten them with Hickenlooper or say that we will apply the sanctions available to us.

Mr. Crimmins: If we take this decision now, we should recognize that the fat is in the fire and we will have a confrontation now.

Mr. Kissinger: Why?

Mr. Crimmins: The Chileans will react very strongly to the warning/threatening approach.

Mr. Kissinger: If we don't do it now, we would expect a confrontation in six months.

Mr. Crimmins: Yes, but under Option 3 and parts of Option 2 we would have prepared the ground for confrontation by demonstrating that we had been reasonable and had tried to work out something. We would be on the best possible grounds.

Mr. Kissinger: Why not tell them now that we will be reasonable for six months. In October we were told there might be some misapprehension on their part, but it was the White House that wouldn't go along. We should remove any misapprehension.

Mr. Irwin: We can't assume that they know our laws. We should give them some warning, but I would play it on the soft side; make it clear to them, but be careful about the words we use.

Mr. Kissinger: I don't object to a formulation that would say we are prepared to negotiate but point out that, if no solution is found within six months, we will be required under our laws to do certain things.

Mr. Irwin: Should we wait until they take over a particular company?

Mr. Kissinger: Do they have to pass implementing legislation?

Mr. Crimmins: This is in the form of a Constitutional amendment which has to be approved by the Congress. It can be done in 60 days but it can be strung out. The prospect for significant changes in the language, however, are slim, and on some points non-existent.

Mr. Kissinger: Then what is there to negotiate?

Mr. Crimmins: Even if the Constitutional amendment is passed as written, there are some uncertainties in the language. For example, it mentions payments in kind. Kennecott might be interested if repayment were in some form of copper.

Mr. Kissinger: Why not let the companies do the negotiating? We could point out what the consequences would be.

Mr. Crimmins: I personally find this congenial. We might include in any communication to the government the suggestion that the government listen to the companies.

Mr. Kissinger: I hate to have the US Government a party to the negotiations if we can avoid it.

Mr. Irwin: I agree. Of course, there might be some things the US could do during the six months that would be helpful. Possibly something along the lines of Options 2 or 3.

Mr. Kissinger: I am charged once a week to prevent the SRG from sliding off the basic line, which is a pretty tough stance toward the Chilean Government without provoking a confrontation. We do not want to go in the direction of Peru.

Mr. Selden: Have we any precedent for suspending aid while negotiating with a country on compensation for expropriation? What about Peru and Prado; did we suspend aid?

Mr. Crimmins: We have done it for very short periods in various situations, but never for more than a month.

Mr. Kissinger: In Peru we delayed three months because we didn't want to take on all of Latin America on the question of expropriation on a weak case. We would not be willing to do this in Chile unless we received some indication that the regime is moving in the other direction. However, they have taken no single act that is inconsistent with movement, with all deliberate speed, toward a Marxist/Leninist state.

Mr. Shakespeare: But Hickenlooper is the worst ground we can use.

Mr. Kissinger: Our policy is not to make a fight because they will take us on only on their terms and on their issues. They won't fight us until they have destroyed all possible opposition. Our one card is their reluctance to have a confrontation. I'm not crazy about invoking Hickenlooper, and we can't decide now on whether or not to do so. This will have to go to the NSC. (to Mr. Irwin) Will you draft something for an approach to the Chileans? It should be a moderate stance, indicating

our readiness to help in the negotiations with the companies, but warning them that if no satisfactory solution is reached, there are certain legal requirements which we expect to apply. They should be left under no misapprehension. Depending on their response, we could then decide whether or not we want to apply sanctions. Do you all agree?

All agreed.

Mr. Shakespeare: I would appreciate some advice. If we go down this route, we shouldn't wait to start building the case that the issue is fair compensation, not expropriation. We should make it clear that it is not the right of a nation to control an extractive industry which is in question, but the right to take over without fair compensation.

Mr. Crimmins: Timing is important, particularly in determining when the six-month period starts to run. The amendment has not yet been addressed by the Congress; it may be another two months. It would be unwise to prejudge the situation until it is actually in process.

Mr. Shakespeare: I agree.

Mr. Kissinger: When should we warn them? Before the amendment is passed or after?

Adm. Moorer: Do we assume it will be passed?

Mr. Crimmins: We should not assume it will be passed as written; there may be a little flexibility. For example, it calls for the establishment of a special tribunal, actually a kangaroo court, composed of the Chief Justice and four political appointees. There might be some adjustment in things like this, but it would not be central to the main problem. We should not be optimistic about making any significant inroads in the process, but we shouldn't prejudge the outcome. When the time starts to run, we should undertake the campaign that you (Shakespeare) describe. We did it in the Peru case. But we shouldn't exaggerate its importance, since the issue of compensation is not a big seller in Latin America.

Mr. Selden: If we limit ourselves to Option 3, I suggest we revise the next to last sentence to read "We would be prepared to relax or intensify these restrictions, etc."

Mr. Kissinger: Should we warn them now or after the law passes?

Mr. Crimmins: Now.

Mr. Irwin: I agree.

Mr. Selden: So do I.

Mr. Kissinger: (to Irwin) Let us have your formula and we will circulate it for consideration by this group.

We have the CIA paper on the implications of Chilean propaganda and support for guerrilla activities.⁶ You do not need any action on this?

Gen. Cushman: It is purely for information.

Adm. Moorer: We also have an information paper but the Secretary of Defense hasn't yet responded to it, so we will distribute it for information only. (Original of paper given to Mr. Nachmanoff. Distributed to SRG members for information on December 24.)

Mr. Shakespeare: How should we play the announcement of the expropriation? Many of these Latin American countries have weak internal communications systems and use our material. What should we do with the announcement? Do you want some commentary?

Mr. Crimmins: I think we respond to questions with the line that the legislative process is just beginning, that we do not wish to pre-judge the outcome, and that we will not comment until the situation becomes clearer.

Mr. Kissinger: We can say that we don't contest the right of a sovereign state to expropriate but we have the right of a sovereign state to ask for compensation.

Mr. Crimmins: We might say "under international law". That puts it in more neutral terms rather than in terms of the U.S. Government.

Mr. Shakespeare: Here is a place where we can operate on a two-track system. We haven't done it before, but we can be a shade tougher over VOA without doing anything formal. We can get across some signals on fair compensation, citing the attitude of the American people or the position of the American press. We can use some pretty tough stuff without associating it with the US Government.

Mr. Kissinger: Not yet. But it might help to say that we don't contest the right to expropriate property but we have the right under international law to ask for fair compensation. We can say that, for the next 60 days, this issue is in the constitutional process.

Mr. Irwin: Our best sources would be Latin American sources. Can we get some articles in Latin American papers discussing the issue objectively? USIA could then pick these up in their commentary.

Mr. Shakespeare: That's a good idea—we could quote Latin American press sources.

⁶ See Document 191.

195. Paper Prepared by the Joint Chiefs of Staff¹

Washington, undated.

Preliminary Analysis of Security Implications Regarding the Establishment of Communist Bases in the Western Hemisphere

NOTE: The term "bases" is used here in a broad sense; that is, a locality from which military or quasi-military operations are projected or supported.

1. Increases in Soviet strategic power and the ability to project that power have important implications for the security of the Western Hemisphere. The Soviets have shown an increasing interest in the hemisphere, as indicated by their expanded efforts to establish diplomatic and trade missions and an increase in their naval and air activities. At this time, the most probable major Soviet requirement would be for facilities for support of missile-launching submarines. Cuba could provide such facilities for future Soviet operations in the Atlantic and the Caribbean area. If Soviet military operations were extended to the southeastern Pacific, or South Atlantic, support facilities on the South American Continent would significantly enhance these operations.

2. For the next few years, Soviet military activity in Latin America, apart from Cuba, will likely be confined to foot-in-the-door operations; quasi-military bases for ships and aircraft; port and airfield visits and military exercises designed to show the flag and to demonstrate support for sympathetic regimes; military aid and arms sales to supplant US efforts; scientific facilities to assist in space tracking, navigation, and communications; and cooperation with friendly Latin American countries for support of Antarctic operations.

3. A naval support facility capable of supporting Soviet surface combatants, as well as nuclear submarines, is being constructed at Cienfuegos, Cuba. Since September 1970, Soviet surface combatants and

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-50, SRG Meeting, Chile, 12/23/70. Top Secret; Sensitive. This paper was prepared for the Senior Review Group. The December 23 covering memorandum from Moorer to Kissinger states, "There is no current, well-defined U.S. policy concerning the establishment of communist military bases within the Western Hemisphere. Such a policy could facilitate quick and decisive action by the United States in the event an attempt is made to establish such bases." (Ibid.) Five days later Moorer wrote to Laird, "U.S. preventive moves [against an increased Soviet presence] should include formulation and announcement of a more definitive national policy designed to deter the establishment of Soviet military bases in the Western Hemisphere." (Memorandum for the Secretary of Defense, December 28; *ibid.*, RG 218, 92-0029, Box 105, Admiral Moorer Papers, Admin (AC) CMS [Chairman's Memos])

support ships have periodically visited the facility, and work on the facility continues although at a slower pace. Should the Soviets choose to use the facility, such use would approximately double the patrol time of their submarines off the Atlantic coast. If the United States continues to exert pressure against Soviet submarine support facilities, it is unlikely that the Soviets will seek to utilize Cuba as a base except to support their fleet visits and exercises in the Caribbean and to support their long-range reconnaissance aircraft.

4. A number of recent developments in Latin America give rise to concern that significant changes in hemispheric political orientation and power relationships are developing. Recent examples include the emergence of a strongly nationalistic and leftist-leaning (though not Communist) government in Peru, Bolivia's inclination to the left, and most importantly the inauguration of an avowed Marxist, Salvador Allende, as President of Chile. In the latter case, Allende is moving rapidly against little opposition to transform Chile into a Marxist-socialist state. He has recognized Cuba and is expected to recognize other Communist states. There are also unconfirmed reports of plans for the establishment of a Soviet commercial shipping arrangement which would include providing Chile with merchant vessels and a Soviet-manned merchant marine facility in Valparaiso, and such a facility could easily support combatants and [formalize?] the support base for Soviet operations in the southeastern Pacific. Commercial air routes involving Chile, Peru, the Soviet Union, and Eastern Europe are also under consideration. Better relations with Communist nations will likely lead to development of Chile as a base of support for intelligence, subversive and insurgent activities which would constitute a danger to the hemisphere.

5. Soviet establishment or use of military bases in the Western Hemisphere would have serious security implications for the United States to include:

a. Significant improvement of the Soviet submarine launched missile capability through simplified submarine support and increased on station time.

b. Increased Soviet capability to [interdict?] lines of communication, particularly the strategic Panama Canal and Cape Horn routes, e.g., CVAs and supertankers are too large to transit the Canal.

c. Increased Soviet capability to interdict the flow of strategic materials from Latin America to the United States.

d. Increased capabilities for Soviet support of subversion and insurgent activities.

e. Increased Soviet intelligence collecting capability to include reconnaissance, COMINT, HUMINT and monitoring space events, satellite activities and missile testing.

f. Increased Soviet military influence in the subject country at the expense of US military influence.

g. Extension of Soviet military assistance to the subject country including the establishment of a training and advisory group.

h. Expanded communications facilities for Soviet command and control.

i. Increased hemispheric instability generated by an arms race or conflict.

j. Impairment leading to possible disintegration of hemispheric security arrangements.

k. Increased Soviet capability to support the establishment and maintenance of Communist governments in Latin America.

l. Increased Soviet bargaining power vis-à-vis United States security interests.

6. The formulation and implementation of a US policy to prevent the establishment of a foreign Communist base in the Western Hemisphere should evaluate the following considerations.

a. There is no general principle or rule of international law which prohibits a sovereign state from permitting the establishment of foreign military or quasi-military bases on its soil. However, treaties or agreements may prohibit or limit the unilateral exercise of sovereignty by a state in this respect.

b. US policy in this area has been based traditionally on the principle of the Monroe Doctrine. The legitimacy of the unilateral application of the doctrine has been eroded both by events and a significant number of inter-American agreements to which the United States is a signatory. Nevertheless, it stands as a reminder to other states that foreign intervention in the hemisphere, in matters affecting US national security, is unacceptable.

c. The unilateral enunciation of a US policy against establishment of Communist bases in the Western Hemisphere could be construed as intervention in the internal affairs of the UN and the Organization of American States (OAS). Nevertheless, the 1968 Treaty of Tlatelolco, to which many Latin American countries are parties, prohibits the possession of nuclear weapons in the territories of the parties and the establishment of a foreign military base with nuclear capability. Cuba is not a party to the treaty. Chile signed the treaty but has not yet ratified it. The establishment of bases, particularly with a nuclear capability, would endanger the peace of America within the meaning of the Caracas Resolution (No. 93) of 1954² and the Punta del Este Resolution of

² At the OAS Conference in Caracas, Venezuela, in March 1954, Secretary of State John Foster Dulles persuaded delegates to pass an anti-Communist resolution giving the United States carte blanche to invade Guatemala to remove the Communist government of Arbenz. See *Foreign Relations, 1952–1954, Guatemala*.

January 1962.³ The Inter-American Treaty of Reciprocal Assistance (Rio Treaty 1947) establishes a consultative mechanism to decide on measures to be taken in cases of extracontinental aggression which might endanger the peace of the hemisphere and recognizes the inherent right of every state to take reasonable and proportionate measures to deal with a threat to its existence. The OAS provides one vehicle to “take such action as is necessary, including the use of armed forces, to deal with any situations which might endanger the peace of America.”

7. In light of the potential threat and the lack of a current, well-defined policy to cope with it, the United States should formulate such a policy. The policy with implementing courses of action should be designed to prevent the establishment of foreign Communist bases in the Western Hemisphere. Implementing courses of action should include political, economic, psychological, and military measures. While such actions should complement and support each other, the political actions should receive primary emphasis in the early stages. They should precede other actions as a U.S. warning to both the foreign Communist government and the subject country government that the establishment of a Communist base in the Western Hemisphere is unacceptable. Since a detailed treatment of political and economic actions is beyond the scope of this paper, it focuses on military courses of action. Such actions, selected on the basis of appropriateness to a particular situation, could be directed against the subject country or the foreign Communist country or both to prevent the establishment of a Communist base or effect its removal. The desired means for applying military force in the Western Hemisphere would be under the auspices of the OAS. Failing this, force should be applied by some other multi-lateral arrangement; and unilaterally only as a last resort.

³ See footnote 4, Document 183.

196. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, December 28, 1970.

SUBJECT

IDB Loans to Chilean Universities

In accordance with the policy direction you set forth in the NSC meeting on Chile on November 6,² U.S. representatives in the international financial institutions have used their influence in a non-overt way to delay consideration of new credits for Chile. In the Inter-American Development Bank (IDB), consideration of two pending loans (totaling \$11 million) for two private Catholic universities in Chile has been delayed.

On December 21, however, the Chilean Finance Minister formally gave the IDB assurance that his government would provide its local cost contribution to the loans, and requested approval of the loans by the end of this year. The Chilean Government's commitment to put up its contribution removed the last possible technical objection to consideration of the loans, and the U.S. Executive Director will be forced to vote on it soon. Since these loans would be from the Fund for Special Operations, where we have veto power, a positive U.S. vote is required for approval. Our Executive Director blocked the loans in the IDB Board meeting on December 24 by indicating he is uninstructed, but he believes that if he takes an "uninstructed" position in the Board meeting next month it will be clearly seen as an overt U.S. political position against the two loans to Chile.

The NSC Senior Review Group considered this question at its meeting on December 23, and agreed that our overall interests would be best served by approval of the two university loans at the next IDB Board meeting on January 7.³ The Review Group based its decision on the following factors:

—Loans for two private Catholic universities, which had been negotiated with the previous Chilean government, would not be the best grounds on which to take a public posture of hostility toward the Allende Government; U.S. opposition to the loans would give Allende an

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-50, SRG Meeting, Chile, 12/23/70. Secret. Sent for information. A stamped notation on the memorandum indicates the President saw it. A handwritten notation reads, "Notify Nachmanoff."

² See Document 173.

³ See Document 194.

opportunity to charge us with “economic aggression” and gain support in Chile and Latin America.

—These loans will not provide any significant help to the Chilean economy.

—The IDB loans will help the two universities to remain independent of GOC control; our Embassy and CIA note that although there is some leftist influence in the Catholic University of Santiago, it increasingly is becoming an intellectual center for the anti-Allende wing of the Christian Democratic Party. (Catholic leaders in this country have urged U.S. support for the loans.)

—We can make clear to the financial community that the university loans are a special case and do not signify a “go-ahead” for other economic credits; in fact, approval of these loans may make it easier for us to take a harder stand later on loans which are more significant economically.

The NSC Review Group recognized that careful consultations with the Congress are necessary to explain the reasons for our position on these loans, particularly in view of the expected copper expropriations and the fact that the IDB Replenishment Bill is still pending. However, the consensus of the agencies, including Treasury, is that our position could be justified to the Congress. Therefore, unless you object, the Review Group will authorize our Executive Director of the IDB to vote in favor of the two university loans at the next IDB Board meeting, and State and Treasury will undertake appropriate consultations on the Hill.⁴

⁴ At the end of the memorandum, Nixon wrote, “OK.” Kissinger informed the SRG in a January 6, 1971, memorandum of the President’s decision and sent a copy of the memorandum to the Director of USIA. Kissinger stated that the Departments of State and Treasury would make it clear to the international financial agencies, other countries, and the business community, that the United States regarded these university loans as a special case and that they did not signify any change in the generally restrictive position that the United States maintained toward economic credits for Chile. The State and Treasury Departments also would conduct careful consultations with appropriate congressional leaders to explain the reasons for the decision. (Ibid.) In a January 12 memorandum to Kissinger, Nachmanoff noted that the Treasury Department consulted with key Congressmen and there seemed to be considerable understanding. Moreover, the adverse reaction on the Hill would be tolerable. (National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-171, NSSM 93)

197. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, January 2, 1971.

SUBJECT

Chilean Copper

In the discussion on U.S. policy toward Chile in a recent NSC meeting,² you directed that General Lincoln prepare a study on possible developments in world copper markets and U.S. stockpile disposal actions as they may affect the marketing of Chilean copper. General Lincoln's response (Tab A)³ and the NSC staff review indicate:

—The world market price of copper has fallen sharply in recent months and may remain at lower levels for a considerable period. Copper was selling for 80 cents a pound in April 1970 but is now down to less than 50 cents a pound. Excess capacity in the free world's copper mines will probably tend to hold copper prices down for the next several years. Excess supply on the world market has already led to the accumulation in private hands of stockpiles in Britain and Belgium totaling 380,000 tons, a total amount more than 50% greater than the U.S. stockpile.

—Since Chilean copper exports generate about 80% of Chile's total foreign exchange earnings, the decline in the world copper price has had and will continue to have a substantial adverse impact on the Chilean economy.

—The U.S. stockpile of copper is 250,000 tons. Initial findings of the stockpile analysis suggest that copper need not be retained in the stockpile for national security purposes. However, Congressional authorization is necessary before this copper can be disposed of.

—Disposal of the U.S. copper stockpile would bring about a temporary further softening of copper prices. It is difficult to estimate the effect of this disposal on the world market price of copper; but the fact that the American stockpile is only about 3% of annual world production indicates that the effect on the market price would not be substantial or long-lasting.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Top Secret. Sent for information. A stamped notation on the memorandum indicates the President saw it.

² See Document 173.

³ Dated November 13, attached but not printed.

—Any softening of the world copper price caused by disposal of the U.S. copper stockpile would affect those countries that rely on exports of copper for foreign exchange earnings—primarily Chile, Zambia, Congo (Kinshasa), and Peru and secondarily Canada, South Africa, and the Philippines.

Several considerations seem to argue that disposal of the U.S. copper stockpile would not be an effective or desirable instrument with which to affect the Chilean economy:

1. Immediate or near-term disposal of the U.S. copper stockpile would not be possible because of the need to obtain prior Congressional authorization.

2. Disposal of the stockpile would not have a significant lasting effect on Chile's export earnings.

3. Other exporters of copper would be hurt along with Chile by any fall in the world copper price caused by U.S. disposal of the copper stockpile.

4. Disposal of the U.S. stockpile might well cause exporting countries to blame the United States for the low level of copper prices, which has in fact been brought about by market forces unrelated to U.S. stockpile policy.

We are looking into other possible approaches involving Chilean copper exports. The U.S. now buys about 15% of Chile's annual exports of copper, and vessels under contract to U.S. copper-producing companies carry a substantial quantity of Chile's exports. The complexities of the world copper market and the arrangements involved in production and shipping are such that the feasibility of possible U.S. actions to affect production, shipping and purchase of Chilean copper can be determined only after detailed study. These possibilities are now being examined in depth to determine whether they might offer opportunities for effective action by the U.S. should we wish to take some action to affect the Chilean economy.

198. Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson) and the President's Assistant for National Security Affairs (Kissinger)¹

Santiago, January 21, 1971.

1. Santiago EmbTel 343² of this date provides all the pertinent background material on the April senatorial race. This message furnishes additional material inappropriate for the other channel.

2. I have been approached during the past fortnight directly or indirectly by most of the key decision makers in the PDC and PN involved in the senate contest. In sum, the Nacional Party wished me to intervene with Frei to force the PDC to support an "independent" or Radical Party dissident (PDR) who would be the anti-Marxist common standard-bearer. Aside from protesting that I could not convince Frei, I pointed out to them the pitfalls of such a strategy (the possible defection of PDC senators to the UP thus providing Allende with a crucial majority in the upper house and the practical problems of eliciting 5000 petitioners in little more than a fortnight at huge expense). Also the premature public declarations made earlier in the month by National Party leader Jarpa and by the PDR calling for a common front with the PDC against the UP had produced the inevitable reaction against the right within the PDC. This maladroitness combined with the last minute loss of euphoria by Jarpa following his return from the US obviated any chance, in my judgment, of the kind of deal they desired.

3. Meanwhile Zaldivar and other Frei cohorts have been reporting on their outlook. After hearing all the pros and cons I responded forthrightly and personally to Zaldivar's appeal for an honest opinion last Wednesday.³ Since he obviously wished to run, I encouraged him for all the reasons given in the RefTel and because I was and am persuaded that if a single "outside" candidate could not be agreed upon, as was the case, then the greatest combined number of opposition votes was the next best alternative. My feeling after studying the charts was that Zaldivar would make the best run of any PDC candidate in the area. I felt too that there was a reasonable chance that Silvia Alessandri might

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret; Sensitive; Eyes Only. Forwarded to Kissinger with a note from Haig stating that Nachmanoff would include the issue on the agenda of the next 40 Committee meeting. (Ibid.)

² Telegram 343 from Santiago, January 20. (Ibid., RG 59, Central Files 1970-73, POL 14 CHILE)

³ January 13.

withdraw in favor of Zaldivar while a weak PDC candidate would have disastrous impact on the mood and direction of the PDC, shoving it towards and reinforcing the UP. I inquired of Zaldivar if he had spoken to Jorge Alessandri since I felt that the latter's views might be critical for Zaldivar's own difficult decision. I was surprised to discover that he had never met the old man but he said he would seek a meeting Monday (of this week) prior to his decision.

4. Today Silvia Alessandri came unannounced to my office (walking up the four flights that separate me from her uncle's office in the same building). She wished to know if she should cede to Zaldivar or not. My questions elicited the essential knowledge that Zaldivar had met with her Monday of this week to appeal for her withdrawal just prior to February 24th. (With instructions to her followers to vote their consciences.) That she personally did not wish to run, that she would prefer to concentrate her partisan efforts in the municipal elections in her own Santiago where she has a strong following, that Jorge Alessandri was very opposed to her senatorial candidacy and that she was persuaded she would finish third to Sepulveda (first) and Zaldivar if she were to run. Without taking any stand that could once again persuade the Nacionales that we are really all card-carrying PDC'ers at heart (as they became convinced in 1963–67) or that could hurt the amiable relations I have been developing with Jarpa, I asked a series of questions the purposes of which were to reinforce her own hesitations and to plant the notion that if the PDC and PN were to divide their labors, with Zaldivar concentrating on the senate race and the PN on the municipalities, both human and material resources would be at their maximum efficiency. The material resource euphemism was not pursued but I am certain that she had her own clear interpretation. She may well pursue it next week when I see her at her request but I will stay clear of that subject and its ramifications, leaving it to others to handle.

5. [7 lines not declassified]

6. An essential factor in the eventual decision that the PN must make in the next three weeks about Silvia Alessandri is the attitude of the PDR, whose best known current member, Senator Raul Morales (of recent supreme court decision notoriety), has quite an impressive following in his district which Zaldivar is presenting himself. If the PDR [less than 1 line not declassified] were to throw its weight to Zaldivar, the PN, I reckon, would not insist on its own candidate since it recognizes that the PDR would be a very significant defection. Incidentally, Anaconda has had special relations with Senator Morales for many years and the factors involved in the Chilean calculus, including the copper bill before the Congress, could be affected together with the election if the company were to play its hand skillfully.

7. To the extent that we can, I would prefer, and am seeking, to force the difficult decisions back on the Chileans themselves, be it copper or elections. Only if they reach their own decisions in their own interests will they feel responsible for the consequences of their own actions. [*1½ lines not declassified*]

8. [*1½ lines not declassified*]

199. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, January 26, 1971.

SUBJECT

Export-Import Bank Operations in Chile

Attached at Tab A is an information memorandum to the Senior Review Group from the Acting Chairman of the Ad Hoc Inter-Agency Working Group on Chile,² concerning our policy with respect to Export-Import Bank operations in Chile. A specific case will come up at the end of January when the Pacific Steel Company (CAP) is expected to approach the Ex-Im Bank for new loans totalling \$90 million for further development of iron ore resources and productive facilities in Chile. At the same time, CAP is expected to seek the drawdown of the \$18.5 million balance of an existing \$25 million bank loan to the CAP.

The Bank will discourage CAP from applying for new loans and, should it do so, will hold in abeyance and take no action on any applications the CAP might make. The Bank does not perceive any legal way to avoid letting CAP drawdown the \$18.5 million balance of the present loan and will concur in this request.

I believe this decision is consistent with our overall policy of not making any new EX-IM loans, but meeting our commitments under existing agreements if non-overt delays are not possible.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret; Nodis. Sent for information.

² Dated January 19, attached but not printed.

200. Memorandum for the 40 Committee¹

Washington, January 28, 1971.

SUBJECT

Financial Support of Chilean Opposition Parties for the April 1971 Elections and the Purchase of Media Outlets

I. *Summary*

This memorandum proposes that the political opposition to the Allende government—National Party (PN), Christian Democratic Party (PDC), and Democratic Radical Party (PDR)—be funded in the amount of \$1,240,000. Of this amount, [*dollar amount not declassified*] will be used by these parties to purchase radio stations and newspapers, and [*dollar amount not declassified*] will be used to support their candidates in the 4 April municipal elections and in a key senatorial election for the seat vacated by President Allende. It is expected that this support will help bolster the political opposition to the Allende government and slow down Allende's progress in establishing a totalitarian Marxist state in Chile. These goals are consistent with the objectives set forth in the Central Intelligence Agency's Covert Action Annex to "Options Paper on Chile" (NSSM 97).²

II. *Background*

The victory of Marxist Salvador Allende and the Popular Front (UP) in the 1970 presidential election has brought to power in Chile a government whose platform calls for the creation of a centralized Marxist state, the sharp diminution of U.S. influence in the country, the initiation of close political and commercial ties with Communist countries, and the elimination of what is regarded as U.S. hegemony in the hemisphere. An unstated but key goal of the Allende regime is the perpetuation of Marxist political power in Chile. The pace at which Allende moves toward construction of a Marxist state is contingent upon several factors, including the degree to which he can establish personal control over the diverse and occasionally opposing factions within the

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72, 40 Committee Files. Secret; Sensitive; Eyes Only. A notation at the bottom of the first page reads, "Approved at the 40 Committee meeting held Thursday, 28 January 1971." The memorandum is attached to a January 28 memorandum from Nachmanoff to Kissinger that summarizes the Central Intelligence Agency's proposals. Nachmanoff advised, "If you are not satisfied that the discussion in the 40 Committee has adequately covered all of the issues, you may wish to focus only on the two items that require immediate decision—the [*dollar amount not declassified*] to support Zaldivar, and the [*less than 1 line not declassified*]."

² Document 166.

UP and the success of his efforts to neutralize or gain the support of the Chilean Armed Forces. In addition, and most importantly, his pace will be determined by the strength and cohesiveness of the opposition parties.

Political opposition to Allende and the UP is taking shape, but as yet it is neither united nor effective. The development of real opposition in terms of potential for restraining or overthrowing the GOC will probably depend on significant economic deterioration and/or a breakdown of public order.

The principal parties opposed to Allende and the UP are the PDC and the PN. They are not likely to form a united opposition to Allende, but may be induced to cooperate in some degree. The PN has regarded the PDC with extreme hostility since the 1964 presidential election, when the forces which now comprise the PN supported PDC candidate Eduardo Frei. The Frei government later undertook programs and actions which the PN considered detrimental to its interests. The PDC in turn believes that an open alliance with PN rightist forces would be political suicide.

The PDC is the largest political party in Chile and is potentially the most significant opposition force. The party is now divided between a left-wing faction, which favors accommodation and cooperation with the UP, and a center faction under former President Frei. The latter now appears to be gaining internal strength and is reportedly adopting a stronger stance in opposition to the UP. The PN also has potential as an opposition force. It is the second largest political party in Congress and represents the interests of landowners, small businessmen, and parts of the middle class which are not attracted to the PDC. While its possibility for additional growth is limited by its image as a "conservative" or even "reactionary" party, its interests and ideology are directly opposed to those of the UP and it can be strident and vocal in defending them. A third political party, the PDR, represents the conservative wing of the Radical Party which split from its parent party and supported Alessandri rather than Allende in the recent presidential election. The PDR thus represents a protest against current Radical Party participation in the UP and can be used to undercut Radical Party voting strength and to add to opposition effectiveness in Congress.

The Chilean Armed Forces, which have an apolitical tradition, have largely accepted Allende and are cooperating with his government. The Schneider assassination was a demoralizing development for the military and effectively braked whatever sentiment was developing for military action against Allende. The Armed Forces' potential as an opposition or even as a restraining force is related to the continued existence of viable and vocal political opposition to Allende and the UP. The Chilean military probably would not oppose Allende

or, if developments should so dictate, plot his overthrow unless it were ignited by a political opposition force with strong civilian support.

The municipal elections to be held on 4 April 1971 have a fundamental importance for the future of the country. In a speech to the first UP National Assembly on 8 January, Allende insisted that the municipal elections will not be a plebiscite on his government but simultaneously urged UP parties to work out “compensation pacts” (under which parties join forces behind a single party’s list) to avoid dispersion of votes. The real UP goal was stated by Communist Party spokesman Volodia Teitelboim, who hoped the vote would make it clear that “an absolute majority of citizens are for change.” Although Allende is playing it safe in insisting that the election is not a plebiscite, there is no doubt that a massive UP electoral victory will have significant repercussions not only in Chile but throughout Latin America.

Allende obtained 36.3% of the vote in the presidential election. This is a relatively small percentage considering that the three major parties which supported him—Communists, Socialists and Radicals—each has a constituency of about 15% of the national vote. What happened was that he received all of the Communist and Socialist Party votes but that a majority of the Radical voters opted for Alessandri. In the upcoming municipal elections, most Radicals will probably vote for regular Radical Party candidates, and thus Allende could come out of the municipal elections claiming 45% of the vote without picking up a single new supporter. When one considers Allende’s superb political performance during the first two months of his administration, and the speed and effectiveness with which the UP has moved to implement the most popular aspects of its program, it becomes obvious that the UP goal of a popular electoral majority may be achieved in the April elections. Such a victory could encourage nascent popular unity movements elsewhere in the hemisphere as well as disheartening opposition and institutional forces inside Chile. This prospect makes it extremely important for opposition parties to make a vigorous effort in these elections to help maintain the morale of their supporters, evidence party vitality, and strengthen those factions within their respective parties which are willing to make a united effort to maintain democratic freedom.

PDC candidate Andres Zaldivar, Frei’s former Minister of Finance, has a chance of winning a separate election to fill Allende’s Senate seat, provided rival PN candidate Sylvia Alessandri can be persuaded to withdraw. A PDC victory in this senatorial election would provide a psychological uplift for Allende’s opposition and would help offset a UP victory in the municipal elections. Proposed financial support to the PN and the PDC may provide us with the leverage to persuade the two parties to reach a mutually acceptable electoral compromise. If no com-

promise is reached, PDC and PN election funds will be used to support opposing candidates—an unfortunate possibility which we may be unable to forestall.

III. *Proposals*

A. *Purchase of Media*

Since the presidential election, the UP has gained significant control over the nation's media, both through the acquisition of new outlets and through intimidation and economic coercion of commercial radios and newspapers. The opposition is now disadvantaged and needs to improve its media capability.

The PN has no party newspaper or radio station, and now realizes that its inability to project party views forcefully and steadily is diminishing its effectiveness. It can no longer rely on financial contributions from wealthy businessmen, who fear government reprisals, and thus needs outside support to enable it to purchase a radio station (Radio Agricultura) and a newspaper [3 lines not declassified]. The station has an audience estimated at half a million, with short wave broadcasts covering the entire country. Terms of the sale are [dollar amount not declassified] and the remaining [1½ lines not declassified]. The PN is also obtaining a printing press [1½ lines not declassified]. The price is [dollar amount not declassified] payable at the time of sale, actually represents only the value of the building and land, with machinery and equipment being provided without cost [1½ lines not declassified].³ The PN has also agreed to serve as a funding channel [less than 1 line not declassified] a small opposition weekly, whose editor will also direct the new daily [less than 1 line not declassified].

The Frei faction of the PDC has a daily newspaper (*La Prensa*) and a radio network in the south of Chile. In order to carry out an effective political action program, it needs a nationwide radio network to reach the great mass of the Chilean people. It is negotiating for the purchase of Radio Cooperativa, which supported Alessandri's presidential campaign but is now virtually apolitical and in very shaky financial condition. The Cooperativa radio chain extends from Antofagasta in the north to Punta Arenas, the southern tip of Chile. [3 lines not declassified] The PDC is in debt and cannot rely on contributions from party members to carry out its program. Sergio Ossa, the personal representative of former President Frei, is now traveling in the United States, Canada, and Europe to raise funds for the Party, but contributions are

³ An additional [dollar amount not declassified] will be needed to help launch the paper and to keep it afloat until it acquires a substantial readership and advertising. [Footnote in the original.]

unlikely to be substantial or timely enough to permit prompt acquisition of Radio Cooperativa.

The PDR is a relatively small splinter group, but it provides the best available means for attracting Radical Party voters who are dissatisfied with Party leadership which delivered the PR to the Marxists. In order to enhance its ability to reach Radical Party voters, the PDR requires financial assistance to enable it to purchase [*less than 1 line not declassified*] a small station in Santiago. [*1½ lines not declassified*] Since [*less than 1 line not declassified*] now has no news section, it is free of the leftist infiltration which characterizes the news sections of other Santiago radio stations, and its new owners will be able to hire news commentators of their choice. [*3 lines not declassified*]

In summary, it is requested that the Committee authorize the purchase of the following media outlets as well as the financial support of two small existing opposition papers which would be funded through the PN and the PDR.

[*table not declassified*]

B. Electoral Support

The CIA Station recommended and Ambassador Korry originally concurred in an election support proposal in the amount of [*dollar amount not declassified*]. However, this presentation requests approval for only [*dollar amount not declassified*] since that is the limit we believe can be provided securely and can be utilized effectively by the parties at this time.

It is proposed that electoral funds be allocated to the opposition parties as follows:

1. PDC	
Zaldivar senatorial campaign	[<i>dollar amount not declassified</i>]
Municipal election campaign	[<i>dollar amount not declassified</i>]
2. PN	[<i>dollar amount not declassified</i>]
3. PDR	[<i>dollar amount not declassified</i>]
	TOTAL [<i>dollar amount not declassified</i>]

IV. Funding

[*4 paragraphs (39 lines) not declassified*]

VI. Costs

The estimated cost of this proposal is \$1,240,000. Of this sum, [*dollar amount not declassified*] for the purchase of media outlets is available as part of the [*dollar amount not declassified*] endorsed by The 40

Committee on 18 November 1970⁴ for ongoing and proposed Chile covert action programs.

Additional funds in the amount of [*dollar amount not declassified*] have been requested by the PDC to cover ongoing administrative support to bolster party infrastructure and to fund the purchase of a new printing press. [2 *lines not declassified*] Additional funds for the PDC, and possibly also for other opposition parties, may be the subject of a future proposal. Ambassador Korry and the Santiago Station are already on record as favoring such additional support.

VII. *Recommendation*

It is recommended that The 40 Committee approve this proposal for \$1,240,000 with the understanding that additional funds for the ongoing administrative support of opposition parties may be requested at a later date.

⁴ The 40 Committee met on November 19. See Document 184.

201. Memorandum for the Record¹

Washington, January 28, 1970.

SUBJECT

Minutes of the Meeting of the 40 Committee, 28 January 1971

PRESENT

Mr. Kissinger, Mr. Mitchell, Mr. Packard, Mr. John Irwin, Admiral Moorer, and Mr. Helms
Messrs. Thomas Karamessines, William Broe, Wymberley Coerr, and Arnold Nachmanoff were also present.

[Omitted here is discussion unrelated to Chile.]

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 40 Committee Minutes, 1970. Secret; Eyes Only. Drafted by Chapin on April 14. A copy was sent to Mitchell, Packard, Johnson, Moorer, and Helms.

Chile—Financial Support of Chilean Opposition Parties for the April 1971 Elections and the Purchase of Media Outlets

Mr. Broe explained the proposals totalling \$1,240,000 contained in the CIA paper dated 28 January 1971.² These would provide support to the political opposition to the Allende government—National Party (PN), Christian Democratic Party (PDC), and Democratic Radical Party (PDR). The sum of [*dollar amount not declassified*] would be split among the three parties to purchase radios, a printing press (for the PN), and to support Party publications. An additional [*dollar amount not declassified*] would be split among the three parties for the electoral campaigns, with the major portion going to the PDC.

Mr. Mitchell asked for an assessment of the prospects in the municipal elections.

Mr. Broe responded that in these elections there are approximately 250 communes and a total of 1,650 candidates. He stated that it is customary to vote first for the party, then for the candidate in the party. He pointed out that the various parties comprising Allende's UP coalition basically have 45% of the vote to begin with. Because of these factors it is difficult to be optimistic, but the main objective should be to get out the greatest possible vote in opposition to the UP.

Mr. Kissinger expressed his disappointment with the election prospects and recalled that last fall in Committee discussions concerning the Presidential elections and Allende's inauguration, cautionary notes had been sounded against taking certain actions because there would be additional opportunities in the forthcoming municipal elections.

Mr. Packard observed that it is important that we do all we can now.

Mr. Mitchell commented that the elections really seem to come down to a pro-Allende or anti-Allende vote and that if the three anti-Allende parties get the most votes then Allende will feel under certain constraints as to how rapidly and how far he can proceed with his Marxist program.

Mr. Broe agreed and reiterated that it is most important to get out the largest possible opposition vote.

Mr. Kissinger asked how probable it is that the Cuban-organized security service will not learn what we are doing in support of the Allende opposition.

Mr. Broe stated that funding arrangements have been worked out very carefully [*2 lines not declassified*].

² Document 200.

Mr. Irwin asked [*less than 1 line not declassified*].

Mr. Karamessines pointed out that the opposition parties have fund-raising campaigns and that if the proposal is approved for the purchase and support of the various media outlets, [*1½ lines not declassified*].

Mr. Broe referred to the senatorial campaign for the Senate seat vacated by Allende upon his election to the presidency. [*4½ lines not declassified*]

Mr. Mitchell stated that he thought [*6½ lines not declassified*].

Mr. Kissinger observed that without the [*4 lines not declassified*].

Mr. Broe stated that it was uncertain [*2½ lines not declassified*].

On this note, the proposals totalling \$1,240,000 as outlined in the CIA paper dated 28 January 1971 were unanimously approved.

Frank M. Chapin

202. Telegram From the Department of State to the Embassy in Chile¹

Washington, January 30, 1971, 1926Z.

16544. 1. Unless you see serious problems in light of most recently reported developments in which event you should inform us by return cable, you should promptly seek appointment with FonMin and tell him that you are instructed to give him following message. You should convey message to him orally.

2. *Begin quote.* As you know, President Nixon has indicated that U.S. relations with Chile will depend on the actions which the Chilean Government takes towards the United States and U.S. interests. We hope these will be normal relations, but we are concerned that the proposed constitutional amendments submitted to the legislature on December 22, 1970 could raise a number of serious questions. Chilean officials have told us that we should be careful to communicate with one another to avoid misunderstandings of one another's position. There-

¹ Source: National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE. Secret; Immediate; Exdis. Drafted by Fisher and Feldman; approved by Crimmins; and cleared in draft by Irwin, Selden, Knowles, Nachmanoff, Broe, and Brims. The draft was first sent for approval from Meyer to Irwin on January 21. (*Ibid.*, INCO COPPER CHILE)

fore, at this time it seems appropriate for the United States Government to reiterate its position on the question of expropriation.

The United States, of course, recognizes the right of every sovereign state to expropriate private property within its territory for a public purpose, assuming, of course, that the taking of alien property is not discriminatory or otherwise violative of international law, and provided that reasonable provision is made for the payment of just compensation. Under established principles of international law, just compensation means compensation that is paid promptly, in an amount that is adequate, and in a form that is effectively available to the investor. We are naturally concerned at the proposed amendments, which do not hold the promise of just compensation and which, moreover, would abrogate solemn agreements of the GOC with U.S. investors, some of which were concluded barely a year ago. We had hoped that the GOC would negotiate equitable settlements with the companies, and we still hope it will do so.

It is the policy of the United States Government in these situations to proceed in a constructive spirit with full respect for the sovereign authority of the host government. The United States Government does, however, have certain responsibilities under its domestic law, of which I am sure you are aware, as well as under international law, to safeguard the interests of U.S. investors. (FYI for Amb. Korry: If FonMin shows interest in hearing details of domestic law, referred to here, you should supply them to him. End FYI) Further, in the case of a number of investments in Chile, the United States Government has a substantial financial interest of its own under the investment guaranty contracts it has concluded with the investors with the full knowledge and approval of the GOC. The Government of Chile should understand that we take these concerns seriously. We see no need for these problems to become questions of an inter-governmental character, and we would hope that they would not develop in a way that would give rise to serious problems under U.S. as well as international law, adversely affecting the availability of resources for development. It is the policy of the United States to encourage its investors to settle disputes with foreign governments by direct negotiation. It is my understanding that the companies are prepared to negotiate. If the GOC wishes to do so, it will be able, I believe, to negotiate equitable, voluntary settlements with the companies and avoid controversy between our two governments. *End quote.*²

² Printed from an unsigned copy. On February 1, Korry reported that he had delivered the démarche as instructed in a meeting with Foreign Minister Almeyda. Almeyda responded cordially that Korry could report that "he had taken note" of the U.S. declaration and that "he also noted his complete awareness of pertinent provisions" in U.S. legislation relevant to nationalization. (Telegram 596 from Santiago, February 1; *ibid.*, INCO 15-2 CHILE)

203. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, February 2, 1971.

SUBJECT

Chile Status Report

A. *Developments in Chile*

Government and Politics

The Popular Unity (UP) Government has moved swiftly to consolidate its power, and is neutralizing potential opposition from the Armed Forces, the press, the Church, the oligarchy, or the opposition parties. UP strategy has functioned on two levels simultaneously. On one level Allende has been careful to appear faithful to Chile's democratic traditions. On another level the UP has engaged in a ruthless campaign against the political opposition and the wealthy and upper middle classes whom Allende regards as their allies. Tactics have included intimidation, threats of exposure of past indiscretions, and economic pressures. The UP has also taken steps to pull itself together in preparation for the municipal elections in April, and Allende has shown skill in playing off one faction against another in order to maintain his personal control.

The opposition, chiefly the Christian Democrats (PDC), have been growing firmer in resisting the Allende government after an initial tendency to lie low in hopes of an accommodation with Allende, a hope blasted by Allende's ruthless tactics. A colorless leadership was selected at the Party's convention in December to avoid splitting the Party prior to the municipal elections, but the anti-Allende forces of ex-President Frei remain in control of many of the Party's assets including its media outlets. While playing the role of loyal opposition in Congress the PDC is becoming more effective in resisting government initiatives. Opposition morale has been boosted by the action of the Supreme Court in refusing to lift the immunity of a Senator accused of complicity in the Schneider assassination, and by the decision of the prestigious paper *El Mercurio* to go down swinging if need be rather than surrender to government pressure.

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret; Sensitive. Sent for information. A stamped notation on the memorandum indicates the President saw it. Attached to a 6-page January 19 draft of the memorandum is a memorandum from Houdek to Hewitt asking Hewitt to "try to cut this memo down to 2 or 3 pages. Neither Henry will sign nor will the President read an info memo of this length." (Ibid.)

The Economy

The Allende government has moved to fulfill its campaign promises to nationalize major industries and financial institutions. Major steps taken during the past month include:

—A draft constitutional amendment sent to the Congress permitting the nationalization of foreign-owned copper mines.

—Pressure on Bethlehem Steel to make arrangements to sell its iron mining operations to the government.

—A decree prohibiting foreign companies from paying salaries or other compensation in dollars.

—A move to nationalize Chilean-owned banks by means of purchasing their shares. Allende has said foreign banks will be nationalized through direct negotiations.

In other areas the economic policies of the Allende government have been directed towards squeezing profits and the middleman by raising prices paid to producers for foodstuffs and other basic commodities while holding down prices to consumers through tough price controls.

Foreign Affairs

The Allende government continues to project a responsible image and to avoid direct confrontation in its foreign relations, though Allende implied in a recent speech that confrontation with “foreign interests” was inevitable as government policies are implemented. When referring expressly to the United States the government has been circumspect. Foreign Minister Almeyda said that your remarks on Chile in your press conference and later in your television appearance “do not alter the status of our relations.”²

Chile and Cuba have now exchanged Ambassadors. Chile has recognized Communist China and announced that consular relations will soon be established with East Germany. Allende has gone out of his way to improve relations with other Latin American countries, and especially Chile’s neighbors.

Intelligence and Covert Activities

Allende has given the pro-Cuban MIR a major role in the security and intelligence apparatus. He also uses them as his personal bodyguard.

² On January 4, President Nixon was interviewed on nationwide TV and radio. For his remarks on Chile, see *Public Papers: Nixon, 1971*, p. 12. In his press conference on December 10, 1970, he did not mention Chile.

Cuban intelligence advisors are assisting in the reorganization of Chilean security and intelligence services.

B. *US Actions*

With respect to *US policy* we have:

—Initiated a re-examination of our entire hemispheric policy in light of developments in Chile.³

—Completed and are now reviewing a study of ways to expand contact with Latin American military leaders.

On the *diplomatic front* we have:

—Continued to pass information to other hemisphere countries and to certain of our allies in Europe and elsewhere.

—Followed up consultations with other OAS members to dissuade them from following Chile's lead in recognizing Cuba by providing information on the continuing threat which Cuba poses to the hemisphere.

On the *economic side* we have:

—Adopted a strategy for reducing, delaying, or terminating AID commitments to Chile.

—Directed that the Ex-Im Bank should selectively reduce its export guaranties and insurance for Chile, and continued the cut-off of new Ex-Im Bank loans to Chile.

—Continued to stall consideration of loans for Chile in the IDB and IBRD. You approved the extension of two IBD loans to private, Catholic universities in Chile as being consistent with your policy of not interrupting people-to-people type programs, and not taking overtly hostile actions which give Allende an excuse to rally support.⁴ We have indicated to the banks, however, that we continue to maintain our restrictive outlook on economic credit for Chile.

³ The reference is to NSSM 108, "Review of U.S. Policy Toward Latin America, December 10, 1971." See *Foreign Relations, 1969–1976*, vol. E-10, Documents on American Republics, 1969–1972, Document 32.

⁴ See Document 196.

204. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, February 2, 1971.

SUBJECT

Message from Ambassador Korry (Santiago 719—CAS Channel)

Ambassador Korry has sent you a *backchannel Eyes Only* message (Tab B)² (1) lamenting the *Washington Post* story (Tab C)³ about his being replaced, and (2) calling your attention to complaints against the Administration by Anaconda officials in Chile.

Korry notes that he anticipated the leak about his tenure when he discussed this subject with you several weeks ago.⁴ He also comments that the leak, and the State Department's prepared press guidance (Tab D)⁵ in response to the story damage our negotiating position. He adds that many in Washington do not understand the significance of what is happening in Chile.

I assume that you will want to express dismay over the *Washington Post* story and give Korry some reassurance. I have included a paragraph along those general lines in your suggested reply to Korry at Tab

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret; Eyes Only; Outside System. Sent for action.

² For the text of Tab B, dated January 29, see *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973, Document 48.

³ The attached January 29 article described Allende's "opening to the North" and suggested that it appeared to have tempered the misgivings within the Nixon administration about the election of a Marxist. The article also noted, "In what appears to be a conciliatory response, the United States is planning to replace its Ambassador in Santiago, Edward M. Korry. He has so alienated Allende that there have been no official dealings between the two men. At one point, it has now been disclosed, the Chilean President was prepared to declare Korry persona non grata. But he was prevailed upon to let Korry stay and has now received assurances that a replacement will be named soon, possibly in March." (Marilyn Berger, "Overture from Chile Tempers U.S. Fears," *Washington Post*, January 29, p. A12)

⁴ See Document 192.

⁵ Attached at Tab D is a January 29 press briefing paper stating, "The Allende government has never told us of any complaints about Ambassador Korry. I have seen the press report you refer to but I have no idea where the (persona non grata) rumor started; to my knowledge, it is entirely without foundation. On the contrary, Ambassador Korry has had good normal relations with the new Chilean Administration. Now, as you know, the White House must be the source of information on Ambassadorial appointments; but I can say that we have not given the Chileans any indication of a new U.S. ambassador."

A.⁶ However, since I do not have the whole picture, you may wish to modify this paragraph to include some comment on Korry's future status.

The cable reporting on Anaconda's unhappiness is at Tab E.⁷ Anaconda apparently wants a public statement by the President or Secretary Rogers that the U.S. will react forcefully and Chile will suffer if the Chilean Government expropriates Anaconda properties without fair compensation. They believe the GOC has concluded that there is no real risk of a damaging confrontation with the U.S. over copper and hence they believe a high level statement is needed to convince the Chileans that we will react.

In accordance with the decision of the SRG, Korry has made a *démarche* to the Chilean Foreign Minister informing him of the U.S. position with regard to expropriation and of the applicable provisions of U.S. law should Chile expropriate U.S. properties without fair compensation.⁸ There can be no doubt that the Chilean Government is aware of our position and of the pertinent provisions of our laws. You will also recall that the SRG agreed that U.S. officials should not comment publicly on the proposed constitutional amendment while it is in the Chilean legislative process, but in response to questions, should state our general position—i.e., that we expect that prompt, fair and adequate compensation will be paid for nationalized properties.

I do not believe that any public threats by the President or the Secretary of State, as suggested by the Anaconda officials, would be useful because:

—Application of the Hickenlooper sanctions would not be perceived by the GOC as a serious problem since our aid programs are so small and their economic position is relatively strong at this time.

—Threats would just give the GOC a nationalistic justification for what they are likely to do anyway; this is one issue where Allende can only gain support in Chile and Latin America—witness, the support the Ecuadoreans received when we publicly applied sanctions in the tuna boat dispute.

⁶ Tab A, a draft reply, states, "I was dismayed by *Washington Post* article which can only serve to damage our position vis-à-vis the GOC. I share your outrage over the misleading and erroneous personal inferences in that article. I want to assure you that you continue to have the President's and my deep admiration and gratitude for your dedicated service." It went on to note, "We are prepared to indicate publicly at the highest level our general position on expropriation and compensation, but continue to believe that public threats specifically concerning the pending Chilean constitutional amendment on copper nationalization would be counterproductive at this time." It concludes, "Your perceptive reporting on the situation in Chile has been very helpful."

⁷ Attached but not printed at Tab E is telegram 550 from Santiago, January 29.

⁸ See Document 202.

—We are likely to lose what little flexibility there may be in the situation by a public attack—we can and should continue to make the GOC aware of the consequences of their actions privately.

Thus far, Anaconda has not put a great deal of pressure on the State Department. I met with Anaconda's Washington representative last week and he seemed to recognize that public threats at this time would probably do more harm than good to the company's position.

Recommendation: That you approve the message to Korry at Tab A.⁹

⁹ Kissinger did not check either the Approve or Disapprove option and wrote at the top of the first page of the memorandum, "Noncommittal answer. HK." On February 10, Kissinger approved the following backchannel message to Korry sent the next day: "I appreciated receiving the information and comments provided in refel. I am continuing to follow the Chile situation closely, and your perceptive reporting has been very helpful. I will look forward to talking with you about some of the problems you mentioned when you are next in Washington. In the meantime, you can be sure that I am very conscious of the concerns you raised." (National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III)

205. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, February 16, 1971.

SUBJECT

Senior Review Group Meeting—Chile 3:00 p.m. February 17

The purpose of the Senior Review Group meeting Wednesday should be to (a) get a status report on developments in Chile and actions taken to implement our policy since the last SRG (b) decide two issues:

(1) what role the US Government should play in trying to influence the terms of the copper nationalization

(2) how much of the planned allocation of \$7 million credit for FY 1971 should be offered to Chile.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-52, SRG Meetings, 2/17/71. Secret. Sent for information. Printed from an uninitialed copy.

DOD may raise a third issue—whether to proceed with delivery of previously committed M-41 tanks, on which we have been stalling.

Copper Nationalization (Options Paper Tabbed)²

The most significant issue to be discussed is the US Government role in the copper nationalization situation. You will recall that the SRG decided on December 23 that the effort to negotiate settlements would be left primarily to the copper companies, though the US Government might provide assistance if an appropriate opportunity arises. It was also decided that the Chilean Government would be advised of our position on expropriation and compensation, and of relevant requirements of US law. (The SRG agreement memorandum and options paper for the December 23 meeting are at Tab A).³

The options paper for Wednesday's meeting (Tabbed) reviews developments since the December 23 SRG meeting. These are principally:

—Korry's *démarche* on February 1 concerning our position on expropriation and compensation, other efforts by Korry to convey our position to both the Government and opposition leaders, and a strong speech by Senator Javits which criticized the proposed constitutional amendment on copper nationalization.⁴

—approval by the Chilean Senate on February 10 of a modified version of the proposed constitutional amendment which offers greater possibilities for flexibility by the GOC.

—an impasse in discussions between the GOC and Bethlehem Steel Company over the terms of a takeover by the GOC of Bethlehem iron properties in Chile. OPIC (which is liable for insurance on the Bethlehem investment) and the Embassy are trying to hold off a decision on Bethlehem which could adversely prejudice the copper nationalization.

—Korry was approached by the Foreign Minister and the Interior Minister (allegedly on Allende's behalf) to indicate that the GOC wants to avoid a dispute over copper and to sound out Korry on how this might be done. Korry recommends that he be authorized to talk to Allende and then to explore with both the Government and the copper companies the possibilities for a settlement. (Cable at Tab B).⁵

² For the text of the February 12 Options Paper prepared by the Ad Hoc Inter-Agency Working Group on Chile, see *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 51.

³ Attached at Tab A are the options papers prepared for the December 23 SRG meeting (see Document 194). See *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Documents 41 and 42.

⁴ In his speech on February 1 in New York, Javits criticized Chile's plan for expropriation of U.S.-owned companies. (Brendan Jones, "Chile's Take-Over Plans Hit by Javits," *New York Times*, February 2, 1971, p. 49)

⁵ Attached at Tab B is telegram 768 from Santiago, February 9. The telegram is Document 49, *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

The issues raised by the GOC approach to Korry are (a) should the USG get more deeply involved now in trying to achieve fair settlements between the GOC and the copper companies (b) if so to what extent and how (c) should Korry approach Allende.

The paper presents three options:

Option A—continue the *relatively passive stance* we have been following—further *démarches* to the GOC only on our general position on expropriation and compensation and the likely consequences of expropriation actions.

Under this option we would encourage the GOC and the companies to negotiate directly, but not get involved in details. We would continue efforts to influence the opposition to moderate the copper legislation, and to make investors and the US and Latin American public more aware of our position on copper expropriation.

Option B—provide informal but active *good offices* in support of direct negotiations between the GOC and the copper companies.

Ambassador Korry would be authorized to play the same kind of broker role he played in the July 1969 copper agreements.

Option C—if GOC/copper company negotiations do not develop, try to influence the terms of expropriation through *direct Embassy–GOC talks*.

This would go beyond *démarches* on our general position into specific exploratory discussions of possible measures by the GOC and their possible consequences.

Three major considerations should be taken into account in assessing the options:

—Their effect on the chances of achieving fair settlements which avoid a confrontation on the copper issue and prevent the need for OPIC to pay insurance.

—Do they strengthen or weaken our position *vis-à-vis* the GOC and the copper companies if negotiations fail and the GOC proceeds with an unsatisfactory expropriation?

—What implications do they have for other aspects of our policy—e.g., maintaining economic sanctions, building a case against the Allende Government.

Option A gives us least leverage for affecting chances of a settlement, and leaves us most vulnerable to subsequent charges by the GOC that we did not take every opportunity to try to work out a fair settlement (also to charges by the copper companies that we did not try to protect them.) On the other hand, it would make us less vulnerable to charges of interfering, and allows us to retain flexibility in determining our position later.

Option C would apply most leverage, but by getting us into the dispute so directly, would force us to take positions now and thus reduce our flexibility. It would put the GOC in the best position to bargain with us for concessions in other areas—e.g. economic sanctions. It would also make us most vulnerable to GOC charges of interference and pressure. On the other hand, if settlements are not achieved, we would be less vulnerable to charges by the companies that we did not try to protect their interests.

As might be expected, this leaves the middle option. Option B could give us some ability to influence settlements at what may be an optimum time, but would not expose us to charges of interference as clearly as option C would. If the negotiations fail, we could at least indicate that we made an effort to achieve fair settlements. This option would have to be carried out with considerable expertise and skill to act as a broker without allowing the GOC or the companies to pin the responsibility for failure on the USG.

My own feeling is that we should try option B, though with very careful monitoring by the SRG of Korry's efforts. The issues involved in the copper settlements are very complex and technical. This is one area where Korry has demonstrated his knowledge and ability. If he stays in the broker role, without exposing the USG too deeply, he may be able to bring off some reasonable settlements if Allende really wants to avoid a confrontation on copper. If Allende doesn't want a fair settlement, Option B would at least help us for the record by demonstrating that we made an effort to be reasonable (Allende could also get some benefit by claiming that we did not seriously take advantage of the opportunity he offered us to suggest fair solutions, but that is probably a risk worth taking). All of the options refer to *the possibility of an approach to Allende*, presumably because it will be difficult to determine how seriously the GOC wishes to avoid a confrontation on copper without a direct discussion with Allende. This assumption may be correct in the final analysis, but we may be less exposed by pursuing initial contacts at the Ministerial level until Allende asks to see Korry or until the SRG agrees that we are at the crunch point.

One implication of approving Option B is that it would require keeping Korry in Santiago long enough to see this through—possibly 3–4 months. It is highly unlikely that a successor could soon acquire the technical knowledge and contacts that Korry has in this area.

*FMS Credit for FY 1970 (Options Paper Tabbed)*⁶

The Chilean Armed Forces submitted a request last March for \$7 million in FMS credits, including a C-130 transport. The SRG's policy

⁶ Attached is an undated options paper prepared by the Department of Defense. The paper is Document 54, *ibid.*

thus far has been to avoid a negative reply on Chilean requests to purchase aircraft but to defer actions as long as possible. DOD expects the Chileans to press soon for a decision on FMS credits. *The paper presents three options:*

Option 1—Offer no FMS credit

Option 2—Establish a limited FMS credit on the order of \$3½ million with no acquisition of major items.

Option 3—Offer the Chileans the full \$7 million FMS credit (or a part sufficient to provide for major items).

Option 1 would be consistent with our economic approach (i.e., no new loans) and be less subject to criticism by Congress, the press and other friendly Latin American countries. It would, however, jeopardize our relations with the Chilean military and could give the Allende government some justification for turning to Soviet bloc suppliers. Option 3 would have the obverse advantages and disadvantages. Option 2 is a compromise which attempts to balance our interests in maintaining a relationship with the Chilean military against the probable criticism by Congress and other Latin countries. *I recommend approval of Option 2.*⁷

M-41 Tanks (Paper to be supplied by DOD at the meeting)⁸

The SRG decided in November that we should delay any decision as to delivery of M-41 tanks which have been reconditioned in the United States under contract with the GOC. DOD may propose that we go ahead with delivery on the grounds that reconditioning has been completed and we may be vulnerable to criticism by the GOC for not meeting our commitment to deliver the tanks.

You may wish to determine whether the GOC has been pressing for the delivery of the tanks, or whether DOD is just concerned they will be pressing soon. If they are pressing us, we have no real choice but to meet our commitment. However, I suspect DOD is more concerned about getting the tanks off its hands now, rather than be forced to meet our commitment later, when we may be in a more direct confrontation situation with Chile and hence subject to more criticism for making the delivery.

⁷ In a memorandum to Kissinger written after the February 17 Senior Review Group meeting, Nachmanoff argued that, to offset the potential criticism of approving FMS credits for Chile, "it might be worth shaving off the planning figure a little to about \$5 million. The cut could be used to demonstrate that we are not just doing business as usual. Moreover, as long as we keep the program going at a fairly good level, I doubt that the additional \$2 million would buy much more influence with the military." Kissinger approved the recommendation on February 22. (National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III) See footnote 2, Document 206.

⁸ Attached but not printed is the undated paper, "M41 Tanks for Chile," prepared by the Department of Defense. It is Document 55, *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

206. Minutes of a Meeting of the Senior Review Group¹

Washington, February 17, 1971, 3:30–3:58 p.m.

SUBJECT

Chile

PARTICIPATION

Chairman—Henry A. Kissinger	<i>JCS</i>
<i>State</i>	Lt. Gen. Richard T. Knowles
Under Secretary John N. Irwin*	B/Gen. Joseph H. Belser
Mr. U. Alexis Johnson*	<i>Justice</i>
Mr. John Crimmins	Attorney Gen. John Mitchell*
Mr. John Fisher	<i>OPIC</i>
<i>Defense</i>	Mr. Bradford Mills
Mr. David Packard	<i>NSC Staff</i>
Mr. G. Warren Nutter	Mr. Arnold Nachmanoff
Mr. Raymond G. Leddy	Mr. C. Fred Bergsten
<i>CIA</i>	Mr. D. Keith Guthrie
Mr. Richard Helms	
Mr. William Broe	

*Not present at the beginning of the meeting.

SUMMARY OF CONCLUSIONS

1. *Copper Nationalization.* The State Department will prepare a draft scenario for an early approach by Ambassador Korry to the Chilean Government to offer his good offices in support of direct negotiations between the Chilean Government and the copper companies. The scenario should include the text of a draft instruction to Ambassador Korry and should outline anticipated developments after the initial approach is made. The scenario should be designed to insure that the United States can confine its role to that of intermediary, without becoming a party to negotiations.

2. *M-41 Tanks.* The SRG agreed to go forward with delivery of the remaining M-41 tanks already committed to Chile.

3. *FMS Credits.* Following a discussion of this issue, it was agreed that a decision on the amount of credit to be allotted to Chile in FY71 would be made by the SRG Chairman.²

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-52, SRG Meeting, Chile, 2/17/71. Secret; Nodis. The meeting took place in the White House Situation Room. A copy was sent to Nachmanoff, Kennedy, and Bergsten. All brackets are in the original.

² In a February 25 memorandum to the members of the Senior Review Group, Kissinger stated, "It was agreed, in discussion subsequent to the SRG meeting, that the United States should establish a FMS credit level for Chile in FY 1971 on the order of \$5 million." (Ibid.) See footnote 7, Document 205.

Dr. Kissinger: We have a number of items to discuss today. The principal one is the copper nationalization, but we also need to talk about FMS and M-41 tanks. I understand that Ambassador Korry has been approached on Allende's behalf about how to avoid a dispute over copper nationalization. I don't know how seriously we can take these approaches.

Mr. Crimmins: These approaches were made to Korry by several Chilean officials and by the new Chilean Ambassador to the U.S. In effect, these people have said that the Chilean Government would like to avoid a confrontation on nationalization and is looking to Korry's participation to help make this possible. Up to the present time, the U.S. Government role, as carried out by the State Department, OPIC, and Ambassador Korry, has been to coach the companies from the sidelines. We have emphasized to the Chilean Government that the most desirable technique for avoiding a confrontation would be for negotiations to take place between the companies and the Chilean Government. Korry has indicated that he is ready to assist insofar as this might be useful.

Dr. Kissinger: Do his judgment and ours coincide on what might be useful?

Mr. Crimmins: That is a question that has yet to be defined. The nature of a possible role for Korry is what we are addressing today. It should be noted that he was useful and effective as a mediator in the 1969 dispute between the copper companies and the Chilean Government. Of course, the circumstances today are different. In 1969 the Chilean Government was predisposed to a sensible arrangement. The current government is not by any means so disposed, and Korry's standing is not as sure.

Dr. Kissinger: That is a carefully balanced statement.

Mr. Crimmins: As we see it now, the choice is between Options A & B [of the Ad Hoc Group paper on copper negotiations].³ C is really a sequential option; that is, if B is chosen but does not produce results, then we can consider going to C. It is important to understand the present position of the Chilean Government, as expounded to Korry by the cabinet ministers and by Ambassador Letelier. They indicate that any negotiations with the companies would not begin until after the nationalization legislation is through the Congress. We now estimate this to be not earlier than mid-April.

In Option B we are therefore talking about a pre-negotiation effort to determine whether there is any basis for encouraging negotiations between the companies and the Chilean Government.

³ For a summary of the options presented in the paper, see Document 205. The Options Paper is Document 51 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

Dr. Kissinger: What would we do in C that we are not already doing under B?

Mr. Crimmins: C provides for direct government-to-government negotiations without the companies.

Dr. Kissinger: If the Chilean Government does not want to talk between now and the time the law passes, then there is nothing for us to say to them.

Mr. Crimmins: What we have in mind is a more active exploration of the flexibility of the Chilean position.

Dr. Kissinger: Wouldn't that make us a party to the negotiations?

Mr. Crimmins: No, we would only be sounding the Chilean position.

Dr. Kissinger: I understand what Option B says, but if the Chilean Government is unwilling to talk, what can Korry do?

(Mr. Irwin joined the meeting at this point.)

Between now and April Korry would be the only one doing any talking.

Mr. Mills: The Bethlehem Steel negotiation is going on now.

Dr. Kissinger: I can't see what Korry can do now.

Mr. Crimmins: He can offer his good offices to arrange negotiations.

Dr. Kissinger: Wouldn't that be hard to do?

Mr. Crimmins: The Chilean Government would much prefer to deal with us and leave the companies aside. We, of course, don't want that.

Dr. Kissinger: Exactly. So we send our Ambassador in to talk to them.

Mr. Crimmins: In 1969 his role was that of intermediary. He would again provide his good offices.

Dr. Kissinger: It seems to me that Option B really involves two choices. Ambassador Korry can go ahead and do what he has proposed. Or he can wait until the law passes and tell the Chilean Government then that he is prepared to provide his good offices. Then if they accept, he can go ahead.

I am afraid that we may find ourselves at the point of carrying out Option C before we get started on Option B. B could merge insensibly into C.

We ought to consider having Korry wait to mediate until there are some negotiations under way.

Mr. Crimmins: The situation has changed since Option B was drafted. There are now other purposes which more active involvement by Korry might serve. The principal one is that Korry could attempt to

introduce some measure of moderation and flexibility into the Chilean Government's position as the nationalization bill continues through Congress.

Dr. Kissinger: How would he do that?

Mr. Crimmins: He could emphasize the negotiating track and set forth the requirements for a decent settlement.

Dr. Kissinger: Hasn't he done that already?

Mr. Crimmins: In a general, aloof way. Now he would pursue this more vigorously.

Dr. Kissinger: What could he say? What is a non-aloof, vigorous way to be involved?

Mr. Crimmins: The Minister of Interior, who alleges to be speaking for Allende, has asked Korry how to avoid a confrontation. It is possible that any discussions might escalate to the level of President Allende. But even leaving aside that possibility, he could pursue the nibbles he has had from various cabinet members. His purpose would be to move the thinking of the Chilean Government along a more flexible, moderate path in order to prepare the ground for negotiations between the Government and the companies. It is conceivable that Korry's efforts could produce negotiations between the companies and the Government before the passage of the nationalization legislation by the Congress. Our purpose would be to induce the Chilean Government to introduce modifications in the legislation in order to make subsequent negotiations easier. Korry would continue to work, as he has in the past, with opposition elements to get them to introduce useful modifications in the law.

Mr. Irwin: (to Crimmins) Have you discussed the attitude of the companies?

Mr. Crimmins: They are prepared to negotiate although they are not sanguine about the results.

Mr. Mills: Cerro was asked to come down but was totally rebuffed.

Dr. Kissinger: We want the companies to negotiate, but we don't want to get stuck with the outcome and be blamed by both sides. If it is true that the Chileans want us to do the negotiating, then I don't know how we can pursue this without ending up being sucked into negotiations. I have trouble visualizing this pre-negotiation effort. What would Korry do other than say what he is already saying and continue to work with the opposition?

Mr. Crimmins: I would not foreclose this pre-negotiation effort inducing some movement in the Chilean Government toward modifying the legislation.

Mr. Irwin: That's what I would say. However, I agree with Henry [Kissinger] that we don't want to get stuck with responsibility for the

negotiations. I think we ought to do what we can to introduce flexibility into the law.

Dr. Kissinger: If Allende wants to negotiate, why is it not in *his* interest to have flexibility? What can Korry add to the equation?

Mr. Irwin: It is difficult for me to judge, since I don't know the attitudes of these people. However, Korry could make clear the effect of our laws and the necessity that the Chileans not adopt laws that limit their own flexibility. He could also push on negotiations with the companies.

Mr. Crimmins: He would have to be careful to shy away from assuming responsibility for the negotiations. That would be the sine qua non of any approach. He would have to emphasize this at the time he made the approach.

Dr. Kissinger: Let's say that Korry goes in and says, "We want you to negotiate with the companies. Having studied the matter, we have concluded that if you want to negotiate with the companies, you ought to take care that your legislation gives you the necessary flexibility." Then Allende says, "Thank you. We will take into account what you say." What happens then?

Mr. Crimmins: Then you could well get a change in the legislation.

Mr. Packard: At this point, the objective is to see whether the legislation can be influenced in some way. It is too soon to determine whether to negotiate or what we can negotiate.

Dr. Kissinger: Especially when Allende can always change the rules on negotiations.

Mr. Packard: It would be worthwhile to see if we can influence the legislation. In the course of doing so, we would seek to keep our options open.

Mr. Irwin: Exactly.

Dr. Kissinger: Is more involved than one visit by Korry to Allende?

Mr. Crimmins: I wouldn't want to preclude some approximation of the companies to the Chilean Government. A visit to Allende could well be preliminary to discussions between the companies and the Government. Thus, I would not want to say that we make a pitch to Allende and stop there. I would not want to preclude a scenario that would move the prospects somewhat further.

Mr. Mills: There are two points that are important here. One is that the legislation won't be ready for a month. The other is that right now negotiations between Bethlehem Steel and the Chilean Government are going on. The Chilean Government says these talks will be a prelude to the copper settlement. Thus, right now is the moment for us to take action.

Mr. Crimmins: The Bethlehem negotiations will not necessarily determine what sort of copper settlement can be arranged.

Mr. Mills: As Ambassador Korry just reported today, the Chileans have announced that the Bethlehem negotiation will be a trailblazer.

Mr. Crimmins: We don't have to view it this way.

Dr. Kissinger: (to Helms) What do you think?

Mr. Helms: I am no expert on how to handle these situations. However, it seems to me that anything we can do now to keep the Chilean Government's attitude from hardening would be desirable. I am sympathetic to your [Kissinger's] point that we ought to consider carefully how the dialogue might proceed. Still, it is worth making a try; the situation can hardly get worse. If the Chileans get what they want in the Bethlehem negotiations, they will advertise it in neon lights. It might provide an undesirable precedent.

Mr. Irwin: I can't really say how working out a settlement of the Bethlehem affair will help in getting desirable changes in the legislation. A Korry conversation with Allende might be a one-shot affair as you [Kissinger] say, but it might permit further talks with cabinet ministers. Also Korry can continue his efforts with the opposition.

Dr. Kissinger: These certainly do not endear him to Allende.

Mr. Packard: What is the situation with regard to Bethlehem? How are we involved?

Mr. Mills: We have been working closely with Bethlehem; in fact, OPIC has been telling them what to do. The original Chilean proposal was for payment over 20 years at four per cent. Bethlehem countered with eight years at 6½ per cent. Now Bethlehem wants to put forward a proposal that would call for payment over a period from 8 to 15–20 years based on the ability of the Chilean Steel Company (CAP) to consume iron ore. If the Chilean Steel Company will expand its production as much as its plans call for, then Bethlehem will take a long-term payout.

Mr. Packard: What about price?

Mr. Mills: They are not down to that yet.

Mr. Crimmins: Depreciated book value is being used. Bethlehem had a contract with the Chilean Steel Company going back to 1951 providing for CAP to buy out Bethlehem over a twenty-year period at 4 per cent.

Mr. Packard: In that case, the twenty-years-at-four-per-cent figure is almost fixed.

Mr. Crimmins: The circumstances are now different. Bethlehem says the contract is not binding.

Mr. Mills: The contract is subject to interpretation.

Mr. Packard: If that is the approach Bethlehem is taking, I imagine it won't come off. They are probably stuck with depreciated book value, twenty years, and four per cent. But if something could be worked out within those guidelines . . .

Mr. Crimmins: Bethlehem's latest formula could result in a ten-year payout.

Mr. Mills: This is much better than anything we have seen so far in the way of a possible settlement.

Mr. Packard: The pending legislation is not likely to affect this. What is there that we can influence?

Mr. Crimmins: If the Bethlehem negotiations break down, the chances are that nationalization of the Bethlehem properties will be incorporated in the copper bill. The present terms of the legislation provide for payment over thirty years or less at a rate of at least 3%. This is a change from the original Allende proposal which set a flat 30 years at 3%. The present legislation has some vague technical points, such as whether expropriation applies to the assets or to the company (i.e. the shares).

(Attorney General Mitchell joined the meeting at this point.)

Mr. Packard: What you are really saying is that it is very important to keep the legislation flexible.

Mr. Mills: We also want to keep pressure on the Bethlehem negotiations to avoid having them set a very adverse precedent.

Mr. Packard: It seems that this is the time that something ought to be done.

Mr. Irwin: There is not much to lose, except for the risk that you get in so far that you end up negotiating for the companies. We have to make clear to Korry that he is not to do this.

Mr. Packard: We need someone down there to handle the game planning. Is someone else [besides Korry] called for?

Dr. Kissinger: I remember back in October all the things we were told would happen if we didn't turn Korry loose then. Not one of these things has happened.

Mr. Crimmins: I wasn't here at that time.

Dr. Kissinger: Korry wanted to go to see Allende one week before the inauguration. The quid pro quo was going to be our good will. None of the things that were predicted happened. If someone can write out exactly what we would have Korry say, it would be helpful.

Mr. Crimmins: Why don't we prepare a draft instruction and circulate it to the principals?

Mr. Packard: It is clear that this is the time for something to be done.

Dr. Kissinger: This is not just a commercial issue for us.

Mr. Mills: Following the Javits speech⁴ and Korry's recent discussions with Chilean officials, we have seen a marked change in the Chilean attitude.

Dr. Kissinger: The basic issue ever since October has been in whose interest it is to avoid a confrontation. Is it more in our interest or in his? If it is not in his interest to avoid a confrontation, then he can have one anytime he chooses. The basic point is that it may be in his interest to pretend that he has gone the extra mile in trying to get along with us as long as there are some opposition elements still in existence. Allende wants to maneuver us into an adversary position.

The best way to proceed would be for you to tell us exactly what you want Korry to say to Allende.

Mr. Crimmins: With regard to Allende's motivation, he does have an interest in preserving his international respectability and access to international financial institutions, though he would not seek to do so at any cost. He is not in such a vulnerable position that a cutoff of funds would be very damaging to him. But if he can on the cheap maintain his respectability and his access to the international institutions, then he will try to do so.

Dr. Kissinger: Four months ago I didn't know anything about Chile. But as an outside student of revolutions, it seems to me that Allende's problem continues to be what it has always been: to delay a confrontation with outside groups as long as possible until he can neutralize pro-Western and opposition elements in Chile.

(Mr. Johnson joined the meeting at this point.)

Perhaps he will try to maneuver us into the position of being the defenders of economic interests. This is the lousiest possible position in which to be in present-day Latin America. If we were dealing with Frei, who we could be sure was only interested in driving a hard bargain, then this issue would not have to come to the White House.

Mr. Crimmins: We have countervailing concerns. We don't want to take the onus for a confrontation, yet we want to keep pressure on Allende. We have to thread a path between these two.

Mr. Packard: What alternatives do we have? Is it really in our interest to be tough and force the issue?

Dr. Kissinger: No, we don't want to force it. Our approach could be to stay aloof, let them pass the nationalization law, offer our good offices when it is passed, and if we meet with no success, apply our own laws.

⁴ See footnote 4, Document 205.

Mr. Packard: There may be some people and forces in Chile we want to encourage. By doing this, we may cause them to lose hope.

Dr. Kissinger: The problem is that precisely the forces we want to encourage may be told by Allende: "I am dealing with the Americans, and things are going along nicely. Who are you to scream?"

Mr. Packard: On that basis, we would conclude that we should not deal with Allende but with the opposition in the legislature.

Mr. Crimmins: We have had considerable success with them so far.

Dr. Kissinger: No one objects to dealing with the opposition. The problem is the danger of getting involved in negotiations with the Chilean Government.

Mr. Packard: We should not get very involved.

Mr. Crimmins: It is important to remember that there is no Chilean sentiment opposed to the nationalization of the copper industry.

Dr. Kissinger: That is why we should stay the hell out. We are right at the point where we were last year when it was proposed to take a stand on political principle instead of finessing the issue. We run the risk of winding up in the position of defending an economic interest.

Mr. Packard: We are just being euchred along. We might as well admit it. But what alternative course do we have?

Dr. Kissinger: The point is that we don't want to let Allende use us to castrate his opposition in parliament by getting us in the position of being his chief adversary. He knows exactly what he is doing. He has run a superlative operation since his inauguration. We can assume he knows everything that Korry could tell him. If he doesn't do some of the things [we might warn him against], it is because they don't fit in with his strategy. (to Crimmins) Do you believe that he is really unaware of our concerns?

Mr. Crimmins: Not at all.

Dr. Kissinger: Let's take a look at what you want to have Korry say to him. Also we ought to have a scenario to show where we might wind up after making an approach. We want to be sure that we make clear that we don't want to negotiate.

Mr. Packard: I agree that we do not want to negotiate.

Mr. Irwin: So do I.

Mr. Crimmins: I agree, but if he nationalizes, we will become the negotiator as a result of the OPIC guarantees.

Mr. Mills: That's right.

Mr. Nachmanoff: That won't happen for a year.

Mr. Crimmins: We become the subrogees immediately.

Dr. Kissinger: Okay, do a game plan. I think you know what you are doing and that Allende knows what he is doing. The question is to find out how it all fits together. Now we can take up the military issues.

(Mr. Mills left the meeting at this point.)

Mr. Packard: We recommend going ahead with the credit and the tanks in order to keep our channels open to the military.

Dr. Kissinger: Our strategy is to try to be as close to the military as we can.

Mr. Packard: The trouble is that the military is unwilling to take a stand. However, by continuing our assistance, we may at least keep the Russians from coming in.

Dr. Kissinger: (to Packard) You are recommending the full \$7 million?

Mr. Packard: Yes.

Mr. Irwin: We concur on the tanks. We don't really object to the \$7 million FMS credit, but we feel that if we provide the full amount, it will look as though we are doing business as usual. Thus, we think it would be better to set a lower figure, say, \$4–5 million in order to show that it is not business as usual. Our proposal is to provide the tanks and \$4 million.

Mr. Crimmins: Allende has been handling the military with considerable success; they are essentially inert. There is a risk that he can use these credits to his own advantage. We can signal that business is not quite as usual; otherwise, Allende can say to the military: "There are no problems with the U.S. You are getting just what was programmed."

Mr. Packard: I am assuming that we can get a message to the military to counter this. I think we have good enough communications to deal with this.

Mr. Crimmins: The signals we are receiving all point in the opposite direction. The military say that they are constitutionally minded and that they are responsive to the will of the electorate.

Mr. Nutter: Back in October we concluded that the military would respond only if Allende steps down hard on them. I don't know whom we signal.

Lt. Gen. Knowles: It is hard to split the [proposed FMS] package. If we took out the C-130, we would have the air force fighting with the army. We would take something of a loss in our relations with the military.

Mr. Crimmins: Do you really think that the result would be altogether bad? Would there not be some virtue in getting across to the military that their approach is not costless?

Mr. Packard: I could see some advantage to that if I thought it could really be achieved. However, the problem now is to keep the military from going elsewhere to get equipment. I would much rather let them have the C-130 than allow that to happen.

Mr. Crimmins: Would you feel the same way if they came back and requested F-5s?

Dr. Kissinger: I guess I will have to take this to the President.

Mr. Packard: I hate to bother the President with this.

Dr. Kissinger: Would all of you like to think it over some more, and then we can take a poll tomorrow?

Mr. Irwin: We don't have any strong feelings about this. Let the Chairman decide it.

Dr. Kissinger: Let me think about it further. (to Irwin and Packard) Then I will call you tomorrow.

Mr. Leddy: There is a long delivery time on the weapons.

Dr. Kissinger: We will settle this tomorrow.

207. Notes of a Meeting¹

Valparaiso, February 19, 1971, 12:05–1:15 p.m.

1. PERSONNEL PRESENT FROM U.S.

Admiral E.R. Zumwalt, Jr., USN
Mr. A.I. Selden, DASD (ISA)
Rear Admiral E.H. Tidd, USN

2. PERSONNEL PRESENT FROM CHILE

President Allende
Admiral Montero, Chilean CNO
Rear Admiral Webber
Captain Lopez, plus 4 other members of the President's immediate staff (all military).

3. The meeting came as a surprise and with very little notice during our scheduled inspection of a Chilean Navy facility in Valparaiso.² It was so short-fused that apparently Admiral Montero did not have confirmation of the meeting until the morning tour started. This did not

¹ Source: National Archives, RG 59, Central Files 1970–73, POL CHILE–US. Secret. The meeting took place in the President's Office Rotunda. A handwritten notation on the first page reads: "Reconstructed from rough notes—*not verbatim*."

² On February 18, Minister of Defense Rios Valdivia met with Zumwalt, Selden, and an official U.S. party. According to a memorandum recording the meeting, little of substance was discussed. (Comments Made by Chilean Minister of Defense During Admiral Zumwalt's Call, February 18; *ibid.*)

provide Admiral Zumwalt an opportunity to alert Ambassador Korry of the impending meeting.

4. The meeting opened with the usual brief amenities of welcome and was marked by the most cordial tone by President Allende which prevailed throughout the meeting. He is a man of great personal charm, dynamic, charismatic, dramatic in his change of moods from soft sell to hard and naked statements of intentions.

5. President Allende commented on the condition of his Navy and alluded to needing the continued services of our Navy Mission. Admiral Zumwalt commented on President Allende's past ties with the Navy. Allende then stated that the Chilean Navy had suggested it might be possible for the *Enterprise* to be available on her way up the West Coast to stop in Valparaiso. President Allende then stated, "It is not possible, it is *necessary*." Admiral Montero then explained that this was an old Chilean joke, to which the President added he would be most highly pleased with such a visit. "It would be a great pleasure to have *Enterprise* visit Valparaiso and I would like to go aboard." "I know it is an advanced design and feel that it is important to have the presence of such U.S. Navy units for the Chileans to see." Admiral Zumwalt then stated he would send a message to Admiral Moorer before leaving Chile. (The Chilean CNO later commented that this visit would strengthen the Chilean military prestige and non-political tradition.)

6. President Allende stated the importance of visits by maximum numbers of U.S. citizens so that they can get a true feeling of conditions today in Chile and of the people.

7. Admiral Zumwalt stated the importance for Admiral Zumwalt and Mr. Selden to come on this trip and see Chile for themselves, so that they could separate fact from fiction. Admiral Zumwalt stated that we have a political problem regarding the continuation of economic and military assistance because of conditions that have been reported in our press.

8. President Allende said he hoped that all of this type assistance will continue in the same way as before. He stated that, "This country will never become non-democratic or Sovietized."

9. Admiral Zumwalt stated that this was most valuable news, that he was sure Allende was aware of previous methods and moves by the Soviets on gaining control in other countries.

10. President Allende: "I am not just telling you this for diplomatic talk. We have a sense of dignity; we are proud to be small but we are a nation with dignity. We want our country to be for Chileans. We will return the wealth to the people. Every day the gap is wider between the industrialized nations and the undeveloped ones. In Chile there are people that cannot work the land due to hunger. We must ensure that every child has milk to drink and enough to eat. I do not want the mili-

tary to make politics. I want them to understand politics but to stay professionals. This is why we are happy with your visit.”

11. Admiral Zumwalt: “I understand what you say you want to accomplish for your people. If I may speak frankly about our own political situation regarding past aid and Mr. Selden understands this well with his 16 years in Congress (President Allende interrupted and said, “I have spent 25 years as a senator and understand these things too.”).

12. Admiral Zumwalt then continued that he believes the problems have been caused because there are reports in our newspapers which carry the statement that the reforms, which every country has a right to carry out, might be carried out by Chile without adequate compensation for nationalization of private enterprise.

13. President Allende: (Speaking very seriously) “What is their basis? I do not know how they reach these conclusions because we are still studying these things ourselves.” A country that has had a Congress for 123 consecutive years (or, since 1923?) how could it fail to provide fair and just compensation.”

14. Admiral Zumwalt: “I understand that by the law a British firm will be used to estimate a fair price for nationalized forms?” (Here the interpreter explained to Admiral Zumwalt that he had misunderstood a previous conversation with the Minister of Defense and that it had not been implied that an outside firm would make such an estimate in the law but perhaps as an initiative by Chile.)

15. President Allende then explained in some detail their congressional procedure and legal appeal procedures for arriving at the prices in compensation for nationalized firms and stated that if a company does not agree, they can go to the courts of the land and appeal. “We do not want to create for the U.S. artificial profits nor do we want these firms free of any arbitrated price.”

16. President Allende: “We have stated that we are prepared to provide for U.S. needs for a certain number of tons, 100,000 to 200,000 tons (of copper) and a contract for 20 to 30 years and we guarantee to provide the supplies needed. We export raw material and import manufactured goods. We cannot continue to be exploited as an underdeveloped nation. We intend to develop industry. We import goods from the U.S. at relatively high prices while the U.S. is paying low prices for our raw material. We are not making an aggression against your people. We are defending our responsibility to our country. *Do not forget these numbers: From this country over the past years you have taken 9,400 million dollars, the equivalent of the entire social capital of Chile.* We have allowed in the past this unfair exploitation. In this, we have permitted \$9.4B, the whole of Chile in terms of its current social capital, to go away. There are 600,000 children mentally weak because they do not eat enough. In the past, when I was Minister of Welfare, we were lacking 340,000

teachers, we now lack 440,000 teachers. A country cannot prosper that does not work hard. Our people need housing, vocations, industry and agriculture.”

17. Admiral Zumwalt stated that it was 100% feasible to support a nation’s right to improve these things. The problem the U.S. faces is the future support of our traditional allies. There will be much importance attached to working out the nationalization problem in a way that will motivate other U.S. companies to help Chile further in other fields and it must be clear that there is no communization or Sovietization of Chilean institutions if military aid is to continue.

18. President Allende: “We are working on all aspects of this and feel that it can be done.” He discussed the interest of the Japanese to take over the iron ore interests in Northern Chile to process it into nodules in Chile and then ship it to their islands to manufacture finished steel. The trouble is that capital is looking for insured and very high profits. To the North the Americans have earned very high profits on our copper and have paid very high salaries to Americans here while not improving the education or pay of their Chilean workers very much. We are the only country in the world with natural fertilizer. During World War II the U.S. had a vital interest in these supplies. But then and since, the benefits to Chile have been inadequate. After 30 years, Chile has taken over this operation. The mines have been nationalized. They are in very poor and deplorable condition.

19. Then President Allende led Admiral Zumwalt and Mr. Selden to a table top scale model for the development of Valparaiso harbor that contained a number of modern deep water piers, cargo handling equipment, new breakwaters and various harbor developments such as a modern commercial and naval shipyard, modern highways, a railroad to Argentina. He stated this is a project for American help. This is a terminal port. It could be used for export. We need quick ways of handling cargo. We need to do it in the shortest time so that ships will stay in port a minimum of time and reduce the prices. To the North of the city only poor roads carry 48,000 cars each day. These must be improved. We need to build several railroads from Argentina to Chile. These railroads can bring out fruit for Argentina. It is 3,000–5,000 miles less than to New York by the Atlantic Ocean. We wish to build these roads. We will never utilize them for military problems with Argentina. These roads are for the best for all nations. If it is necessary to give concessions (e.g., free ports) we will do this because it will mean jobs for people of Chile. (Pointing to the table top model again—I want these facilities for our warships and also for a fishing port for people fishing by hand. I want to make the port bigger and to protect the ships from the high winds. I want to open the roads into and out of Valparaiso for visitors. I want to make a jetty for passing over (loading) fruit

products. What will happen in 10–20 years when visits with nuclear powered merchant ships are made? What will happen when all ports and shipping facilities are controlled by your customers? We must get up to date. We have a need for roads for people to travel and see this land. This place is no desert. There are places like Easter Island for tourists. Other places have vast development potential. Valparaiso and other ports are available for Navy uses—Chile and U.S. I would like to tell the U.S. “Lets put these economic and military projects together and not isolate them.”

20. Admiral Zumwalt: This magnificent vision that you have described could possibly become a reality by working together, and I do not mean by exploitation of the people of Chile, but to attract the necessary capital. The companies must have confidence that they can make a profit.

21. President Allende replied there are two sides to this. The private corporation and lending organization and/or the World Bank, Intra-American Bank, etc. It is more important to push the whole effort to a regional basis. In the Northern part, I would say to the North American technicians, “What would you do with it.” To the wealth of the sea, I would ask, “What would you do with it?” To the deserts where a drop of water will grow fruit to the size of watermelon—it could be a paradise. The problem is, until we have mutually satisfactory arrangements, nothing can start. Copper has been taken from Chile and we have not been paid a fair remuneration. Yet we have still to develop our deposits of iron, gold and tin. These things, neither you nor I can accept.

22. Admiral Zumwalt: As a pragmatic man, I have to look at where we are and how to get where it is mutually profitable for both of our countries. What I talk to now, I will also ask Mr. Selden to comment on, following me. It is my feeling that it ought to be possible for the apprehensions of the U.S. public and the Congress to be put aside (calmed), first by the demonstration of the fair approach of nationalization, if carried out as you described. Secondly, there could be provided motivation for these or other companies to put their capital into Chile themselves or by your setting an example of fairness, perhaps cooperation or partnership of other interests could provide and recognize the opportunity for Chile to make progress on plans for the future.

23. President Allende: We need technical help without any limitations.

24. Admiral Zumwalt: In my judgment you have to provide a fair profit and a fair agreement for the way in which these efforts can become total Chilean after investments have been repaid.

25. President Allende: In the past these agreements of the U.S. companies were on terms which exploited us. Copper is the classic ex-

ample. They owned thousands and thousands of acres of great mineral fields but did not develop them. No! No! These men cannot expect compensation for their undeveloped acres. We have accepted that they should receive a fair return on their actual dollars invested. In these technical aspects, the Chilean engineers training in the usage of the copper mines reached certain levels but now they have no further knowledge on which to operate. Like Admiral Montero, he could not conduct ships without adequate professional training, our Chilean mining employees cannot run the mines without other training. This makes us ask whether we can continue to work with our own capital on these terms. The Japanese may be willing to offer certain capital. They must not allow only a certain level of knowledge. We have need not only for the raw materials but for industrial know how. If they are not paid, they will go away from Chile. There will be millions out of work. It is that kind of leverage we can understand each other. We have dignity as a nation. We must be able to find respectable ways to cooperate as nations, big or small. I can understand this.

26. Admiral Zumwalt stated that he understood, but the problems that face those who also dedicate themselves to the service of their country, the U.S., what they are searching for is some formula for solving the problems to continue the type of cooperation and assistance that we have known in the past on terms that would be mutually favorable to both our countries—politically, economically and militarily. It is worthwhile to the U.S. to have a non-communist Chile with non-political military forces. It is also worthwhile to Chile to retain her democratic way while improving the life of her people, without Sovietization.

27. President Allende: This is what I wish also. We have been so cautious so far in an effort to avoid trouble with the U.S. I have kept my mouth shut, especially when the U.S. took away navigational and meteorological equipment with no advance notice to the Chilean Air Force, even when we had an agreement that this would not be done. (*Note: This refers to the 3 AFTAC (Air Force Tactical Applications Command), a unit that among other things provided meteorological information and, incidentally, provided certain utility services, electrical power to Easter Islanders. These units were withdrawn immediately after Allende was elected. It is understood from General McAlister that this withdrawal was mainly as a result of Ambassador Korry's strong urging.*) Why was it done? and without knowledge of the Chilean Air Force and the government of Chile. Admiral, when they took out those stations it prevented us from knowing climatic conditions in Northern Chile. We could not warn our farmers of dry spells. We did not know how long a dry spell to expect. We request mutual respect and that was not done.

28. Admiral Zumwalt: You realize the political realities so I can speak frankly. Our newspapers report what is said that is sensational and forecasts things which may or may not happen. They report that you campaigned on an anti-U.S. position.

29. President Allende: No! Never!; I am not anti-North American.

30. Admiral Zumwalt: But the reports were made in our newspapers and this is what the people feel in the case.

31. President Allende: I am a Socialist president. Other nations have requested that the U.S. take out the Peace Corps; but not here. You have your military missions here and we have not bothered them at all and welcome continued aid. Those newspapers with government influence (here) have not printed one word about (against) the U.S. but, read what the U.S. papers say about President Allende: They say that I have hit my father so hard that he was crippled for the rest of his life. The President said it is a little embarrassing to refer to this but there has been information in the U.S. press that Allende as a doctor had raped an anaesthetised female patient, and other heinous accusations. "I was 8 years as Secretary of Public Health (?)" Would it make sense that I would do these things? (spoke with emotion) Your papers (on these reports?) have requested no interviews. I know what we want—a decent life for all our citizens. I do not want to penalize anyone. I say what I think and will be guided by what Chile needs.

32. Mr. Selden: Admiral Zumwalt has covered our position very well. Having been a member of Congress I can understand the problems you face with the press. However, perhaps our visit can correct some of the misconceptions we may have read.

33. President Allende: We want U.S. personnel to visit Chile to correct wrong ideas. We want the *Enterprise* to visit Chile so that they will get a correct idea of the people and of our land—and, I want to go aboard *Enterprise*.

34. Admiral Zumwalt: If she is able to come, you will be invited.

35. Mr. Selden: I want to be sure that we understand correctly your position and can report this position. As I understand your remarks, the Soviet port loan is to be a loan only and there will be no Soviet technicians connected with the construction.

36. President Allende: We have elected to take this \$42M loan and to use it for making a fishing port. They offered us a loan of \$42 million. We selected where and what it is to be used for, because we have thousands of miles of fishing coastline and no fishing port. So, it is obvious that we need one. If the U.S. lends us such funds we would use it for that and if you do not, you cannot deny us the opportunity to accept it from others.

37. Mr. Selden: We would like assurances that it will not be for the use of others, other than Chile. We would like to know that it would not be used for placing Soviet technicians in Chile.

38. President Allende: If we build a port with U.S. funds, it is natural that we would have some U.S. technicians, is it not? If the Japanese, among others, loan us funds, there would be Japanese technicians. If Japanese want to help us does that indicate that we will become a satellite of the Japanese? If the Soviets offer to help us it does not indicate that they will become permanent. You will always have priority, but if you say no, we must look elsewhere. It will take 3 years to build this port. We cannot wait longer to get started.

39. Mr. Selden: We can take this expression of your views back and it will provide an opportunity for your representative and ours to talk further on this matter.

40. President Allende: We need a shipyard. We need technicians to help us build it.

41. Mr. Selden: You have needed a special crane for your shipyard. Just before starting this trip I learned that it has been authorized for construction.

42. President Allende (speaking with a large smile): If you want to help us, exchange our submarine for us.

43. Admiral Zumwalt: These are things that I want to discuss in Washington within the ambiente (sic—spirit) in which this visit has been conducted. There are matters of economics, military, political, all to be resolved. None can be done in isolation.

44. President Allende: Your technical military help is magnificent.

45. Admiral Zumwalt: I will urge higher level discussions on this matter so that I can explore provision of military assistance and Mr. Selden can explore provision of military and economic assistance in which we both want our country to be able to play a role so political uncertainties can be resolved.

46. President Allende: I have nominated an ambassador to the U.S. He is a socialist. It is Mr. Orlando Letelier. He has many years of financial experience and he speaks perfect English as well as he speaks Spanish—and, he loves the United States dearly. He is ready to negotiate at any time.

47. Admiral Zumwalt: Mr. President you have been more than kind to give us so much of your time. (Admiral Zumwalt getting ready to rise).

48. President Allende: Admiral, it has been quite pleasant to speak to you in this fashion. If I did not have a desire to speak to you, I would not do it in this way. I would urge you to take off your uniform and travel silently in this country and you will see what a democracy this is. Your Ambassador has never called on me yet. He is very welcome any time.

49. Admiral Zumwalt: I hope that I can report your invitation to us to return some day.

50. President Allende: Not only are you both invited, but you will be my guests (with emphasis).

51. The meeting ended at 1315 with an expression of appreciation and other amenities.

208. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, February 23, 1971.

SUBJECT

Allende's Interests and Objectives

Attached for your information is a lengthy situation report on the current status of iron and copper nationalization efforts in which Ambassador Korry provides an interesting analysis of the Allende government's interests and objectives in both the short and the longer term.² In the longer term Korry says that Allende:

—Wants access to the capital markets and technology of the U.S. and other developed countries.

—Wishes to proceed towards the integration of Chile into the socialist world gradually and without complicating its internal political and economic problems.

In the short run Korry ascribes the following motives to Allende and his advisors:

—Desire to reach a reasonable and acceptable solution in the case of the nationalization of Bethlehem, and also of two smaller American firms (NIBSA and Purina), in order to have proof prior to the April municipal elections that even US companies can come to terms with the UP Government. According to Korry, Allende expects this will have a

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret. Sent for information. The memorandum was initialed by Kissinger.

² Attached but not printed is telegram 1000 from Santiago, February 22. The Department of State copy is *ibid.*, RG 59, Central Files 1970-73, INCO 15-2 CHILE.

public impact on those who continue to resist the Government and its programs.

—Desire to use a favorable outcome to the Bethlehem negotiation to bolster the Chilean mission to the US this week under the leadership of Minister of Economy Vuscovic. The purpose of the mission is to make Allende's case in the Inter-American Committee of the Alliance for Progress (CIAP), but in addition Vuscovic and the other members of the mission will be having contacts with US and international figures of importance for the Allende plan of a painless transition to socialism.

Korry adds that certain traditional modes of conduct affect the pursuit of these aspirations by the GOC. These are the desire to avoid a confrontation and a sense of inferiority. The weakness arising from these Chilean modes of conduct are balanced, Korry infers, by an agility of mind and manuever and a strong sense of nationhood.

In his message Ambassador Korry continues to counsel a more active role for himself and the US Government in seeking a negotiated solution for the US copper companies. As you know, a strategy for possible US Government actions is being developed as a result of the decision taken in the most recent SRG meeting on Chile, and should be ready for clearance by the SRG principals shortly.

209. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, February 24, 1971.

SUBJECT

Proposed Visit of USS *Enterprise* to Chile

During Admiral Zumwalt's visit to Chile he apparently offered to send the USS *Enterprise* for a port call to Valparaiso next week.² The *Enterprise* is enroute from the Atlantic to the Pacific and can be in Chilean waters on February 28.

Zumwalt apparently made the arrangements for the visit without checking with the Embassy. Ambassador Korry agreed to the visit after the fact, but has sent in a series of cables (Tab A)³ indicating several complications and disadvantages of going ahead with the visit. My understanding is that Korry would prefer not to have the visit, but feels that Zumwalt is committed and therefore he (Korry) does not want the responsibility for turning it off. Similarly, State is unhappy about the proposed visit, but is prepared to live with it if Admiral Zumwalt's prestige is on the line. The following is a list of some of the pros and cons of going ahead with the visit:

Pros:

- Would reinforce ties with the Chilean Navy.
- Would be visible reminder to the GOC and Chilean public of U.S. military power.
- Would add one more port where U.S. nuclear-powered vessels have been received (useful precedent).
- Would meet commitment made by Zumwalt.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret; Eyes Only. Sent for action. Attached to a February 26 note from Nachmanoff to Kissinger that reads, "Press reports indicate that President Allende announced last night—on nationwide T.V.—that he had invited the USS *Enterprise* to visit Chile so that its crew could see that Chile is engaged in authentic democracy. He also issued a stern warning against any demonstrations against the ship's visit. It appears that we have been had. After Allende's statement, a turndown of the visit now would be taken as a pretty deliberate snub. It would also be played up in the press as U.S. (read White House) unwillingness to allow our sailors to see the 'truth' about Chile." (Ibid.)

² See Document 207.

³ Attached but not printed are telegrams 988, 1003, and 1010 from Santiago, February 19 and 22. Also attached is Defense Attaché message DATT 0075 from Santiago, February 22.

Cons:

—Would play into Allende's hands by demonstrating to the Chilean military and public just prior to the municipal elections in April that the Allende government is capable of maintaining close relations with the U.S.—would strengthen Allende's image with the military and reassure public opinion prior to the elections.

—Visit could give extremists (MIR) an occasion to protest and demonstrate against U.S. imperialism, nuclear ship; some risk of incidents with sailors on liberty.

—Could give Allende a better case for allowing a Soviet naval visit—visit of nuclear-powered *Enterprise* might help justify future visit of nuclear-powered Soviet submarine.

—Port call by major U.S. vessel to Chile might be resented by friendly Latin American military in Argentina and Brazil. (Ambassador Lodge feels visit to Chile without visit to Argentina would be most unfortunate. Tab B)⁴

This is a difficult issue, and I do not have the full story of how Zumwalt agreed to a visit by the *Enterprise* to Chile. Admiral Robinson is attempting to get a debrief from Zumwalt, who has not yet sent in a report on his hour and a half with Allende. (I understand Zumwalt is going to brief Laird, Moorer and Irwin in separate meetings this afternoon.) Defense and Navy are pressing for a decision because of the need to make arrangements for the port call. However, this could be so politically sensitive that you may wish to consider this in the SRG or to consult with Packard and Irwin by telephone.

If Zumwalt's prestige were not involved, I would come down clearly against the visit. If we decide not to send the *Enterprise* in, we could always maintain that operational requirements made it impossible for the *Enterprise* to spend two to three days in Chile.

A possible compromise solution—to partially meet Zumwalt's commitment—would be a so-called "fly-on" visit, under which the *Enterprise* would steam up the Chilean coast approximately 100 miles off shore enroute to the Far East. High-ranking officials of the Chilean Navy would be invited to fly on board for lunch and a tour through the ship. No political figures would be included in the invitation. The Chilean Navy officers would be picked up by passenger-carrying aircraft from the *Enterprise* in either Santiago or Valparaiso and returned in the same fashion following the visit. Fly-on visits to aircraft carriers are standard techniques when it is not possible or desirable for the ship to enter port. In this case, we could inform the Chileans that pressing

⁴ Telegram 2702 from Buenos Aires, February 24, is attached but not printed.

operational requirements prevented taking several days for an official port call.

Pros:

- Fulfills Admiral Zumwalt's commitment.
- Maintains ties with the Chilean Navy and keeps the contact strictly within Navy channels.
- Avoids the physical presence of the *Enterprise* in a Chilean port, with all that implies.
- Minimizes the opportunities for Allende to exploit the visit for political purposes prior to the municipal elections in April.
- Avoids setting a precedent which might be used to justify a subsequent visit by a Soviet nuclear-powered vessel to a Chilean port.

Cons:

- It is a half-measure and might appear so to the Chilean Navy; hence, it can be argued that it does not in fact meet Admiral Zumwalt's commitment.
- No pay-off in terms of impressing the Chilean people with the armed might of the United States.
- No pay-off in terms of adding one more port in which U.S. nuclear-powered vessels have been received.

Whether this solution would be a workable compromise or not depends, of course, on the precise nature of Admiral Zumwalt's commitment.

Recommendation

That you take this situation up with Packard and Irwin today to decide whether to go ahead with a visit by the *Enterprise* to Chile.⁵

⁵ Kissinger did not initial either the Approve or Disapprove option, and "OBE" is written on the first page of this memorandum. See Document 210.

210. Minutes of a Meeting of the Senior Review Group¹

Washington, February 25, 1971, 2:36–3:50 p.m..

SUBJECT

Middle East, Chile

PARTICIPATION

Chairman—Henry A. Kissinger

State

Under Secretary John N. Irwin

Mr. Joseph J. Sisco

Mr. Alfred L. Atherton

Mr. Thomas Thornton

Defense

Mr. David Packard

Mr. Armistead I. Selden

Mr. James S. Noyes

CIA

Mr. Richard Helms

Mr. David H. Blee

JCS

Adm. Thomas H. Moorer

Adm. Elmo R. Zumwalt, Jr.*

R/Adm. Wm. R. St. George

NSC Staff

Col. Richard T. Kennedy

Mr. Harold H. Saunders

Mr. Arnold Nachmanoff*

Mr. D. Keith Guthrie

*Present for Chile discussion only.

SUMMARY OF CONCLUSIONS

[Omitted here is conclusion 1. on “Strategy to Israel.”]

2. *Chile*. Following a poll of SRG members and consultation with the Secretary of State, the question of a visit by the carrier *Enterprise* to Valparaiso will be referred to the President for decision.²

Dr. Kissinger: We have two subjects to take up today—the Middle East and Chile. I asked Admiral Zumwalt to drop by about 3:15 to give his views about having the carrier *Enterprise* make a visit to Chile. The President himself wants to consider this question. We will certainly have an answer by tomorrow morning. If an answer were requested right now, it would be no.

[Omitted here is discussion unrelated to Chile.]

(Messrs. Sisco, Atherton, Thornton, and Saunders left the meeting at this point. Adm. Zumwalt and Mr. Nachmanoff entered.)

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-52, SRG Meeting, Chile. Secret; Nodis. The meeting took place in the White House Situation Room.

² See Documents 207 and 209.

Chile

Adm. Zumwalt: Our Chile visit was extremely cordial. The military obviously wish to maintain contact. The Embassy considers that Allende's present problem is to consolidate his position. The Military Group believes that the Chilean military are still a substantial force for moderation. It is clear to me that the military are highly pro-US.

We went to Valparaiso to see the fleet. In the course of our conversations the Navy people told us that the Chilean military is dedicated to constitutional processes. They want close ties with the US and want to keep the Soviets out. The Navy officers said: "We are willing to support you and provide tanker facilities." I mentioned that the *Enterprise* was in the area and said that it was possible I could get a government decision approving a call in Chile.

We then had a one-hour meeting with Allende. It was arranged on such short notice that we did not have an opportunity to inform the Embassy in advance. Even though you know what sort of a person Allende is, he comes through as a fascinating, charming, charismatic individual. In the presence of the Chilean CNO he talked about the needs of the Chilean Navy. He said he desired to continue and increase the Milgroup. He brought up the *Enterprise* visit and said that he would be glad to have the carrier visit Valparaiso, that it would provide an opportunity for those aboard to see what Chile was really like, and that he himself would be pleased to go aboard. He stressed the value of visits of all kinds in correcting misunderstandings about Chile. He was concerned about the Chilean image in the United States and asserted that he had never been a non-democrat or a Sovietizer.

On the nationalization issue, Allende said that adequate compensation would be provided and the companies would have legal redress. He commented: "Even your people agree that the courts are not subject to my bias." He said that Anaconda had taken out \$9.4 billion in profits while leaving Chile poor and not training any Chileans.

Allende showed us his plans for the development of Valparaiso harbor. He said he hoped for continued help from the US along with others in financing this venture. The key was a mutually satisfactory arrangement on nationalization.

We mentioned the US concern about a fair settlement, and he replied by talking about past exploitation by the companies. He emphasized that he wanted a fair deal and that he was making an effort to have good relations with the US. He pointed out that he had said nothing about the removal of AFTAC even though this deprived Chilean peasants of weather reports. He also noted that he had allowed the Peace Corps to remain. He commented on the libelous stories about him which he said had appeared in the US press.

Mr. Selden asked about the presence of Soviet technicians. Allende said that if the US provided aid, it would want to have its technicians present; the same was true of the Soviets. He said he would not permit a permanent Soviet presence and added that the US has first call for providing assistance if it wishes to do so. He commented that the US Ambassador had never been to call on him.

The Chilean Navy have an arrangement with Allende they believe will protect their interests. As an indication of this they point to the fact that Admiral Montero refused to fire a navy officer by the name of Lopez who was implicated in anti-Allende plotting.

The military do talk among themselves about the problem of communist penetration. They want to continue FMS and are resentful about the cutback. The Army and the Air Force asked if this signified some favoritism toward the Navy.

We think that Allende will continue to consolidate his strength but that the military are still a moderating influence. Our view is that the military offers us the only prospect for influencing events in Chile while increasing our options. Our recommendation is that a recognized, prestigious individual be appointed to negotiate with Allende and that he be provided with a top-notch team of experts to provide support.

In the meantime, we need a decision on the *Enterprise*, which is moving rapidly up the west coast.

Mr. Kissinger: Could it move more slowly?

Adm. Zumwalt: Yes. If the *Enterprise* fails to go to Chile, Allende can tell the military: "I took your advice and got slapped in the face." I also think we ought to loosen up a bit on providing spare parts to the Chilean military.

Mr. Kissinger: Does anyone have any views? Jack [Irwin]?³

Mr. Irwin: The question is how much Allende can make of the visit. Would the benefit be greater to him than to the military? I gather that Admiral Zumwalt thinks the military would derive the greater advantage. I am not specifically opposed to the visit, but I think there is a real danger that Allende can play this politically to a greater degree than we might think. I would like to contemplate the matter a while.

Mr. Kissinger: We don't have to make a decision right now. We can talk; then I can poll the members later and go to the President.

Mr. Helms: Where is the ship at the moment?

Adm. Moorer: Coming up the west coast of Chile.

³ These and the remaining brackets are in the original.

Mr. Selden: I have no illusions about Allende; I think he is a communist. But I do think the military is trying to keep contact with us. Allende is catering to them. Maintaining contact with the military is the only thing we have in Chile.

Mr. Kissinger: If I can draw a distinction here, we have always supported contact with the military. Last week we approved FMS and M-41 tanks for them. The issue is whether a carrier should visit Chile three weeks before provincial elections which might register an anti-Allende vote. We have already had a four-star admiral and a four-star general visit Chile. We are not cutting ourselves off from the military.

Mr. Selden: Ambassador Korry said there was no way Allende could get less than 50% of the vote in the elections.

Mr. Kissinger: Could it make a difference whether he got 51% or 57%?

Mr. Selden: Not much.

Mr. Helms: If the *Enterprise* were to visit Santiago as well as Rio, we would be giving even-handed treatment [to both right and left-wing regimes].

Adm. Zumwalt: On our trip we talked to Campos while in Brazil. He says that it will be one to three years before the economic impact of Allende's policies hurts the Chilean people. In the meantime, the prospects are that he will enjoy a wave of popular support.

Mr. Kissinger: (to Adm. Moorer) What is your view?

Adm. Moorer: The visit is entirely feasible. The question is whether it will help the military or Allende more.

Mr. Kissinger: What is it that we *can't* do for Allende?

Mr. Selden: We are trying to enhance the position of the military.

Mr. Packard: I see two dangers. First, a visit might encourage popular support for Allende. People who would otherwise be against Allende might interpret a visit as evidence that he has the tacit blessing of the U.S. The second danger is that anti-US actions might be undertaken. This sort of visit is not likely to have a significant impact on the military's position in Chile although it might strengthen US-Chilean military ties. Right now I think the negative aspects outweigh the positive. I don't see any strong reason to favor the visit, and I see some strong reasons against it.

Adm. Zumwalt: We need to keep in mind the long as well as the near term. I think what Allende has in mind is the near-term advantage, that is, the elections. In the long term we will need to get a settlement for American capital. The visit would be a downpayment of good faith on our side. It also gives the military a chance to keep the pressure on Allende.

Mr. Kissinger: Ever since September 1 it has been argued that if we turn the screws on Allende, he will only be strengthened. Yet he has only gotten stronger.

Adm. Zumwalt: We may be getting some bad judgments out of our embassy in Chile.

Mr. Packard: This visit is different from providing aid. It is a publicity measure.

Mr. Kissinger: This would be a gesture of national good will toward Allende. He wants to go aboard; he wants to have people see Chile.

Adm. Zumwalt: I think our policy of putting the screws on Allende is proving counterproductive. He may turn the other way, and the military will support him.

Mr. Kissinger: Because a nuclear carrier failed to visit Valparaiso?

Adm. Zumwalt: Because it was suggested that the carrier could visit Valparaiso and then it failed to do so. I realize I have been Peck's bad boy in all of this.

Mr. Kissinger: I think we ought to think about this. I'll talk with the Secretary of State and will check with all of you. I can't see a Presidential decision before tomorrow morning. I can tell you he is not wild about the idea.⁴

⁴ The USS *Enterprise* did not visit Chile.

211. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, March 5, 1971.

SUBJECT

Chile—Good Offices by Ambassador Korry

Assistant Secretary Meyer has sent over for your clearance a draft scenario for an approach by Korry to the Chileans to offer "good of-

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. IV. Secret; Nodis. Sent for action.

fices" in support of direct negotiations between the Chilean Government and the copper companies.² You will recall that the Senior Review Group asked State to prepare a draft along these lines which would include an instruction to Korry and which would be designed to insure that his role was confined to that of an intermediary so that we could avoid being drawn into direct negotiations with the Chilean Government.³

The draft scenario identifies our objectives during the next few weeks to be:

- to determine by probing whether GOC policy on copper provides any likelihood of reasonable negotiated settlements with the companies.

- if a likelihood exists, to prepare the ground for a reasonable settlement by impressing upon the GOC the standards of compensation we expect, reminding them of the consequences of confrontation over the compensation issue, inducing further flexibility in the constitutional amendments and the way they are applied, and in the interim promoting satisfactory negotiations between other US investors (e.g. Bethlehem) and the GOC.

- to carefully avoid being drawn into government-to-government negotiations on copper.

- persuade the GOC to negotiate an agreed-upon takeover in advance of expropriation under the proposed amendments.

Accordingly it authorizes Korry to respond positively to the invitations to dialogue extended by GOC officials. The authorization extends to direct contact with Allende and provides detailed talking points which:

- indicate the USG is disposed to avoid a dispute;

- indicate we are seriously concerned at the terms of the proposed amendments, citing some of the reasons why we do not consider them consistent with international law;

- suggest to the GOC the utility of exploring settlement terms with the copper companies prior to completion of the legislative process;

- stress the need for flexibility in various aspects of the copper legislation;

- indicate Korry will be authorized to provide unofficial good offices with respect to the GOC-company negotiations.

² Attached but not printed.

³ See Document 206.

Korry is instructed to refrain from further top-level talks after initial soundings until receiving further instructions. The instruction warns him to take pains to insure that the contacts are not taken by the Chileans as “negotiations” with the USG.

I do not have any problem with the scenario or instructions per se. There are two issues which should be considered, however:

1. Do you want to give Korry authorization to call upon Allende now, or should he be instructed to make his pitch at the ministerial level first and then come back for specific authorization to call upon Allende?⁴

A recent cable from Korry indicates that he received word that Allende wanted very much to talk to him (Tab B).⁵ Korry replied that he preferred to see the Bethlehem deal satisfactorily consummated before any conversations with Allende. Thus, it appears that Korry is not planning to rush in to call upon Allende and that he would make his pitch at the ministerial level first. Moreover, if we are willing to allow Korry to call upon Allende at all, the complex copper situation is evolving so quickly that it is doubtful that the SRG will be in a better position than Korry to make the tactical judgment of when a meeting with Allende would be most effective.

2. Will Korry remain in Santiago long enough to followup with his offer to provide unofficial good offices when GOC-company negotiations begin?

If he is authorized to offer “good offices”, the implication is that he will remain in Santiago for at least three or four more months. It is very unlikely that any successor could acquire the expertise or the contacts to pick up this role if Korry were to leave.

I realize there are risks in letting Korry begin to go down this slope. However, there have been several indications that Allende does want some kind of mutually satisfactory settlements with the copper companies; if we do not allow Korry to probe and push a little further, we may miss an opportunity and be vulnerable to later charges by the GOC and the copper companies that we did not make an effort to help achieve fair settlements. Moreover, as long as Korry is there, he is going to operate anyway—the instructions at least give him some parameters and make very clear that he is to avoid being drawn into direct negotiations. On balance, therefore, I recommend that you clear the proposed instruction to Korry.

⁴ Kissinger highlighted this paragraph and wrote “yes” in the margin.

⁵ Attached but not printed at Tab B is telegram 1226 from Santiago, March 3.

Recommendation

That you approve the scenario at Tab A.⁶

⁶ Kissinger initialed the Approve option and wrote, “with covering memo by us pointing out reservations.” A March 17 memorandum from Kissinger to the Ad Hoc Working Group indicates that he approved the draft telegram with the following reservations: “Ambassador Korry should make his approach first at the Ministerial level and not call upon President Allende to discuss this matter or take advantage of any casual contact to do so. If the results of his contacts at the Ministerial level are promising, he should then request specific authorization to call upon President Allende. The manner of Ambassador Korry’s approach should in no way indicate willingness on our part to become involved in negotiations with the Chilean Government.” (National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. IV) The draft telegram was sent as telegram 48273 to Santiago, March 20. (Ibid., RG 59, Central Files 1970–73, INCO COPPER CHILE)

212. Memorandum From the President’s Deputy Assistant for National Security Affairs (Haig) to the President’s Assistant for National Security Affairs (Kissinger)¹

Washington, March 10, 1971.

SUBJECT

Ambassador Korry

As I mentioned to you earlier, I am very concerned about the future status of Ambassador Korry. I understand that Rogers is determined to fire him as soon as possible and to not offer him any further assignments. As you know, I hold no great brief for the Ambassador, however, in his own mind he has worked diligently for the President and for you and I understand feels that the treatment he has received has resulted from his responsiveness to the White House.

He holds a great many secrets, including the fact that the President both directly and through you communicated to him some extremely sensitive guidance. I can think of nothing more embarrassing to the Administration than thrusting a former columnist who is totally alienated from the President and yourself, as well as the Secretary of State, out into the world without a means of livelihood. This can only lead to rev-

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 778, Country Files, Latin America, Chile, Vol. I, Korry File. Secret. A handwritten notation at the top of the memorandum states, “HAK took this up with Rogers 11 March.”

elations which could be exploited by a hungry Democratic opposition to a degree that we might not have heretofore imagined.

In view of this, I strongly recommend that you talk to Secretary Rogers again about the need to offer this individual a suitable alternate assignment. If Secretary Rogers permits his temper to prevail, then I urge you to talk to Bob Haldeman and insure that Korry's loyalty to the President and yourself is at least insured by offering him some other post within the Administration.

In any event, it is a little shabby to treat an individual in the manner in which Rogers is apparently doing. This is a serious matter, raised by Korry with Arnie Nachmanoff in Panama this past weekend. It was evident to Arnie that Korry is rapidly building a whopping resentment against you and the President.

213. Memorandum From Frank Chapin of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, March 17, 1971.

SUBJECT

Progress Report on Preparations for the Chilean April 1971 Elections, Including a PDC Request for Additional Campaign Funds

The attached memorandum forwarded by Dick Helms reports on actions taken by CIA since 28 January when the 40 Committee authorized financial support in the total amount of \$1,240,000 to various Chilean opposition parties for the April 1971 municipal elections and for the purchase of media outlets.²

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72. Secret; Sensitive; Eyes Only. Sent for action. Chapin noted in an attached March 17 memorandum to Kennedy, "I will appreciate anything you can do to get HAK's approval on this expeditiously and let me know so that CIA can send appropriate notification to the field. I am well aware that Henry does not normally like to handle these matters without formally convening a 40 Committee meeting. However, timing is urgent, the approval sought is limited to an increase in funds for a program already discussed and approved, and all other members of the 40 Committee have now voted in the affirmative." (Ibid.)

² See Document 201. Attached but not printed is the March 15 memorandum for the 40 Committee. The memorandum is Document 56 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

The memorandum also requests approval for another [*dollar amount not declassified*] which the Christian Democratic Party (PDC) is urgently seeking for additional electoral support of its candidates. This would bring the total authorization of funds for PDC electoral support to [*dollar amount not declassified*].

Because of the time factor, Dick Helms has asked that the members of the 40 Committee give their telephonic approval to upping the ante of the financial support originally approved by the extra [*dollar amount not declassified*] requested by the PDC. Messrs. Mitchell, Irwin, Johnson, Packard, and Admiral Moorer have all concurred in authorizing this extra sum for PDC electoral support.

The CIA paper points out that the Allende government is supporting a massive drive for electoral support to the UP parties and that the Communist Party in particular has been spending unprecedented sums of money in an especially impressive election effort. Allende is reported as having expressed the fear that the UP will receive less than 50% of the total vote which would make it more difficult for the UP to justify acceleration of its program than if it received more than 50%.

The National Party (PN) campaign has thus far been conducted with seeming effectiveness, and the PN hopes to garner about 25% of the vote. [*less than 1 line not declassified*] there has been some muting of PN attacks on the PDC but this has not ceased completely.

There is still factionalization within the PDC between the Tomic left wing and Frei's moderate faction. In addition, UP proselytizing and physical threats among lower income group PDC supporters has badly hurt the PDC. Despite organizational weaknesses the PDC election campaign has gotten off to a vigorous start, [*less than 1 line not declassified*], and they are attempting to eliminate feuding with other opposition parties, particularly the PN.

The Democratic Radical Party (PDR) campaign is a quiet one stressing personal contacts. It is properly targeted at those Radical Party members who defected to Alessandri during the last presidential campaign, reminding them that a vote for the Radical Party signifies an endorsement of the Allende regime. PDR leaders have been helpful in reducing frictions between PN and PDC campaign leaders. The PDR hopes to get about 6% of the total vote in the municipal elections.

The Zaldivar (PDC) campaign for Allende's vacated Senate seat has been enhanced by the withdrawal of Sylvia Alessandri's candidacy, [*3 lines not declassified*]. Zaldivar is energetic and running an impressive personal campaign, but the Agency is presently skeptical that Ovalle will withdraw.

The reason for the PDC request for an additional [*dollar amount not declassified*] in electoral support funds is simply that it is not receiving the large industrial and commercial campaign contributions on which

it had relied. From a campaign planning standpoint the PDC must now know whether additional funds will be available or whether it must scale down its activities during the final and crucial days of the campaign. The additional funds should be sufficient to enable the party to maintain its campaign at optimum level [3 lines not declassified].

Recommendation

That you approve the additional [dollar amount not declassified] requested by the PDC for electoral support in the current election campaign.³

³ Kissinger initialed the Approve option on March 22.

214. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, March 20, 1971.

SUBJECT

CIA Report on "Chile's Economic Vulnerabilities"

Attached for your information at Tab A is a report prepared by CIA² on the outlook for the Chilean economy, its vulnerabilities, and the likely impact of U.S. economic sanctions which might be considered. The report reaches the following conclusions:

—The Chilean economy has performed poorly in recent years, and little or no growth is in prospect for 1971. While a severe economic downturn this year is not likely, there will be some interruptions in output as a result of expropriations, business failures, and stepped-up land reform.

—The U.S. has little economic leverage in Chile and economic sanctions would probably have only a limited impact on Chile's economy over the next year or two. (The U.S. accounted for only 17% of

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. IV. Secret; Sensitive. Sent for information. A stamped notation on the memorandum indicates the President saw it.

² Tab A, a report dated February 12, is attached but not printed. See *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 51.

Chile's exports in 1969 and probably for less in 1970. Most of these exports, including copper, could be sold to other markets.)

—Chile would not be particularly vulnerable to a termination of U.S. aid since it has a backlog of over \$400 million in long-term credits (of which only about \$70 million consist of U.S. official loans) which are usable over the next three years.

—In addition to having no real leverage over copper sales, the U.S. also has none over the process. The Chileans could continue to operate the copper mines without us, although output might be less efficient than under U.S. management. Chile could get necessary supplies and technical help to run the industry from a number of countries other than the U.S. since the technology used is common to the copper industry.

—Although the U.S. has been a major supplier of capital goods to Chile, blocking future sales to Chile also would have only a small, short-term impact since similar goods could be purchased from other sources, such as Western Europe and Japan.

—In the short run, sanctions would probably improve Chile's financial position by giving Allende an excuse to default on U.S. public and private loans which total \$900 million.

In sum, the report suggests that traditional economic sanctions such as those used against Cuba probably would have little immediate adverse impact on Chile. It also suggests they could prove counterproductive by giving Allende an excuse to tighten his political control, boosting his local popularity, increasing international sympathy for his regime, and causing Chile to move more rapidly to strengthen its ties with the Soviet bloc.³

Last October, Ambassador Korry indicated that the economic situation in Chile was likely to deteriorate this year and might reach a serious point about the time of the April 4 municipal elections. He implied thereby that we might have some measure of leverage in Chile at that time. The report indicates, however, that the economic situation is not likely to reach a really serious point this year and that we have no real leverage over the immediate situation in Chile.

³ When Nachmanoff sent Kissinger a draft of this memorandum on February 26, Kissinger wrote next to this paragraph: "Exactly contrary of what we were told in Oct. Redo—point out that this is precisely the opposite of what Korry urged on us last year." Hewitt responded to this instruction in a March 6 memorandum to Kissinger: "The records on this are unclear. While Korry indicated last October that it was possible that the economic situation in Chile might deteriorate (and perhaps reach a serious point around the time of the April municipal election), and implied thereby that we might have some leverage at that time, I do not find any evidence of an oversell by Korry of the amount of leverage which the U.S. could exert in Chile." (National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. VI) Hewitt, therefore, added the last paragraph to this memorandum.

215. Memorandum of Meeting¹

Washington, March 23, 1971, noon.

PARTICIPANTS

Dr. Henry A. Kissinger, Assistant to the President for National Security Affairs
Orlando Letelier del Solar, Ambassador of the Republic of Chile
Arnold Nachmanoff, Staff Member, National Security Council

SUBJECT

US–Chilean Relations

Ambassador Letelier referred to his meeting with Secretary Rogers and the President,² noting that he had indicated to them that his government is interested in having a high US official visit Chile. He noted that a US Air Force Delegation was visiting Chile at the present time.³

Ambassador Letelier indicated that he has been trying to explain what the Chilean Government is and what it is trying to do. He noted that there were many misconceptions about Chile and a tendency to oversimplify by making analogies to other places. One aspect to which he referred was the Chileanization of copper. The Ambassador noted the status of the constitutional amendment and indicated that the matter of the law would be finished in about three to four months. He felt the amendment was not too rigid and would provide general rules for the nationalization. He noted that one of the misunderstandings about the copper situation involved the currency in which compensation would be paid. In response to Dr. Kissinger's question, he stated that payment would be made in convertible currency. There had been speculation that payment would be made in escudos and the companies would be forced to reinvest in Chile, but that was not correct. The Ambassador anticipated there would be normal discussions between the Government and the companies about prices, but he thought these discussions could be developed in a positive way.

Dr. Kissinger stated that we would like to see a constructive solution worked out between the Chilean Government and the copper companies. The US Government does not want to be involved as a principal negotiator though we are prepared to be helpful on occasion to facilitate the negotiations if that would be useful. With regard to our general

¹ Source: National Archives, RG 59, Central Files 1970–73, POL CHILE–US. Confidential; Limdis. The meeting took place in Kissinger's office.

² Letelier is most likely referring to his February 22 meeting with Rogers and his February 26 meeting with the President. (*Ibid.*, POL 17 CHILE–US)

³ The USAF delegation was attending the anniversary celebration of the founding of the Chilean Air Force.

policy, Dr. Kissinger stated that press reports about the White House seeking a confrontation with Chile are nonsense. He noted that what was said in the President's Annual Foreign Policy Report is precisely our policy with regard to Chile.⁴ We will determine our relations with Chile on the basis of its foreign policy, not what it does domestically. Of course, internal actions—such as those involving compensation for US companies—may have legal implications under our laws. Dr. Kissinger expressed the hope these can be worked out, however. He reiterated that our general policy was that we will not be the first to break traditional good relations.

Ambassador Letelier referred to problems with the press, particularly recent stories about a secret White House document which circulated other Latin countries. Dr. Kissinger stated this was nonsense. Ambassador Letelier expressed his appreciation for the denial and noted that the State Department also had given him a clear statement of denial.⁵ He knew that the stories were not true but that it was useful to have the statement from the State Department. Ambassador Letelier expressed his view that there were many positive aspects to US–Chilean relations. He commented the Chilean press had become more moderate and realistic during the last few weeks. He stated that his government was trying to demonstrate that what they are doing internally is within Chilean traditions, seeking Chilean solutions.

Ambassador Letelier stated his belief that the government will increase its support in the up-coming municipal elections. He anticipated that the Unidad Popular (UP) would gain at least 45% of the vote though the PDC would continue to have the most votes as an individual party. He stated his belief that all of the coalition parties will increase their share of the vote though he anticipated that the Socialist Party would have a greater increase than the others. He noted that the government's initial problems have been reduced and the country is working more normally. He declared that the government is trying to have a real private sector which would work efficiently. In the past the

⁴ See *Public Papers: Nixon, 1971*, pp. 246–247.

⁵ The press reported that the White House canvassed friendly governments in Latin America about the possibility of instigating an economic blockade against Chile. In a March 17 meeting with Letelier, Crimmins reviewed "background of blockade fabrication, stressing that on its first appearance in Hernandez Parker article in *Ercilla* Feb 10, Amb and DCM in Santiago had raised it with Letelier and Valenzuela, respectively" and "said that he was officially and categorically informing Letelier that the allegation of the existence of a USG document concerning a blockade of Chile was false." Crimmins went on to say that the Chilean Government had put the United States in an awkward position, since it would have been improper for the U.S. Government to correct a journalistic account. Letelier told Crimmins that he accepted Crimmins's statement of denial and concurred with his statement that a prompt denial by the Chilean Government would have made the situation much easier for the United States. (Telegram 45390 to Santiago, March 18; National Archives, RG 59, Central Files 1970–73, POL CHILE–US)

rules of the game were not clear; the present government is trying to make the rules clear. The social area would be 100% in the hands of the government but the private sector would be 100% private.

Ambassador Letelier noted that Chile has long had government control over many industries and that the only important changes will be in the Gran Minería, some parts of the iron industry, and the nationalization of the banking system. He did not think that in other cases private industry would be jeopardized though some groups are moving to mixed public-private forms. He stated that this movement is not ideological, and that the government is trying to work pragmatically. Ambassador Letelier also stated his belief that there will not be any anti-Americanism in Chile since none exists there now.

Dr. Kissinger reiterated that the basic orientation of the United States is to maintain traditional good relations with Chile. Ambassador Letelier expressed similar sentiments and added that his government hoped to maintain normal working relations with the US banking system and with multi-national agencies. Dr. Kissinger recalled that the IDB had recently approved two loans for Chilean universities and that the United States had voted for them. The Ambassador indicated that his government hoped these institutions will work with Chile to avoid the impression that the United States is trying to block credit to Chile. He commented that sometimes people go beyond the real position of the US Government and noted that Chile was not pressing for any loans at this time to avoid the impression of difficulties with the United States. Dr. Kissinger expressed his belief that some of these problems will straighten themselves out as relations between the two countries develop.

Dr. Kissinger stated that he would like to have the same cordial relationship with Ambassador Letelier as he enjoyed with his predecessor. He also indicated that he hoped it would be possible to take a trip to the west coast of South America some day since he had never been there, but noted that he could not realistically do so in the near future.

216. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, March 29, 1971.

SUBJECT

Chile Status Report

*A. Developments in Chile**Government and Politics*

The municipal elections in April have held the center of the political stage in recent weeks with the major parties campaigning hard. The Popular Unity (UP) coalition hopes for a sweeping victory that will make the course of the revolution begun with Allende's election irreversible. The Christian Democrats (PDC) are unlikely to achieve anything that can be described as victory under the circumstances, but if they can prevent Allende from getting the majority he seeks it will be a considerable success in restoring the morale of the anti-UP forces in the country. However, the chances of blocking a UP majority are slight despite an unusual degree of cooperation among parties in opposition to the Government.

While vigorously campaigning against one another in the municipal elections the UP Government and the PDC made a complicated deal to achieve a kind of uneasy coexistence at the national level. The PDC agreed to sell the assets of its publishing house, the largest in Chile, to the Government, and not to oppose in the Congress Government legislation for the nationalization of the mining industry. In exchange the Government publicly absolved the PDC and its leaders from any involvement in the Schneider assassination.

The Economy

The Government has moved more slowly than expected in nationalizing the foreign-owned mining industry and the legislation it sought from the Congress has not yet been passed. The draft legislation has been modified somewhat by PDC forces in the Congress and by the Government itself. The result, while still far from satisfactory from the viewpoint of the companies, does give the Government and the President somewhat greater flexibility in dealing with the companies than did the original draft.

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. IV. Secret; Sensitive. Sent for information. A stamped notation on the memorandum indicates the President saw it.

Negotiations between the Chilean Government Steel Corporation (CAP) and Bethlehem Steel over the nationalization of Bethlehem's interests in iron mining in Chile reached fruition on March 23 with the signing of an agreement. While Bethlehem is unhappy about being forced out of Chile it finds the compensation formula acceptable, as does OPIC which had underwritten a large part of Bethlehem's investment in Chile.

Foreign Affairs

Though the more extreme elements in the UP Government see some advantage in a confrontation with the US, Allende has continued to be extremely cautious in his relations with us. Commenting on your Annual Review of Foreign Policy, he said he saw positive elements in the report which "could be a basis for a reciprocal policy of understanding and collaboration with the US," and reiterated his desire for "friendly relations with the most powerful country in the hemisphere." However, he criticized the report's approach to the Organization of American States (OAS) as unrealistic, and said that the US and Latin interests diverge. Allende adroitly used his invitation to the USS *Enterprise* to visit Chile to illustrate his desire for good relations with the US. When the visit did not materialize he expressed his regret in mild terms and left the mudslinging to the leftist press. Partly because of this incident, and even more because of increasing resistance to Chilean credit requests among New York banks, Allende's attitude toward the US is showing a tendency to harden somewhat. A comprehensive report on trends in Chile prepared by the intelligence community is attached at Tab A.²

B. U.S. Actions

With respect to *US policy* we have:

—Clearly re-stated our policy with respect to Chile in the Annual Foreign Policy Review.

—Undertaken within the NSC system a reexamination of our entire hemispheric policy in light of developments in Chile.

—Declined to accept an invitation for the USS *Enterprise* to visit Chile in order to prevent its exploitation by Allende for internal political purposes.

On the *diplomatic front* we have:

—Continued to pass information to other hemisphere countries and to certain of our allies in Europe and elsewhere.

² Attached but not printed at Tab A is the March 18 Joint Intelligence Memorandum. For the text of the memorandum, see Document 57, *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

—Begun arrangements for State Visits to the US for the Presidents of Brazil and Peru in order to strengthen ties with possible counterweights to Chile.

On the *economic side* we have:

—Used a recent meeting of CIAP to question the soundness of Chilean economic policies and the effect for Chile's credit-worthiness.

—Continued to stall consideration of loans for Chile in the IDB and IBRD, and to cut off new Ex-Im Bank loans. The Ex-Im also continued selectively to reduce its export guarantees and insurance for Chile.

—Through our Ambassador, reinforced our stated policy on expropriation and compensation and sought to use our influence to soften the legislation now being considered by the Chilean Congress.

In the *military area* we have:

—Decided to go forward with the delivery of M-41 tanks already committed to Chile.

—Set an FMS level of approximately \$5 million, some \$2 million under last year's level.

—Permitted a delegation from the US Air Force to attend anniversary celebrations of the Chilean Air Force.

217. Memorandum From C. Fred Bergsten of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, March 30, 1971.

SUBJECT

Chile—Bethlehem Steel Negotiations

State (Tab A) and Brad Mills, President of OPIC (Tab B) report the successful conclusion of negotiations between Bethlehem Steel and the Chilean-owned steel company CAP.²

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. IV. Confidential. Sent for information. Nachmannoff initialed his concurrence. Kissinger initialed the memorandum.

² Attached but not printed at Tab A is a memorandum from Eliot to Kissinger, March 24, and at Tab B is a memorandum from Mills to Rogers, March 26.

CAP has agreed to purchase Bethlehem's iron mining properties in Chile based on its depreciated book value. The price, between \$20 and \$23 million (to be determined by an auditor), will be paid in fifteen annual installments beginning in June 1973 at 5¾ percent interest. OPIC has guaranteed Bethlehem that it will pay at least \$18 million of that sum if CAP fails to live up to the agreement. The settlement should help the forthcoming copper negotiations because its terms were far better than those proposed in the constitutional amendment for copper nationalization.

Brad Mills and State agree that Ambassador Korry played a skillful and effective behind-the-scenes role in these negotiations, and that his judgment and effort contributed substantially to the attainment of agreement. Mills also feels that by assuring Bethlehem that its assets would be paid for, in one way or another, OPIC permitted Bethlehem to take a more diplomatic position vis-à-vis CAP which facilitated the negotiating process and avoided a potential confrontation with Chile.

218. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, April 5, 1971.

SUBJECT

Chilean Elections

The first electoral test of the Popular Unity (UP) Government of President Salvador Allende indicates significant gains for both his Socialist Party (PS) and the Leftist Coalition of which it forms a part. Returns are incomplete but it looks as if the UP will win about 48–49 percent of the total vote, considerably above the 36 percent Allende gained in the presidential elections last September, and above the 44–45 percent level which would have reflected the traditional constituencies of the UP parties. An approximate percentage breakdown on the basis of returns thus far is as follows:

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. IV. Secret. Sent for information. A stamped notation on the memorandum indicates the President saw it.

UP Coalition:	Socialist (PS)	21%
	Communist Party (PCCH)	16%
	Radical Party (PR)	9%
	Splinter Groups	<u>1%</u>
		48%
Opposition:	Christian Democrats (PDC)	25%
	Nationalists (PN)	20%
Nulls and voids		3–4

President Allende has called the results a mandate for the UP program. He explained the strong showing of the Socialists by pointing out that it is his own party, and especially mentioned the Communist vote as “a positive sign.” Allende also commented that the Christian Democrats would have to “change their ways” and that elements in the PDC would press for more support for the UP government.

Initial assessments are that Allende is probably correct in regarding the outcome as a personal victory for him and, to some extent, a mandate for continuation of his government’s policies. He is probably also right that the good showing by the Socialists is a sign of his rather than their popularity. His mention of the Communists was meant to minimize their failure to improve their relative standing. Other significant facts about the election are that:

—The UP showing exceeded the 44 percent which Allende had previously set as the mark beyond which he would consider the results a victory.

—The UP fell short of the 50 percent it hoped for.

—The Communists did not increase their share of the total vote from that won by them last September despite the marked increase in the vote won by the UP coalition.

—PDC remains the largest single party in the country with 25 percent of the vote, and the two opposition parties together continue to hold about 47 percent of the vote.

In the three-way race for the senatorial seat vacated by Allende when he became president, Socialist Party candidate Adonis Sepulveda leads with about 47 percent of the vote on the basis of an incomplete count. The PDC was unable to persuade the third-party candidate to withdraw from the race, which is a significant one because it is the only test of strength above the municipal level.

This represents a preliminary analysis. I will shortly send you fuller comments after we have had a chance to study the results further.²

² See Document 220.

219. Backchannel Message From the Ambassador to Chile (Korry) to the President's Assistant for National Security Affairs (Kissinger) and the Under Secretary of State for Political Affairs (Johnson)¹

Santiago, April 7, 1971.

Ambassador's Report on Election Program

1. The election results have, I am convinced, proved that a strong anti-Communist democratic opposition can be mobilized and that this half of all Chilean political forces can exercise a significant if not determinant impact on the kind of socialism that Chile will have. By any measure, the results of our electoral program have been a success. The Nacionales hit the maxim of their potential in the circumstances, as did the rump Radicales. Most important of all, the PDC defined itself on anti-Marxist grounds, took the lead in a vigorous anti-Marxist political campaign and consolidated the Frei influence in the party as opposed to the Tomic wing that wishes to work closely with the Communists. PDC leadership was nervous and frankly pessimistic the week before elections; their showing has exceeded their expectations. Frei, Ossa, and Irureta invited themselves to dinner with me tonight as their way of displaying their gratitude for support and for constant counsel.

2. Despite our apparent inability to assist the PDC by furnishing critical items missing from the files on those involved in the so-called copper plot, particularly several telexes between Santiago and Zurich, the PDC hammering on this theme contributed to the decline of the Orthodox Radical Party vote and thus deprived Allende of his clear majority. If those messages could be located they would still have considerable political value here in sustaining the vitality of the anti-Communists.

3. The results in the deep south senate race confirmed our fears. The U.P. candidate won going away and had Zaldívar been in a two-way race the extreme Socialist would have won by a very ample absolute majority. Having now gone through the presidential election experience of "excellent" polls and this latest example of Chilean logic, I am persuaded that people on the spot understand their situation best and that we should restrain our meddling to the minimum and to the basics. The "campaign of terror" that had such effect on the Communist vote this time, while missing the mark in the presidential elections, was

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72. Secret; Sensitive; Eyes Only. The message is summarized in an attached April 7 memorandum from Nachmanoff to Kissinger.

much more Chilean in inspiration and execution and did not have the heavy imprint of outside fabrication of the presidential election effort.²

4. Given the gloomy circumstances that prevail in Chile, I believe optimal results have been obtained. (It should be borne in mind that in the last municipal elections, the U.P. parties had 44.5 percent of the vote.) The strength of the opposition in these elections will thus have a braking effect on the PCCh and the U.P. plans. The economic circumstances will put enormous strains on the government in the next few months and the working class in particular will be compelled to pay a large share of the bill that Allende will have to present to the people in one way or another during the remainder of this year. He may well seek to make us the scapegoats for the rise in prices and production difficulties that are certain to come or for the measures that will reduce the purchasing power of the masses. He may feel compelled to accelerate his pressures on the remaining uncontrolled media and on the opposition political parties. But as long as it is the Chileans who remain out in front as the opposition and as long as we maintain a posture of businesslike readiness to deal pragmatically with the Chileans, it is not impossible that surprises will develop here to support wider U.S. objectives in the world. The credentials of the new Soviet ambassador would indicate that Moscow is well aware of the stakes here, is conscious of the economic realities and is prepared to do more if more will be needed, as it surely will.

5. I will recommend in a separate message some modest actions that can sustain both an indigenous opposition and our tactical flexibility.³ Given the unpromising Chilean structure, we are today, I maintain, in an optimal position: our relations with the Chilean Government are correct and effective; our ability to defend U.S. business interests has been proved in more than a dozen ways; the structure for the difficult if pragmatic negotiations over copper and ITT has been established; Chilean obligations to U.S. creditors are being met on schedule; USG prestige insofar as Chilean matters are concerned is very high (Gabriel Valdes told U.S. newsmen last week that the execution of U.S. policy by me had been thus far extraordinarily good and that judgment has been echoed by the right, the PDC, and the government); the opposition to Communism is overwhelming and the democratic forces in the country are still far from impotent.

6. I am withdrawing as your "Action Officer." In relinquishing that role, I recognize but do not apologize for my apostasies nor submit ex-

² Korry reported the election results to the Department of State in telegram 1843 from Santiago, April 15. (National Archives, RG 59, Central Files 1970-73, POL 18-1 CHILE)

³ Not found.

cuses for what some deemed excesses of zeal. The pursuit of excellence is a manner, not a measure.

220. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, April 9, 1971.

SUBJECT

Chilean Municipal Election Results

With about 90% of the vote counted the results of Sunday's municipal elections confirm the trend set by the earlier returns and give an important victory to President Allende and his Popular Unity (UP) Government.

A breakdown of the percentage gained by each party follows. These are official figures with the nulls and voids counted:

<u>Popular Unity Coalition</u>	<u>Per Cent</u>
Socialists (PS)	22.4
Communists (PCCh)	17.0
Radicals (PR)	8.0
Social Democrats (PDS)	1.3
Popular Socialist Union (USP)*	<u>1.0</u>
	49.7
 <u>Opposition Parties</u>	
Christian Democrats (PDC)	25.7
Nationalists (PN)	18.1
Democratic Radicals (PDR)	3.8
Paedena and Independents	1.3
Null and Void	<u>1.4</u>
Total (Does not add to 100.0 due to rounding)	99.0

(*A splinter party not strictly part of the UP but which asked that its vote be counted as part of the UP total.)

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. IV. Confidential. Sent for information. A stamped notation on the memorandum indicates the President saw it.

The Government, however is playing a numbers game, omitting (contrary to traditional practice) null and void ballots from the total, and thereby giving the UP 50.9% of the vote which permits it to claim an absolute majority. Statistical juggling aside, the major results of the election are as follows:

—*The UP coalition received about 50% of the vote, give or take a fraction of a percentage point either way. This is a significant gain over the 36% it won in last September's presidential election and over the 44% which was generally regarded as the traditional base of the UP parties. While the Chilean electorate traditionally is kind to a new President in the first election following his inauguration, the results do give Allende an increased mandate for pursuing his programs.*

—The election results will have a major impact on the relative standing of the parties within the UP coalition. The Socialists, who increased their share of the vote to 22.4% from 13% in the 1969 Congressional elections (there was no party breakdown for the UP vote in the Presidential elections), have supplanted the Communist Party as the principal force in the coalition. The Communists increased their vote only slightly to 17% compared to 16% they won in 1969. Thus, *the Communist position in the UP has suffered relative to the strong showing of the Socialists.* The third major party in the UP coalition, the more moderate Radical Party, suffered a slight absolute loss and thus a relative decline within the UP.

—*The opposition made a respectable showing* under the circumstances. Taken together the opposition parties got 48% of the vote. The Christian Democrats (PDC) remain the largest single party in the country with some 25.6% of the vote. The Nationalist Party more or less held its own with 18.1%. Their mutual suspicion resulted in limited cooperation between the major opposition parties and probably reduced their effectiveness.

The election results are pretty clearly *a personal victory for Allende* who has played his cards very deftly since his inauguration. The strong showing of the Socialists can be attributed primarily to the fact that this is Allende's own party. The election results will probably *strengthen Allende's authority* within the UP coalition, as well as his ability to manipulate the opposition. He thus should be in a more advantageous position for accelerating the implementation of his programs. The Socialists, interpreting the results of the election as a victory for them, will almost certainly press for a more rapid pace, and the opposition is likely to be more on the defensive than in the past.

Allende has already made efforts to split off the left wing of the PDC and bring it into the UP. If successful, the UP might gain control of the Senate. It is unclear yet whether the results of the election were sufficiently damaging to enhance the chances of a split in the PDC. The

chances are that some individuals from the left wing of the PDC may defect, but the party will probably hold together at least until its convention next summer.

Allende had previously indicated that if he obtained a majority at the polls, he would seek a plebiscite on a constitutional amendment to replace the present bicameral legislature with a unicameral one. Since the opposition controls the present legislature, and congressional elections are not scheduled until 1973, approval of such a constitutional amendment would force early elections of a new legislature in a climate more favorable to the UP. However, Allende has made no statement on this subject since the election. In any event, legislation would have to be submitted to the Congress first, and could be put to a plebiscite only if the Congress rejects it.

In the race for the Senatorial seat vacated by Allende when he became President—the only election above the local level—the UP candidate Adonis Sepulveda won with just under 50% of the vote. The PDC candidate, former Finance Minister Andres Zaldivar, received 33%, and a third party candidate supported by the PN received 15%. Despite strong pressures, the PN refused to withdraw the third candidate apparently preferring to preserve its position for the future, rather than allowing the UP or the PDC to achieve a clear majority.

The elections occurred in a climate which was most favorable for the UP, when the benefits of their actions—price reductions, wage increases, increased social welfare benefits—have been felt by the electorate. Allende may find it difficult to sustain the honeymoon climate later, however, when the impact of the Government's programs on inflation and production become increasingly apparent.

221. Letter From the Ambassador to Chile (Korry) to President Nixon¹

Santiago, April 13, 1971.

Dear Mr. President:

At the White House last October you said I was one of those “who told it like it is.”² Your predecessor, in a final chat in the same office in late 1968, remarked that I was one of the too few Ambassadors who did “not have to be told what to do and who knew how to take initiative and to assume responsibility.” With those two gratuitous judgments in mind, I write my only substantive letter to you who, until now, had conferred your trust.

During these past two years and three months, as with the two preceding administrations, I have been guided by what I consider to be the moral contract between civil servant and his president that is essential to good and effective government. In return for undiluted loyalty, I had the right, indeed the obligation, to set forth my views on pertinent themes.

To me, loyalty goes beyond what every president must assume to be the obligation of his representatives; for me, an ambassador’s loyalty demands a second effort, a positive readiness to act without instructions as a lightning rod that deflects or absorbs the bolts directed at the presidency. It does not imply accord with every presidential perception, with every policy, with every decision; if the sum of those actions is intolerable, he can and should resign. Yet, if he is to retain the privilege of representing the presidency, then his loyalty must be dynamic. If he believes in our institutions, if he believes that disciplined dissent can strengthen our democratic processes, if he has faith in reason as an effective instrument of persuasion and of progress, then he can and should utilize those *internal* channels of communication that provide for a dialogue with his Chief Executive. Such communication can at once be provocative and proper, can be challenging and correct, discomforting and disciplined.

For eight and a half years, I have abided unwaveringly by the terms of this implied contract. I do not admit to any deviation from its self-imposed criteria. At times, particularly the past year, the strains provoked by an undisciplined bureaucracy have been so wounding, so

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 778, Country Files, Latin America, Chile, Vol. I, Korry File. No classification marking.

² Korry met with President Nixon and Kissinger on October 15, 1970, from 12:54 to 1:15 p.m. (Ibid., Nixon Presidential Materials, White House Central Files, President’s Daily Diary)

slyly vicious, so nihilistic, that decency has almost succumbed to despair.

You know better than I, Mr. President, that the wages of loyalty can be very unrewarding. Politicians demand partisanship; bureaucrats insist upon conformity; media feed on mendacity and muddle. To be independent of mind and of expression yet loyal to the guardian of our institutions is considered by most to be a romantic aberration, an intolerable challenge to their own aberrated norms. Dialogue is converted into delirium, communication to chaos, loyalty to license. Every cable, even of the most sensitive variety, that I have sent from Santiago has been aired, as I can verify after hearing the questions of correspondents; every recommendation is placed against the measure of bureaucratic truth and then artfully leaked to destroy the non-conforming; every action is distorted into self-serving political or careerist advancement.

For one, such as myself, who has refused to enlist in the establishment of politics or of bureaucracy, the test of loyalty to the presidency becomes a daily struggle for survival. If I am co-opted to write for Elliot Richardson a report that becomes the basis for the findings of the Peterson Task Force and for your recommendations to the Congress, my absolute isolation from the media does not inhibit a partial, distorted version from appearing; I am expected to prove that I did not hand it out, that I did not form a cabal with Henry Kissinger to reduce the powers of the State Department, that I was not being disloyal to President Kennedy and the activism of the Alliance for Progress and so on. My silence is taken to be confirmation of these absurdities. If my passionate devotion to the rights of the individual, if my conviction that the destruction of democracy anywhere affects in some measure our own democracy, then the *New York Times* and *Washington Post* conclude that I am a White House hard-hat who wishes hostility with Chile and whose influence prevails; and if I had denied the charge and stated that I had authored the State Department's recommendations that were submitted to you in October,³ then I would be challenged to prove that I am not a dissident. If I seek to persuade the Johnson Administration of the need for a low-profile *manner* of U.S. behavior in a continent heaving with nationalism, then it is translated into disloyalty to the man who plucked me from well-merited obscurity and into crass catering to the prejudices of President Nixon. If I heed the insistent expertise of both the CIA and the senior State representatives in my Mission who say it is "impossible" for Allende to win, then my equally insistent caveats and doubts are disregarded by those in your government who require scapegoats. If I take issue with a State Department convinced

³ See Document 155.

that Allende's election would have no significant consequences for U.S. interests or for your management of our policies, then I am portrayed as an exaggerating emotionalist. If I oppose interventionist adventures, I am held responsible for the election of Allende; if I discreetly embark last November on establishing an effective relationship with Allende, discretion is prised into hostility, effectiveness into lack of contact. If I urge the withdrawal of U.S. forces from Easter Island because it is a costly operation of marginal, if any, value and because its planned departure would coincide inopportunistly with later complex negotiations in Chile, then those who inveigh every day against a distended U.S. military presence and an inflated U.S. defense budget shout that it is provocation, a display of ill-considered boorishness.

It is self-indulgence to state these sentiments to you who endure in an hour what I may feel in a year. I yield to the impulse because I, unlike you, Sir, have neither bureaucratic nor political loyalties nor support, because I am uniquely dependent on the presidency and because I continue to believe that presidents require independent minds and forthright voices within their official circle. I vent this conviction, not in behest of a personal hearing. I have always maintained that ambassadors are expendable, but I do not accept that the kind of government executive I strived to symbolize be totally spent in the name of partisan or bureaucratic expediency. Too many of our citizens already feel alienated from our government, too many have a "we" and "they" perception to promote a further division.

I confess to profound disappointment that you have decided to end the "contract" that began in Ethiopia in 1967 when I, in response to your query, said that I would feel privileged to serve the Presidency, whatever the prevailing political coloration, so long as my work had significance and my views had a hearing. Yet, however pained I feel today, however unjust I consider the lack of any rebuttal by anyone, even now, to the calumnies that have irreparably impaired me and mine, however persuaded I am that such conduct by the Washington mafia will foment further deceit and decomposition in our *processes* of government, pride of accomplishment in these years of opportunity of national service remains.

I recognize my apprehensions are not universally appreciated, but I make no apologies; I confess to excesses of zeal, but I offer no excuses. As with loyalty, the pursuit of excellence is a manner not a measure. I shall leave Chile convinced that, given the circumstances, we have attained an optimal position. Relations with the Allende government are correct and effective; U.S. business interests have in every instance tested so far been compensated in accordance with our norms; a pragmatic if difficult negotiation of the remaining copper and ITT interests is already well advanced; the anti-Communist, indigenous forces are

satisfied they can wage a meaningful struggle for Chile's independence; the democratic parties state they are now, in contrast to three months ago, flexed to fight for pluralism in Chile. To attain these ends without sacrifice of principle, without disclosure of your instructions, without compromising the dignity of our government, without disloyalty within my Mission here and without flagging in my dedication to our Presidency, has required the personal assumption of a multiplicity of roles and of responsibilities not usually associated with ambassadorial performance.

Firmness, forthrightness and fairness have characterized my efforts to define an acceptable relationship with the new government here. I acted no differently, if with less success, to arrive at an equilibrium with our own bureaucracy. Recently, my colleagues in the State Department issued their judgment on Chile: they had always assumed that the Nixon policy for Latin America would inevitably lead to "our losing some countries." My reply to this curious formulation, offered at the recent Chiefs of Mission Conference in Panama City, was that while this conclusion had a reasonable ring, they had failed to gain the prior policy indorsement of the President to whom I was responsible.

If I depart Chile distressed to discover that slander, or at best silence, are the final judgments on my performance, I believe nonetheless that certain contributions to the Presidency have sufficient significance to be recorded in an attachment that I submit with this respectful farewell. My wife, who has been an extraordinarily loyal and effective partner and who, as I, gave you unstintingly the best effort, joins me in expressing our most heartfelt wishes for your attainment of peace and prosperity for our nation.

Sincerely,

Edward M. Korry

Attachment

Undated.

1. The unmarred protection of all U.S. life and property in my jurisdiction for eight and a half years resulted in no U.S. citizen ever being done physical harm as a result of hostile action of any kind. At no time in some four years in Ethiopia was any U.S. installation under my responsibility menaced by crowd or other action. And for the past almost three full years in Chile, a cockpit of nationalism, no demonstration of any significance was mounted against any U.S. office. These results were not happenstances but the consequences of self-starting action.

2. The African report that President Johnson commissioned in 1966 is still U.S. policy for the area.⁴ It was the first official policy adopted by our government that recognized that the costs of the Viet-Nam war and the over-extension of U.S. responsibilities dictated a more rigorous definition of our interests and a more judicious application of resources to interest. It was also the first to apply the multilateral mechanism of World and regional banks to support U.S. global goals and it was the first to prompt the IBRD to a dynamic developmental role in an area.

3. The 1969–1970 report commissioned by Elliot Richardson was incorporated almost in toto by the Peterson Task Force.⁵ Its major recommendations were adopted by the President as national policy. It articulated basic foreign policy themes that have since been incorporated in the President's two annual foreign policy messages and in the Secretary's recent yearly report.

4. A gratuitous letter to President Johnson in 1965 proposed U.S. Government support for a world-wide satellite communication network.⁶ It provoked an immediate reversal of policy and the adoption of a dynamic program that led to an Intelsat based on U.S. systems.

5. The negotiation of an accord in 1969 resulted in an unique nationalization of the largest U.S. enterprise ever to be sold to a threatening foreign government. Then Under Secretary Richardson wrote that the negotiated nationalization of Anaconda was a diplomatic experience that would be a text-book classic for all aspiring diplomats for the next 50 years.

6. The negotiation of accords for the compensation in adequate, effective and prompt form for a dozen U.S. enterprises in contemporary Marxist-led Chile, the most notable of which was the recent sizable Bethlehem agreement. Very significant progress has been achieved to permit an acceptable resolution of the copper problem in Chile.

7. The blunting of all efforts designed to implicate the U.S. in improper interference in Chilean political processes during the past 14 months has enabled respect for the U.S. to be maintained and U.S. influence to be retained in a tense and complex period.

8. A three year campaign from 1964 to 1967 sought to convince the JCS, NIE and the State Department that the Soviets were seeking to thrust down the Eastern Mediterranean, into the Red Sea and the Indian Ocean, a personal campaign that finally provoked the formation

⁴ Presumably a reference to Korry's July 1966 report on development in Africa. See *Foreign Relations, 1964–1968*, vol. XXIV, Africa, Document 215.

⁵ See footnote 3, Document 192.

⁶ See *Foreign Relations, 1964–1968*, vol. XXIV, Africa, Document 198.

of the Holmes Task Force that was at work at the time of the Arab-Israeli war.⁷

9. A 1967–1968 initiative to persuade Washington that nationalism was about to engulf U.S. traditional interests in South America, that our high-profile activism was incompatible with the times, and that we had to adopt policies of the kind proposed by the Peterson Task Force.

10. The management of an Embassy that received the most enthusiastic inspection report of 1969, that was and is both self-reliant and democratic, and that maintained its unity despite the tremendous strains imposed by Washington in the past seven months.

⁷ See *ibid.*, vol. XXI, Near East Region; Arabian Peninsula, Document 22.

222. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, April 14, 1971.

SUBJECT

Korry's Report to 40 Committee

*You asked what Korry was talking about in para. 2 of the [less than 1 line not declassified] message at Tab C.*² CIA has sent a memo which explains the matter (Tab A).³ Korry apparently asked the Agency to help obtain some [less than 1 line not declassified] which might have been helpful to the PDC in its campaign attempt to link up government figures to the so-called copper plot. (You will recall that the government charged a number of Chileans and foreigners with a plot to lower copper prices and damage Chile's interests; the charges backfired somewhat when the PDC counterattacked and noted the involvement of some government officials in an attempt to manipulate prices for their own benefit.) The CIA memo indicates that [less than 1 line not declassified] was

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 778, Country Files, Latin America, Chile, Vol. I, Korry File. Secret; Sensitive; Eyes Only; Outside System. Sent for information. The memorandum was initialed by Kissinger.

² Document 219.

³ Tab A, an April 13 memorandum from Helms to Kissinger, is attached but not printed.

unable to recover the messages requested by Korry and that it was unable to develop further information which might have assisted the PDC.

You also asked about Korry's comments in para. 3 relating to the senatorial race. I referred to this in my cover memo of April 7 (Tab B),⁴ which you apparently did not have when you read the message. To summarize, Korry opposed CIA's efforts (which were based on the 40 Committee guidance) to persuade the third party candidate to leave the race. The implication is that Korry did not believe the PDC candidate, Zaldivar, would win, and hence he wanted to deny the UP candidate an absolute majority. This is what resulted (the UP candidate received just under 50%), and Korry feels vindicated. The assumption we operated under, however, based on Embassy reports and CIA's assessment, was that Zaldivar stood at least an even chance of winning a two-way race; and, therefore, we should make every effort to pull the third candidate out.

⁴ Attached but not printed. See footnote 1, Document 219.

223. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, April 26, 1971.

SUBJECT

Letter from Ambassador Korry

Ambassador Edward Korry has sent you a personal letter which expresses his "profound disappointment" that his services are being terminated. (Tab A)² Korry is being replaced as Ambassador to Chile very shortly by a career officer, Ambassador Nat Davis. He has not been offered a comparable position elsewhere by the State Department.

Korry's letter is an emotional defense of his dedication and loyalty to you and to the Presidency, and a recounting of the personal attacks he has received at the hands of the State Department and the press because of his attempts to call things as he saw them and to act with initiative. Korry obviously feels, with some justification, that he has been badly mistreated. He mentions his pain that no one has rebutted the calumnies that have "irreparably impaired" him and his family. He refers to his "contract" with you that began in Ethiopia in 1967 when he told you in response to your question that he would feel privileged to serve the Presidency whatever party prevailed.

The letter also summarizes what Korry believes are his principal accomplishments both in Chile and elsewhere.

Korry is a former journalist who writes very articulately. He has acquired a great deal of interesting and sensitive information in his career as an Ambassador, and he is presently carrying a bitter grudge against the State Department and, I suspect, considerable resentment at the White House for not defending and protecting him after his loyal service. Although there are aspects of Korry's performances and judg-

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 778, Country Files, Latin America, Chile, Vol. I, Korry File. Secret; Sensitive; Outside System. Sent for action. This memorandum was prepared by Nachmanoff and sent to Kissinger for approval under cover of an April 22 memorandum that reads, "Attached for your signature at Tab I is a memo to the President forwarding a personal letter from Ambassador Korry. Your memo contains my suggestions for handling this situation. I believe this is one case where human compassion, and perhaps justice, coincides with self-interest. Taking these actions will not guarantee that Korry will not at some future time do damage to the President's and others' interests, or to our foreign relations; but human nature being what it is, failure to do something for him will inevitably lead him to seek vengeance and self-justification." (Ibid.) At the bottom, Kissinger wrote, "Also do a very warm backchannel from me to Korry saying letter has been placed before President." No record of this backchannel message has been found.

² Document 221.

ment which were unfortunate, on the whole I believe he has tried to serve your objectives as he saw them. I think it would be desirable to try to ease some of Korrry's pain at this time, both because it would be compassionate and in the Administration's interest to avoid sending back to private life an excessively embittered, articulate, and knowledgeable potential critic.³

I therefore suggest that you authorize me to send a copy of Korrry's letter to Secretary Rogers, and that you authorize me to tell him that:

—You want to send a warm letter of praise and appreciation to Korrry (which could be quoted publicly);

—You want Korrry to be offered another post which is sufficiently prestigious to salvage Korrry's ego, though it need not be substantively important;

—The official announcement that Korrry is being replaced should emphasize that his service has been valued and that we hope to utilize his considerable talents elsewhere.

If Korrry returns to Washington, I believe you should receive him for a brief office visit which could be given appropriate publicity.

Recommendation

That you approve the courses of action suggested above.⁴

³ In an April 23 taped conversation between the President and Kissinger, the President stated, "What the hell are we going to do with him if he gets out there and starts writing his books?" and "Move him outta there!" (National Archives, Nixon Presidential Materials, White House Tapes, Conversation No. 487-7)

⁴ President Nixon initialed the Approve option.

224. Memorandum From Frank Chapin of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 6, 1971.

SUBJECT

Chile—PDC Request for Financial Support [*less than 1 line not declassified*]

The attached Memorandum for the 40 Committee was circulated by the CIA just as you were departing the city.² It informs the members that CIA is prepared to respond immediately to an urgent PDC request for [*less than 1 line not declassified*] certain deficits for the Party's [*1½ lines not declassified*].

[*1 paragraph (2 lines) not declassified*]

This particular assistance had been previously mentioned as possibly up-coming in CIA's memorandum to the Committee dated 28 January 1971 dealing with overall financial support of Chilean opposition parties and the purchase of media outlets.³ The [*dollar amount not declassified*] was available within CIA approved funds.

The other members of the 40 Committee concurred in this action, and Arnie Nachmanoff strongly endorses it as [*less than 1 line not declassified*] performance has been most effective of late.

Recommendation

That you note your approval of CIA support in the amount [*less than 1 line not declassified*].⁴

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72. Secret; Sensitive; Eyes Only; Out of System. Sent for action. Concurred in by Nachmanoff.

² Attached but not printed is the April 27 memorandum for the 40 Committee, "Chile: PDC Request for Financial Support [*text not declassified*]"; see *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 64.

³ Document 200.

⁴ Haig initialed approval on behalf of Kissinger.

225. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 10, 1971.

SUBJECT

Allende and Korry Meet

President Allende and Ambassador Korry met for over an hour on May 3, their first official meeting since Allende's inauguration last November.² Korry describes Allende as cordial, mild, and drinking fairly heavily throughout the interview. Ambassador Korry, who avoided being drawn into generalities and concentrated his fire on areas of direct interest to the US, made the following points in the course of the conversation:

—Allende's main economic problem would be management and bureaucratic parochialism that could result in mis-management.

—If he hoped to be successful he had to take into account the laws of the marketplace including access to capital, technology, and markets.

—Management of the economy involved the future of US companies, especially the copper companies.

—While not wholly satisfied with the language of the draft legislation on copper nationalization now before the Congress, it was an improvement over the original language and we had also been encouraged by the progress of talks between the GOC and Cerro Corp. over the nationalization of Cerro's copper holdings. Korry then asked if we could look forward to a second round of talks between the GOC and Cerro.

In the course of the conversation Allende said that:

—Of course there would be a second round of talks with Cerro.

—Talks with Kennecott and Anaconda would get under way as soon as there is an accord with Cerro and an agreed text for the nationalization legislation.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. IV. Secret; Exdis. Sent for information. A stamped notation on the memorandum indicates that Kissinger saw it.

² Telegram 2394 from Santiago, May 5, contains a full report of the Allende-Korry meeting. See *Foreign Relations, 1969-1976*, vol. E-16, Documents on Chile, 1969-1973, Document 66.

—His government has no desire to be punitive nor provoke problems with any US company, and that the interests of both parties will be taken into account.

On more general topics President Allende:

—Lashed Brazil for its anti-Chilean posture and for repression of what he called irreconcilable forces within Brazil.

—Asserted Castro was a good friend, but the Chilean and Cuban situations are distinct.

—Said that he had not received a letter from Castro advising him to maintain the best possible relations with the US, but that such a message had been brought to him by an intimate friend (presumably his daughter).

Korry sought to disabuse any notion that the US was attempting to put Chile under pressure by political or economic means, and specifically denied allegations which have appeared in the media of our involvement in the Schneider assassination; of our action to choke off credit to Chile; and of sabotage at the mines. He was somewhat taken aback when President Allende said he had a copy of the US Embassy Emergency and Evacuation Plan dated November 25, 1970, and asked if Korry wanted to see it. Korry explained that E & E planning is a routine administrative task all Embassies are required to do, and has since confirmed that there is no E & E plan bearing that date (though Allende could conceivably have a copy of an earlier plan with an altered date).

The conversation also touched on the situation of the Ford operation in Chile (Ford plans to close down operations), International Telephone and Telegraph, and the *Enterprise* case. In closing Allende asked why Korry was leaving his post, expressed his appreciation for the Ambassador's role in arranging the Cerro talks, and asked if he could stay in Chile long enough to deal with the major copper problem. Korry explained that his transfer at this time is routine.

226. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 10, 1971.

SUBJECT

Authorization for Admiral Nace, COMUSNAVSO, to Visit Chile

Assistant Secretary Meyer has recommended that the SRG authorize Admiral Nace, COMUSNAVSO, to visit Chile between May 22 and May 27 (memo at Tab A).² Admiral Nace has been invited by the Chilean CNO, and Meyer suggests that withholding authorization for the visit would run a pointless risk of offending the Chilean Navy. He states that if the visit is approved he will see to it that Admiral Nace receives precise instructions regarding policy matters.

Ambassador Korry has sent in a cable (Tab B)³ stating that he has no objection to Admiral Nace's visit, but he points out that the series of high-level military visits (CINCSOUTH, CNO, COMUSAFSO, the Chairman of the IADB and now Admiral Nace) unaccompanied by similar attention from high-level USG civilians, raises questions about a dual US foreign policy approach to Chile. Korry recognizes the importance of maintaining close relations with the Chilean military, but cautions against placing too much faith in the military as a block to Allende. He foresees "no conceivable circumstances in which the military would attempt to thwart consolidation of Allende's Marxist and anti-imperialist revolution." He expresses the hope that VIP military visits can be limited in number and coordinated in Washington in terms of our larger policy interests.

I recommend that we go ahead with Admiral Nace's visit, but I think Korry's point is well taken. An indiscriminate and unplanned series of high-level military visits is not necessarily the most effective way to maintain contact and influence with the Chilean military, and may create unnecessary problems. I suggest that the Ad Hoc Working Group on Chile be directed to plan and coordinate the programming of high-level military visits to Chile; if there are agency disagreements at

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. IV. Secret. Sent for action. A copy was sent to Kennedy. In the right margin, Kissinger wrote, "It is getting too much. Pentagon should be informed to cut out future visits."

² Attached but not printed at Tab A is a May 7 memorandum from Meyer to the Senior Review Group.

³ Attached but not printed at Tab B is telegram 2361 from Santiago, May 4.

that level, the issue should be brought to the SRG principals for decision. If you agree, I propose that you handle this informally with Under Secretary Irwin and Deputy Secretary Packard; this approach can be formalized subsequently at the next SRG meeting on Chile.

*Recommendations*⁴

1. That you approve authorization of Admiral Nace's visit to Chile.
2. That you suggest to Under Secretary Irwin and Deputy Secretary Packard that the programming of high-level military visits to Chile be planned and coordinated by the Ad Hoc Working Group on Chile.

⁴ Kissinger initialed his approval of both recommendations.

227. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 11, 1971.

SUBJECT

40 Committee Meeting—Status Report on Chilean Elections

You have indicated to Frank Chapin that you wish to have a discussion on the status report on the Chilean elections prepared by CIA (Tab A).² The report reviews the results of the elections and concludes that U.S. Government assistance helped:

- to deny Allende the clear popular majority he sought;
- the political opposition to successfully challenge the UP;
- the opposition parties to regain their confidence and have the will and ability to resist the UP;
- the opposition parties to obtain media capabilities which will be of great and continuing value in opposing the UP.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72. Secret; Sensitive; Eyes Only; Outside System.

² Attached but not printed at Tab A is an April 21 CIA status report for the 40 Committee. See *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 62.

The report notes that all covert support was passed securely and without arousing the suspicion of the Allende government.

In reviewing the report in the 40 Committee, you may wish to:

1. Ask if this generally optimistic assessment is shared.
2. Ask CIA how much of the previously authorized funds remain unspent, and what its plans are for utilizing those funds.
3. Ask whether the agencies believe that continuation of a political action program—i.e., support to the opposition parties for purchase and maintenance of media outlets, efforts to exacerbate the tensions and splits within the UP, organizational support for the opposition parties, anti-UP propaganda, etc.—would be desirable and have a significant impact. What, if anything, can we do to keep alive a viable and strengthened opposition for the 1973 Congressional elections? What can be done to strengthen cooperation between the opposition parties? What can be done to weaken the unity of the UP coalition and its ability to govern effectively?
4. What is the risk of exposure from continued political action programs? Is the likely impact of such programs sufficient to warrant taking those risks?

If it appears that continued political action programs would be worth the risks, you may want to consider whether the Agency's current plans are sufficiently well thought-out and clear for the Committee to approve. If not, you may wish to ask the CIA to submit a more detailed paper outlining the objectives of continued political action and specific plans prior to the 1973 Congressional elections.

228. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 17, 1971.

SUBJECT

Chilean Pressure for Ex-Im Bank Loan for Boeing Aircraft Sale

The Minister of the Chilean Embassy, Pablo Valdes, called on me Thursday, May 13 for what was supposed to be a courtesy call. However, he recalled your meeting with Chilean Ambassador Letelier on March 23 and your offer to be of assistance to him should the need arise in the future.² He said *the Ambassador, presently in Chile, had instructed him to bring to your attention a current issue related to obtaining Ex-Im Bank financing for the purchase of Boeing aircraft (two 707's and one 727) for the Chilean airline, LAN-Chile. Boeing and the Chilean Government apparently have reached agreement in principle for the sale of the aircraft, provided Ex-Im Bank finances 40% of the \$26 million sale, and guarantees another 40% to be provided by private US banks.*

The Minister made the following points in his conversation with me:

—Ambassador Letelier, after talking with President Allende, who has a strong personal interest in this project, had instructed him to inform you of the problem and to seek your assistance in obtaining a positive Ex-Im response;

—Boeing, in its preliminary consultations with Ex-Im and State was given to understand that the Bank might not be able to proceed with the loan for reasons not pertaining to the soundness of the project itself, presumedly for political reasons;

—While this project is not important in itself, the *Ex-Im response will be regarded as a political sign* of US relations with Chile;

—There is a time problem involved as the order must be placed with Boeing in the next few weeks in order to obtain delivery of the planes within the next year;

—His government does not want to make a formal request to the Bank until assured that it would be approved, for a turndown or excessive delay in considering the proposal would create obvious problems in US-Chilean relations which his government wishes to avoid.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-56, SRG Meetings, Chile, 6/3/71. Secret. Sent for action.

² See Document 215.

Valdes left a copy of an Aide-Mémoire which Ambassador Letelier had presented to Assistant Secretary Meyer last week (Tab A).³

I assured the Minister that I would inform you of his government's concern over the problem and of his request for your assistance and that we would look into the problem. I pointed out that Ex-Im makes its decisions based not only on the soundness of a particular project but also in light of the overall economic prospects for the country in question. The Bank has to take broader factors into consideration; these are essentially economic, not political. I assured him of our desire to maintain good relations with Chile and expressed the hope that this particular issue, whatever its outcome, would not significantly affect relations between our two countries.

Valdes indicated he would call me next week to see if anything could be done. I again answered him that we will give careful attention to this, but it might take some time to look into the details of this somewhat technical matter.

Ambassador Korry reports that he was pressed by Ambassador Letelier on the Boeing sale. Letelier claimed that Ex-Im's action would be critical to the evolution of US-Chilean relations, and that Allende would view a refusal as "hostility." Korry comments that prior to Letelier's raising the issue, the Embassy had concluded that if an acceptable deal was worked out between the Chilean Government and Cerro Corp. (a settlement should be announced shortly), and if we wished to contain the Kennecott and Anaconda problems, then the Ex-Im Bank should go forward with the Boeing sale. He believes going forward will have a positive impact on the remaining copper negotiations, while a negative position would belie the President's declaration that we are willing to have the kind of relations with Chile that it wishes to have with us. He also believes such a negative impact would serve to make anti-Communist Chileans more receptive to the populist-nationalism which fuels Allende's strategy. (Cable at Tab B)⁴

The issue is a very difficult one. The *Ex-Im Bank is strongly opposed to financing the Boeing sale to Chile on banking grounds*—i.e., unfavorable economic outlook for Chile, the Bank's already heavy exposure in Chile (\$400 million) and the precedent with regard to other exports to Chile. The Bank is also concerned over possible Congressional reaction. Moreover, there is another serious political problem: the Chileans have clearly indicated they plan to use the planes on a route which would include a stopover in Havana. If not limited to humanitarian cargo and

³ Attached but not printed at Tab A is a May 6 Aide-Mémoire prepared by the Chilean Embassy in Washington entitled, "Purchase of Boeing Aircrafts for the Chilean Air Line 'Lan-Chile'; Financing."

⁴ Attached but not printed at Tab B is telegram 2595 from Santiago, May 17.

passengers, use of a national airline on a Havana route would trigger a suspension of aid under the Foreign Assistance Act.

I believe that State would like to go ahead with the Ex-Im loan for the Boeing sale, but until Korry's cable had been reluctant to press Ex-Im Bank to reverse its normal banking criteria and do something special in favor of Chile. However, the issue has now escalated to a level where the policy implications warrant an inter-agency review. Therefore, *State is preparing a paper for the Senior Review Group*. I believe the issue is serious enough to warrant SRG consideration, and recommend that you agree to place this on the schedule at an early date.

In the meantime, pending the SRG review, I will inform the Chilean Ambassador that we are giving careful consideration to this problem, emphasizing again, however, that the Ex-Im Bank operates primarily on the basis of banking criteria.

*Recommendation*⁵

1. That you agree to consider the Ex-Im Bank/Boeing issue for Chile at an early meeting of the SRG.

2. That you authorize me to tell the Chilean Ambassador that we are giving careful consideration to this issue, emphasizing, however, that Ex-Im Bank's operations are based primarily on banking criteria.

⁵ Kissinger initialed his approval of both recommendations on May 20.

229. Memorandum From Frank Chapin of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)

Washington, May 24, 1971.

[Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72. Top Secret; Byeman. 1 page not declassified.]

230. **Talking Points Prepared by Arnold Nachmanoff of the National Security Council Staff for the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, undated.

TALKING POINTS FOR 40 COMMITTEE MEETING

Wednesday, May 26, 1971

3:00 p.m.

1. Ambassador Korry requested about [*dollar amount not declassified*] to cover bad debts incurred by the PDC and some of its members as the result of the recent municipal election campaign. The 40 Committee agreed by telephone poll last week to approve Korry's request for an immediate [*dollar amount not declassified*] to cover those debts which were already overdue.

2. The issue before us today is what to do about Korry's request for the remaining [*dollar amount not declassified*]. As I understand it, we have no obligation to meet the PDC's overrun. However, Korry believes the Party and its leaders are vulnerable to legal action and political blackmail if they are unable to meet these debts.²

3. We obviously have a strong interest in maintaining a strong opposition in Chile, and we do not want to jeopardize the continued viability of the PDC. The realistic options then appear to be (1) to provide the full remaining [*dollar amount not declassified*] to minimize any risk to the PDC (assuming this can be done securely) or (2) to cover less than 100% of the PDC debt, in order to give the Party some incentive to find other sources of financing to avoid setting an unfortunate precedent in which the USG is billed for every PDC cost, whether or not we agreed in advance.

4. What are the Agency's views on this issue? (Call on CIA for its assessment of the PDC's vulnerability and of its prospects for alternate

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72. Secret; Sensitive; Eyes Only. All brackets except those that indicate text not declassified are in the original. No memorandum for the record of the May 26 meeting of the 40 Committee was found. An October 22 memorandum for the record by Peter Jessup of the National Security Council Staff described the May 26 meeting as one for which there were no detailed minutes prepared, due to the illness of the Executive Secretary, only records of decision. Present for the Chile discussion at the meeting were Kissinger, Mitchell, Packard, Johnson, Knowles, and Helms, as well as Karamessines, Nachmanoff, Coerr, and Broe. At the meeting, the Committee approved [*dollar amount not declassified*]. Aid to the PDC in the amount of [*dollar amount not declassified*] was approved by telephone by the Committee on May 20. See *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973, Document 67.

² In the left margin of this paragraph, Kissinger wrote, "Doesn't Allende know?"

sources of funding. You will also want CIA's assessment of the security risk.)

[State will probably propose that we provide only another [*dollar amount not declassified*] (for a total of [*dollar amount not declassified*]) to cover the bad checks and letters of credit, but not to provide the [*dollar amount not declassified*] for doctored invoices. The basic purpose would be to try to force the PDC to find resources elsewhere; the division between checks and invoices is an arbitrary one, which would be rationalized on the grounds that business debts are easier to cover or to extend than personal debts. State will probably indicate its willingness to fall back to 100% funding if the PDC and Korry come back with a strong case that failure to provide the other [*dollar amount not declassified*] will endanger the Party.

[CIA may support the two-step approach, but indicate that it fully anticipates that the PDC and Korry will come back quickly with a strong case for the remaining [*dollar amount not declassified*].

[My recommendation is that you go along with the partial funding approach, but with the understanding that we would be prepared to provide the remainder on a contingency basis if Korry makes a strong case.]

5. The Committee received a status report from CIA on the municipal elections program. It concludes that our assistance was helpful in denying Allende a clear popular majority, and in helping the opposition parties to challenge the UP and regain their confidence and will to resist the UP. Is this generally optimistic assessment shared?

6. I understand that a comprehensive, longer-term covert action proposal, which will encompass and support two opposition elements, will be submitted to the Committee shortly. We will want to take a careful look at this as soon as possible.

231. Telegram From the Embassy in Chile to the Department of State¹

Santiago, May 27, 1971, 2200Z.

2819. Pass OPIC. Subject: Mills' Conversation With Allende May 26. Ref: Santiago 2780 (Para 1).²

1. OPIC President Mills summarized briefly to Allende OPIC's mandate, its specific concerns for major Chilean clients in Chile (ITT, Kennecott and Anaconda), his hope that friendly accords could be reached without triggering U.S. congressional and taxpayer funding of claims, his recollection that all the referenced investments had been made with OPIC coverage as result of GOC official invitation and commitments, and his trust shared by USG that forthcoming negotiations between GOC and companies would permit good relations to prosper between our two countries.

2. In reply, Allende spoke for some 45 minutes in which he echoed in more informal language his recent State of the Union rationale for his unique road to socialism. Although he commenced by stating he would reply first in general terms and then in specifics, he never mentioned ITT while he dwelled on the copper situation. This omission led us to conclude that he felt that ITT was under control but that copper's big two would be the special case he has been seeking to make through a series of other negotiated settlements affecting US companies. As for Cerro, he laughingly volunteered he had been having a little trouble "in his own chicken coop" but it "was 99 percent settled and only a few observations might be required." As in the conversation itself, he wanted us to understand he was in command in Chile, that he intended to fulfill his revolution under Chilean law and his interpretation of justice (social as well as legal), and that the US would simply have to come to terms with these Chilean realities. Only at one point did he offer any hint of dealing with less than doctrinal firmness with Kennecott and Anaconda. After lashing the supposed refusal of these two to hand over \$100,000,000 in copper receipts (of which he said half were dividends for the companies themselves), he asked why the US could not grant credits to Chile so that it could pay for its nationalizations of iron, nitrate and copper. Unlike the copper receipts story which I tend to

¹ Source: National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE. Confidential; Priority; Exdis.

² Telegram 2780 from Santiago, May 26, provides a brief summary in paragraph 1 of the meeting between Mills and Allende and a general overview of the state of expropriations in Chile. See *Foreign Relations, 1969-1976*, vol. E-16, Documents on Chile, 1969-1973, Document 69.

doubt has any validity, his complaint on shrinking US credits is more solidly grounded and doubtless was linked to the pending GOC request for EXIM financing of three Boeings.

3. In his general observations, Allende repeated the familiar catechism—that he wanted excellent relations with all countries including the US, that Nelson Rockefeller in an official letter in 1940 had credited him for initiatives as Minister of Health that Allende interpreted as inspiring the US later to adopt Point Four,³ that Chile enjoyed full liberties, that there was not a single political prisoner nor any interference with a press that was more oppositional than even the US' (sic), that he would never act to threaten US security interests and that the US people and Congress had to understand the Chilean viewpoint.

4. Of course, the American taxpayer and the Congress would not wish to pay claims for compensation. He as an ex-Congressman understood and sympathized completely. But the Chilean people and Congress that had elected him would not understand why foreigners should collect "exorbitant sums" when Chileans were being expropriated without compensation. He stressed that under Frei's Agrarian Reform Law, the govt expropriated without compensation farms that were poorly worked or that had not complied with social laws. He wanted to be just and to deal with each case on its own merits. GOC had done so in the case of Bethlehem, of Cerro, of Purina (sic) and others; I had been of assistance in some of these cases and at an opportune moment he would so state to the Chilean people. But in judging each case, the elements that had to be considered included the profits, over what term, as against what fresh capital invested, the comportment of the firms, etc. Cerro was a distinct case. It had not earned a penny, it had brought high technology, it had comported itself well.

5. Chile was ready to sell the US as much copper as it wished; although he doubted that we needed much. It was not acting in a discriminatory manner against the US or US companies. If the copper had been owned by Chinese, Soviet, European firms, it would be the same. The constitutional project in Congress had been approved by 90 percent of the membership. The companies also would have recourse to a special court of law under that measure if it felt it had received unjust treatment. Copper was the wage of Chile; it was like the air, sea and land. A natural and national resource. He advised Mills to take 10 minutes to see the poor communities of Santiago, (poblaciones), to view the misery with which the people had to confront the recent flooding produced by rain, to understand why Chile would not pay ex-

³ The Point Four program of technical assistance was proposed by President Truman in 1949 and initiated in 1950.

orbitant sums in compensation and why it needed to complete its unique road to socialism.

6. He said that some might seek to block this road, but whatever the sacrifice, however strong the pressures, the Chilean people would follow it. He referred indirectly to Anaconda in addressing himself to the problems of copper technicians. He earned 16,000 escudos a month while some technicians gained 40,000 at the mines. Chileans now had to be paid in escudos but foreigners could continue to work here for dollars. However, he could not tolerate the Chilean gardener, a chauffeur or a doctor being paid at the mines in dollars as so-called technicians.

7. He said he disagreed with USG on some policies, but in his State of the Union message he had devoted only one sentence to President Nixon's policy in Viet Nam although he disagreed with it profoundly. He disagreed, too, with our armaments policy in LatAm. Why could not the US spend for education, for health, for land reforms, etc.? LatAm was a powder keg and unless the US understood, it would make a grievous error. It was the force of reason not arms that would triumph, as in Chile.

8. Only twice could we interrupt this flow. Mills referred to his recent meeting with the Japanese and German insurers in the context of the high international interests in OPIC's experience in Chile. And when Allende looked to me for confirmation re the alleged \$100,000,000 in withheld dividends, I disagreed, adding that it was not the opportune moment to discuss the point since he had forewarned us he had only one hour for the meeting since he would attend the funeral of a carabinero (shot the previous day by leftist extremists).

9. He concluded by stating that whatever else might be said of him, he played the game cleanly; turning his hands up on the table, he said smilingly, "I put my cards on the table."

10. Recalling his admiration for US Amb Bowers in the 1940's, Allende said he had written him a letter of friendship and of appreciation upon his departure. I, too, would get such a letter.

Korry

232. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, June 1, 1971.

SUBJECT

Senior Review Group Meeting—CHILE, Thursday, June 3—3:00 pm

Last week I sent you a memo covering drafts of the two papers to be considered at Thursday's SRG meeting, one on LAN Chile's desire for EX-IM financing to buy three jet aircraft from Boeing, and the other on the package requested by the Chilean Armed Forces under FMS. (Tabbed)² I pointed out that the Ad Hoc Group's drafts forwarded to you were *not final* and would be revised prior to the meeting. We now have received *final drafts* on the Boeing problem (Tabbed) and the FMS issue (Tabbed).³ As anticipated, revisions are not major, but there are some changes from the earlier drafts.

The Boeing Problem

You will recall that the Chileans have asked for what amounts to high-level political clearance on EX-IM financing for the Boeings before they submit formal application for credit, and that they have indicated that the planes *could be used on the Cuban run*. They have also implied a link between our decision on this matter and their treatment of U.S. copper investments. While they genuinely want the planes, they are also using this issue as a lever in an attempt to pry us loose from our restrictive credit policies.

There are *two principal issues* involved in the Boeing decision:

—The *major issue* is whether to make an exception to our restrictive credit policy in order to avoid (a) damaging the prospects for the copper negotiations, and (b) possibly straining the correct relations we have maintained with Chile thus far.

—A *subsidiary issue* is the inconsistency with our Cuba policy of providing EX-IM financing for aircraft which may well be used to establish a new air service to Cuba.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-56, SRG Meetings, Chile, 6/3/71. Secret. Sent for information.

² Attached but not printed is a May 29 memorandum from Nachmanoff to Kissinger.

³ Attached but not printed are the May 29 Options Paper prepared by the Ad Hoc Working Group on Chile and an undated Options Paper prepared in the Department of Defense. For the text of these papers, see *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Documents 70 and 72.

The revised draft alters the options structure somewhat. There are now *seven options falling within three categories*:⁴

- A prompt and unequivocal “no” (Option A).
- Three options providing for a conditional response, related to Chilean actions with respect to *both copper and Cuba* (Options B, C, and D).
- Three options providing for a more positive response, but conditional only on Chilean actions related to *Cuba* (Options E, F, and G).

The paper specifies that, with respect to the copper condition, we would ideally await copper settlements before giving final agreement to the Boeing loan, but favorable developments in the copper talks could lead to earlier approval of the loan. (You should explore what would constitute “favorable developments.”)

The *three graded conditions on Cuba* offered for choice in both the conditional and more positive sets of options are:

- Assurance that Chile will not fly these aircraft to Cuba.*
- Assurance that Chile not carry cargo to or from Cuba on these aircraft.*
- That we simply inform Chile of the legal consequences of using these aircraft to carry cargo in a Cuban service (i.e., a suspension of further U.S. aid).

The Options are discussed on pages 13–26 of the revised Boeing paper (tabbed).

DOD takes a hard line on the Cuban issue and will probably come down for either Option B or E, which retain the hardest Cuban line. *State will probably favor either Option D or G*, depending on how firm it wants to be on copper. Both options simply have us inform the Chileans of the legal consequences of carrying cargo in a Cuban service.

I continue to favor Option D (Option II in the previous draft) because:

- It makes Cuba a subsidiary issue; whatever our decision, it should be presented on “banking,” not political grounds.
- It puts us in a reasonable posture, while permitting us to wait out the Chileans on copper (rather than caving now to their pressure and subjecting ourselves to more blackmail prior to a copper settlement).
- Although it carries the implication of a positive response and hence a break in our restrictive economic policy, if the copper negotiations turn out satisfactorily, such a shift would be defensible, and perhaps inevitable if Allende treats the copper companies fairly.

⁴ The lettered options listed below are derived from the Options Paper prepared by the Ad Hoc Working Group.

The risk involved is that the Chileans may regard Option D as a negative posture, and react as they would to a flat “no.” However, if we do not have a Cuba condition, we can stress that this is being handled as a normal banking matter (the EX–IM Bank frequently takes months to process loans of this type).

Ambassador Korry has just sent in a blast affirming his view that we should go ahead promptly and unconditionally with EX–IM financing for the Boeings (cable tabbed).⁵ He believes the Chileans would flatly turn down any request for assurances on Cuba, and charge us with political blackmail. He also urges that failure to go ahead now with the EX–IM loan would push the GOC into harsher treatment of the copper companies and other U.S. investments, garner sympathy elsewhere in Latin America and the U.S. for Chile’s position, damage OPIC, and jeopardize our interests in Chile.

A point not dealt with in my previous memo is the relationship between the Chilean request and a similar desire on the part of the Peruvian Government to buy transport aircraft, in this case for an internal air service. We have followed a restrictive policy with respect to Peruvian requests for EX–IM credits. Our position on EX–IM financing for Chile has an obvious bearing on any subsequent decision on Peru.

You should also note there is a question of possible inconsistency between our position on the Boeing issue and our position on the FMS issue.

The FMS Issue

The options in the final draft on the FMS issue differ very little from the version I sent you last week. The issue is whether to restrict the Chileans to \$5 million previously approved by the SRG, or to allow them to use the \$5 million to guarantee up to \$10 million in commercial credits. (The options are discussed on pages 7–10 of the FMS paper.)

Option 1a would provide the paratroop equipment and *both C–130 aircraft* in the Chilean second priority category. *Option 1b* would include the paratroop equipment the Chileans put at the head of their list and *one C–130*; this option includes commitment in principle to provide the other C–130 in FY 1972.

The considerations involved in this issue are maintaining our influence with the Chilean Armed Forces, the effect on our relations with the GOC, and the reaction of other countries and the Congress. With respect to the latter, we have now taken a sounding with other governments in the area, the results of which were not available earlier. They show some nervousness at the prospect of increased Chilean military capability, and

⁵ Attached but not printed is telegram 2868 from Santiago, June 1. The telegram is Document 71 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

this is particularly true of Argentina and Peru. However, the main reaction was, as I previously indicated, that they would be deeply disturbed if it appeared that we were treating Chile equally or better than themselves or other countries friendly to us.

State and DOD apparently favor Option 1a (the full \$10 million covering the paratroop equipment and *both* C-130's). *I am not convinced* that this is required to maintain our lines of communication with the Chilean military and avoid a clear signal of hostility to the GOC. Moreover, the recent sounding with other governments shows that some would feel somewhat more threatened by greater Chilean military capability than they had previously indicated. Their main reaction is still one of possible resentment over too favorable treatment of Chile under FMS. I see no reason for contributing to their discomfort more than we have to in order to keep open our lines to the Chilean military. The basic \$5 million already approved by the SRG may be sufficient for this purpose.

The main drawback of the lower level is that the Chileans may turn to third countries as a source of supply for some of the items in priority categories not covered by either option unless we whet their appetite by at least giving the full \$10 million; but (a) they may do this anyway, and (b) they are likely to go to Western European sources, rather than the Soviet bloc.

Your Talking Points for the meeting are tabbed.⁶

⁶ Attached but not printed.

233. Minutes of a Meeting of the Senior Review Group¹

Washington, June 3, 1971, 3:09–4:06 p.m.

SUBJECT

Chile

PARTICIPATION

Chairman—Henry A. Kissinger

State

Mr. John N. Irwin

Mr. Charles A. Meyer

Mr. Samuel D. Eaton

Defense

Mr. G. Warren Nutter

Mr. Armistead Selden

Col. John C. Smith

JCS

Admiral Thomas H. Moorer

Brig. Gen. Joseph Belser

CIA

Mr. Richard Helms

Mr. William Broe

Treasury

Mr. John R. Petty

Mr. John J. McGinnis

NSC Staff

Mr. Arnold Nachmanoff

Lt. Col. Bernard Loeffke

Mr. Keith Guthrie

Mr. Mark Wandler

SUMMARY OF CONCLUSIONS

1. *Export-Import Bank Credits for Boeing Aircraft.* This issue will be referred to the President for decision by June 10. Any principal who may disagree with the President's decision will retain the option of seeking an appointment to present his views personally to the President.

The Senior Review Group agreed that in presenting this issue to the President for decision, the objective should be to establish a general policy on extending credit to the Allende regime. This policy should take into account pending expropriation of U.S. firms, the Allende government's steady progress toward establishment of a Marxist regime, and the impact of U.S. policy on public opinion in the United States and Latin America.

2. *Future Restrictions on Export-Import Bank Credits.* The NSC staff will consult Export-Import Bank to determine what alternative might be available for future restriction of credit to Chile in the event the President decides to approve the Boeing aircraft credits.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-56, SRG Meeting, Chile, 6/3/71. Secret; Nodis. This meeting took place in the White House Situation Room. Only the Summary of Conclusions is printed here; for the full text, see *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 73.

3. *Foreign Military Sales (FMS)*. This issue will also be referred to the President for decision.

[Omitted here are the minutes of the meeting.]

234. Memorandum From Secretary of the Treasury Connally to President Nixon¹

Washington, June 9, 1971.

SUBJECT

Chilean Requests for Eximbank Financing for Three Boeing Jet Airliners and for FMS Credit Assistance in the Purchase of Two C-130 Aircraft and Other Military Equipment

I wish to delineate and confirm the Treasury Department's positions on the two Chilean requests described above, as those positions which were outlined in the Senior Review Group Meeting June 3.²

As you know, I am quite concerned that the United States at times tends to take actions in providing assistance, or help in other ways, to countries which are taking action against United States economic interests. To me, this makes little sense. If we continue with this approach, there is little prospect that we can even begin to bring about any change in attitude or behavior on the part of countries taking such actions against us. The situation in Chile is sufficiently well-known to require that in considering their requests for assistance, we take fully into account those actions in the economic area which either have already been taken against us or are likely to be taken in the future. This, I believe, is clearly consonant with your view that we wish to have the kind of relations with Chile that Chile wishes to have with us.

For these general reasons, then, the Treasury position on the Chilean requests is as follows:

1. We believe that the Senior Review Group decision of February 17, 1971, setting a direct credit level of \$5 million in FMS for Chile, should be maintained, with no additional guarantees of private credit.³

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-56, SRG Meetings, Chile, 6/3/71. Secret; Nodis. A stamped notation on the memorandum indicates the President saw it.

² See Document 233.

³ See Document 206.

2. We believe that the Eximbank should not participate in the financing of the sale of Boeing aircraft to the Chilean Government airline. The possible relationship between Exim support on the financing and the consequent progress of the copper talks is at best tenuous. The effects of an unequivocal turn down of the requested Eximbank credit are not likely to impede the progress of these copper talks; and might even be beneficial. Thus we support acceptance of the option for an unqualified decision now against Eximbank participation; those options which make even a qualified commitment really leave us little option at all.

3. We recommend that no changes be made to existing U.S. policy which states that "the Export-Import Bank should issue no new credits to Chile and should reduce its export guaranties and insurance for Chile gradually and selectively."

I am sure you will appreciate that these positions have not been taken lightly. We are aware of the favorable balance-of-payments effects which could result from these sales, of the assistance which they could provide for the hard-pressed aircraft industry, and of possible public relations repercussions in Chile. At the same time, I believe that the considerations suggested in the second paragraph are overriding. I also believe that the effect which approval of this request could have as a precedent for the settlement of other loan requests pending in Exim could be most significant, since it could result in a severe limitation of our flexibility to control our own foreign economic policies.

I hope that a Government position will be taken which supports these views.

John B. Connally

235. **Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon**¹

Washington, June 9, 1971.

SUBJECT

Chile

The Senior Review Group decided on Thursday, June 3, to present two issues concerning Chile to you for decision.² These are:

- How to respond to Chile's request for Ex-Im Bank financing for three Boeing aircraft for the Chilean airline, LAN-Chile.
- How we should respond to Chile's request for FMS credits.

I. *The Boeing Issue*

Chile wants to buy two Boeing 707's and one 727 with Ex-Im financing of 40% of the \$26 million purchase price and an Ex-Im guarantee for another 40% to be financed by private US banks. The Chileans have made clear that they regard our response to their request for Ex-Im financing of the Boeing aircraft as a *political decision* which will have significant impact on the prospects for the copper negotiations and our overall relations. They have indicated they would view a negative decision as belying your public statements that we are prepared to have the kind of relationship with Chile that it is prepared to have with us.

The policy you approved following Allende's election involved a two-level approach: (1) to maintain economic pressures on Chile in order to contribute to Allende's economic problems and to help prevent the consolidation of his regime; but (2) to maintain a correct public posture to avoid giving Allende an overt political issue which would help him to gain support in Chile and elsewhere in Latin America. Under that approach, the Ex-Im Bank was directed to issue no new credits to Chile and to gradually and selectively reduce its guarantees and insurance.

This policy has been carried out successfully so far, in that economic credits to Chile have been severely restricted while we have avoided giving Allende a clear issue on which to attack us. The Chileans are concerned about their international credit standing, and have been paying their debts, negotiating settlements with expropri-

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-56, SRG Meetings, Chile, 6/3/71. Secret; Nodis. Sent for action. A stamped notation on the memorandum indicates the President saw it.

² See Document 233.

ated companies (including Bethlehem Steel and Cerro Corp.), and avoiding confrontation with us.

The Boeing loan cannot be treated solely as a special case because Ex-Im will be under heavy pressure to finance other exporter credits if it agrees to finance Boeing. Although a total opening of credits for Chile would not be necessary, it is clear that going ahead with Boeing would entail some easing of credit restrictions toward Chile generally. *The basic policy issue, therefore, is whether we maintain our very restrictive credit policy towards Chile in order to maintain pressures on a regime which is moving toward the establishment of a Marxist state, or ease credit restrictions somewhat in order to (a) improve the prospects for fair settlements for the US copper companies and other US investors, and (b) maintain the credibility, both in Latin America and the US, of your publicly correct posture towards Chile.*

The advantages of allowing Ex-Im Bank to go forward with the Boeing deal and hence accepting some easing of our credit restrictions on Chile, are that it would:

- avoid damaging the prospects for fair compensation for Anaconda, Kennecott and other US investments; this in turn would limit the risk that OPIC would have to pay on its investment guarantees, totalling up to \$400 million;

- benefit the US economy, rather than letting the sale go to the British;

- maintain the credibility of your publicly correct posture and avoid criticism that we are pushing Allende into a more radical direction;

- deny Allende a political issue with which he could gain support in Chile, Latin America and the US;

- require Chile to acknowledge and assume the debts of US companies it expropriates. (Ex-Im would make this a precondition.)

The disadvantages of easing credit restrictions in this case are that it would:

- help ease somewhat the economic pressures on the GOC resulting from the scarcity of foreign capital;

- increase the pressures for making available other credits in the future;

- increase the Ex-Im Bank's exposure in Chile, at a time when the economic outlook is very uncertain;

- could be interpreted as a softening of our stance towards the Allende regime while it continues to move toward its Marxist objectives.

A subsidiary but complicating question involved in the Boeing issue is presented by the GOC's intention to use the planes for a stopover in Cuba enroute to Europe. While there is no legal bar to Ex-Im's financing of aircraft under these conditions (in fact, Ex-Im has financed aircraft for Iberia, which flies to Cuba), use of the planes for service to Cuba would not be consistent with our overall Cuban policy.

State and JCS believe Ex-Im should be authorized to process the loan, including providing a preliminary commitment, under normal banking procedures, and that we should thus accept some easing of our credit restrictions. *DOD favors* processing the loan, too, but only if we obtain assurance from the GOC that the planes would not be used for service to Cuba. *Treasury does not favor* processing the loan. (See Tab A)³

State, JCS and CIA believe the GOC probably would not accept a condition on the use of the planes to Cuba, and in fact would use such a condition to charge us with turning down the loan on political grounds. They propose instead that we simply inform the GOC of the statutory provisions which may apply (i.e., suspension of AID if they ship cargo to Cuba on their national airline). I concur.

My own feeling is that the time has not yet arrived for us to confront Allende directly by openly drawing the line on economic credits. Some easing of credit will not be decisive in determining whether Allende consolidates power. On the other hand, an openly restrictive policy would be inconsistent with our public statements on Chile (and with our more forthcoming trade policies vis-à-vis the Soviet Bloc and China), and would help Allende gain sympathy in Chile and abroad, thus making it easier for him to treat the US companies unfairly. *I, therefore, believe that we should process the Boeing loan, but in a way which would give us some flexibility to cancel it and cut off the flow of credit if the Chileans do not subsequently agree to fair settlements with the copper companies.* Henry Kearns has indicated that he would do this in an indirect way by establishing defensible “banking” conditions before providing a preliminary commitment. Since the outcome of the copper negotiations should be known by next fall, while delivery of the first 707 would not occur until March 1972, we would retain flexibility to deny final approval of the loan (although Kearns points out that this could involve some difficult questions of interpretation for the Bank if expropriatory action is not clear-cut.)

Recommendation

That you authorize Ex-Im Bank to process the Boeing loan for Chile under normal banking procedures, with the understanding that could mean some general easing of credit for Chile, though subject to a cut-off if satisfactory copper settlements are not achieved. Pete Peterson concurs.⁴

³ Document 234.

⁴ President Nixon initialed the Approve option and wrote, “K—be sure Connally knows I will *cut off* if given a good handle.”

II. *The FMS Issue*

The Chileans have requested military equipment under the FMS program in 1971 totaling \$19 million. In line with your policy directive to maintain contact and influence with the Chilean military, the Senior Review Group previously approved a \$5 million FMS loan for Chile. *The issue we now face* is whether to:

(a) allow the GOC to use \$5 million in direct FMS credit to guarantee \$10 million of commercial credits (DOD has concluded that \$10 million would be the upper limit that could be accommodated within the overall FMS ceiling.) Ten million would permit the Chileans to buy paratroop equipment and two C-130's which were the first two priorities on their list, or

(b) limit the Chileans to a \$5 million FMS program ceiling, permitting them to buy the paratroop equipment and only one C-130 (we would agree in principle to provide the other C-130 in FY 1972 under this option).

A \$10 million level would bring Chile close to the FMS levels currently projected for other major Latin American countries (e.g., Brazil, \$15 million, Argentina, \$13 million). Some of Chile's neighbors would undoubtedly be concerned about the US providing military equipment for Chile, and most would be resentful if they did not receive substantially better treatment on FMS from us than Chile receives.

State, Defense and JCS favor the \$10 million level on the grounds that:

—it is the best way to maintain influence with the Chilean military;
—it would help prevent Chile from turning to other suppliers (most likely Western Europe, but possibly Soviet Bloc).

I question whether the additional influence we buy with the Chilean military (who have shown no disposition to oppose Allende thus far) for \$10 million vs \$5 million is worth the additional resentment and criticism we are likely to get from other friendly Latin Americans and Congress. (A substantial FMS program for Chile might be particularly puzzling to them in view of Allende's recent criticism of our military assistance program as contributing to an arms race.) I also doubt that \$10 million vs \$5 million is likely to be decisive in determining whether the GOC turns to other suppliers.

Recommendation

That you approve a \$5 million FMS program ceiling for Chile.⁵

⁵ President Nixon initialed the Approve option.

236. Memorandum for the 40 Committee¹

Washington, July 2, 1971.

SUBJECT

Request for Funds for the Valparaiso By-Election in Chile

1. A program covering longer term financial support for all political parties opposed to the Allende regime is being prepared for presentation to the Committee. The inability of the National Party (PN) to define its program requirements has delayed submission. In the meantime, the death of a congresswoman who represented the Christian Democratic Party (PDC) in Valparaiso has precipitated a major electoral confrontation in Chile's second most populous city. The by-election which will be held on 18 July is considered to be crucial since it has become a critical bellwether factor in Allende's judgment on whether or not to call a national plebiscite to establish a unicameral legislature. The victory of a Popular Unity (UP) candidate in this by-election would encourage him to take this major step to establish a UP-controlled legislature. If such a plebiscite were called and won by the UP, opposition parties would lose their political base and could no longer hope to return to power through electoral means.

2. The UP candidate in the 18 July election is Hernan del Canto, a member of the Political Committee of the Socialist Party and Secretary-General of the Communist-controlled Labor Confederation (CUT). Del Canto, who accompanied the Secretary-General of the Communist Party (PCCh) on his April 1971 visit to Moscow, has already identified his candidacy with the "revolutionary and popular forces" seeking to carry out the revolution to which the Allende government is dedicated. His campaign is being supported by all the top personalities of the UP, and President Allende has already made one visit to Valparaiso. Although UP National Committee Chairman Adonis Sepulveda has observed that "this election is not a plebiscite but we understand its great importance" it has become increasingly clear that Allende and his government do regard the election as a critical test of strength.

3. The opposition candidate, Oscar Marin, is a former member of the Radical Party who worked in favor of PDC Presidential candidate Radomiro Tomic in the 1970 elections. Although formally nominated by the PDC, Marin is being fully supported by the entire democratic opposition, including the National Party (PN) and the Democratic Rad-

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile 1971–1972. Secret; Sensitive; Eyes Only.

ical Party (PDR), and also hopes to obtain some Radical Party votes. Each of the opposition parties will need to carry out a separate campaign in order to appeal to its own electorate, and each party has solicited and received commitments of financial support from textile industry owners, mining companies, and other business interests in the Valparaiso area. The willingness of Chilean businessmen to support Marin's campaign is encouraging, but the election is so important that it would be imprudent to rely exclusively on the promise of this local support. The following sums are, therefore, requested to assist each party in its electoral campaign on Marin's behalf:

PDC: [dollar amount not declassified]

PN: [dollar amount not declassified]

PDR: [dollar amount not declassified]

4. The funds requested will be passed to each party [*less than 1 line not declassified*], and the degree of risk is considered to be low. The funds will be used by each party to pay for propaganda (radio, press, posters, leaflets, wall paintings); for voter transportation to the polls; and for all other possible efforts to insure a maximum turn-out of pro-Marín votes. Because of the short time remaining before the election, these funds should be passed to the opposition parties immediately.

5. During a 30 June meeting with CIA officers in Washington, Ambassador Korry stressed the importance of insuring an opposition victory in the Valparaiso election in order to forestall a plebiscite on the issue of a unicameral legislature.² The Ambassador had previously approved a proposal that [*dollar amount not declassified*] be made available to the PDC for this by-election.

6. It is recommended that, if possible, the 40 Committee approve by telephonic vote the immediate passage of \$150,000 to the opposition parties as described above.

² No other record of this meeting has been found.

237. Memorandum for the Record¹

Washington, July 6, 1971.

SUBJECT

Minutes of the Meeting of the 40 Committee, 6 July 1971

PRESENT

Mr. Mitchell (Acting Chairman), Mr. Johnson, Admiral Moorer, and General Cushman. Mr. Kissinger and Mr. Packard were unable to attend. Colonel Richard Kennedy represented Mr. Kissinger.

Messrs. Charles A. Meyer, Wymberley Coerr, Arnold Nachmanoff, Thomas Karamessines, and William Broe were also present.

1. *Chile*

The request for funds for the Valparaiso by-election in Chile made by the Santiago Station and endorsed by Ambassador Korrry for \$150,000 was approved by the Committee on 6 July 1971 following a discussion among the principals.

Mr. Broe summarized the importance of the election, noting that it was the first time the opposition to Allende had united and an Allende candidate victory might encourage a national plebiscite to abolish Congress and install a unicameral legislature.

Mr. Mitchell inquired whether the PDC raised any money on their own and also whether the money could be effectively utilized between now and 18 July.

Mr. Johnson thought \$150,000 was considerable money for two weeks' input.

Mr. Broe indicated the PDC was not particularly effective in raising their own funds and that much of the money would go to pay media, buy radio time, etc. He pointed out that the Chilean record was good and they notified us of their expenditures. [*1½ lines not declassified*]. He indicated that expenditures could be controlled by feeding the money in gradually.

Mr. Broe provided the following figures for the Valparaiso District to show the closeness of this election:

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, Minutes of 40 Committee. Secret; Eyes Only. Drafted on July 8. A copy was sent to Mitchell, Packard, Johnson, Moorer, and Helms.

1970 (Presidential)

PDC 33.7 Tomic
 UP 33.3 Allende and
 PN 33.0 Alessandri

1971 (Municipal)

Opposition 49.7
 UP 48.3

The principals were convinced of the importance of the by-election and unanimously supported the funding.²

[Omitted here is discussion unrelated to Chile.]

Peter Jessep

² The Christian Democratic Party candidate won a close-fought election against the UP candidate on July 18. (Ibid., Chile, 1971–1972)

238. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, July 22, 1971.

SUBJECT

Boeing Loan for Chile

You asked for an explanation of the decisions on the Chilean request for Export-Import Bank financing for three Boeing aircraft for its national airline, LAN-Chile (Tab A).²

First, you should understand that Chile's submission of a formal application to the Export-Import Bank on July 7, despite the fact that we had not given any indication the loan would be favorably received, was something over which we had no control. The Chilean Government made a unilateral decision to submit the loan application in an attempt to press the issue and force our hand. For Kearns to have refused

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol. V. Secret. Sent for information. Kissinger initialed the memorandum.

² Attached at Tab A is a July 7 memorandum from Nachmanoff to Haig, on which Haig wrote, "hold for HAK." Kissinger wrote the following on the memorandum, "Arnie, I would have warn the President ruled against it [Ex-Im Bank loan to Chile to purchase Boeing aircraft]. This now is the explanation we rejected. I want an immediate explanation."

to even accept the application would have, in effect, constituted a flat rejection of the Chilean loan request, which was not the option the President chose.

The following is a review of the decisions on this matter:

—The President approved (memo of June 9, Tab B)³ authorizing the Ex-Im Bank to process the Boeing loan under normal banking procedures subject to a cut-off if satisfactory copper settlements are not achieved. He wrote the comment on the memo “be sure Connally knows I will cut off if given a good handle.” At the same time, he also approved a \$5 million FY 1971 FMS program ceiling for Chile.

—On June 11, per General Haig’s telephone instructions, we held up implementing the President’s decisions as a result of charges in Chile of CIA complicity in the murder of former Minister of Interior Perez Zujovic, pending a statement by the GOC refuting those charges.⁴

—In my memo of June 14 (Tab C)⁵ I came back to you requesting authority to proceed with implementing the President’s decisions when the GOC made a satisfactory public denial of CIA involvement. You wrote on the memo “No—President approves FMS. Does *not* want to proceed on Boeing pending urgent review of expropriation problems.”

—June 18, you signed a memo to the bureaucracy (Tab D)⁶ informing them of the President’s decision to approve a \$5 million FMS ceiling for Chile for FY 1971 and to defer a decision on authorizing the Ex-Im to process the Boeing loan for Chile.

—As the matter now stands, we are deferring decision on the Boeing loan pending review of NSSM 131, the Expropriation Study.⁷

When Kearns accepted the formal application from the Chileans, he was careful to give the Chileans no commitment nor any indication the request would be given positive consideration by the Bank. He cited a number of banking criteria Chile must meet before the Bank can consider the application. Basically, we are keeping our options open and presumedly we can face this issue again after the NSSM 131 re-

³ Tab B is printed as Document 235.

⁴ The Communist and Socialist Parties accused the United States of involvement in the June 8 murder of Perez Zujovic. The alleged assassins were killed in a gunfight with police on June 13. (Juan de Onis, “2 Assassination Suspects Slain in Chile,” *New York Times*, June 14, 1971, p. 3)

⁵ Tab C is attached but not printed.

⁶ Tab D is attached but not printed.

⁷ NSSM 131, June 23, is Document 155 in *Foreign Relations, 1969–1972*, vol. IV, Foreign Assistance; International Development; Trade Policies, 1969–1972. The response to NSSM 137 is Document 157, *ibid*.

view. Our basic approach on this, I continue to believe, should be to string the Chileans along until we see how the copper settlement turns out.

239. Briefing Memorandum From the Acting Assistant Secretary of State for Inter-American Affairs (Crimmins) to the Deputy Under Secretary of State for Economic Affairs (Samuels)¹

Washington, July 28, 1971.

Possible Meeting with Kennecott

The Kennecott Copper Corporation is calling on various U.S. Government officials in connection with its filing of an OPIC claim and its stated desire to enlist official U.S. Government support to obtain just compensation for its properties in Chile.² Kennecott President Frank Milliken and two other Kennecott officials (Michaelson and McCreary) called on Assistant Secretary Meyer on July 23 and left with him a letter addressed to the Secretary. A copy of the letter and of the telegram reporting the meeting are attached at Tabs A and B respectively.³ Milliken also left with us a copy of a 64-page legal brief prepared by Covington and Burling which concludes that "Any award by Chile . . . of less than \$176 million would fall below the accepted international legal standard of compensation for expropriation."

¹ Source: National Archives, RG 59, Central Files 1970–73, INCO–COPPER CHILE. Secret; Exdis. Drafted on July 26 by Girdler and concurred in on July 27 by Fisher and Feldman.

² On July 11, the Chilean Congress adopted the constitutional reform that authorized Allende to immediately nationalize the holdings of Kennecott, Anaconda, and the Cerro Corporation. (Juan de Onis, "Allende Accuses U.S. Copper Interests," *New York Times*, July 12, 1971, p. 1) Allende signed the constitutional reform the next day, and Law 17,450 was promulgated on July 15.

³ Attached at Tab A is a July 23 letter from the President of Kennecott Copper Corporation Frank Milliken to Rogers. In it, Milliken states that the "compensation proposed to be paid under the Constitutional Reform" would not meet the standards of "generally accepted principles of international law." Milliken requested that "the Department of State officially intervene on our behalf with the Chilean Government to obtain payment of just compensation for properties taken in accordance with international law." In Tab B, telegram 134457 to Santiago, July 24, the Department of State notes that, "In response to Kennecott representation, I [Meyer] reconfirmed Dept's continuing keen interest in equitable treatment of U.S. investors by Chilean Government, noting that problem of growing economic nationalism throughout Latin America was one of increasing concern to U.S. Government." Both tabs are attached but not printed.

Kennecott's Situation

In 1915 Kennecott bought 96% and subsequently all of the Braden Copper Company, owners of the El Teniente mine. On December 3, 1964, the Chilean Government reached agreement with Kennecott to purchase 51% of the Braden Copper Company for \$80 million. As part of the agreement the Chilean Government permitted the physical assets of El Teniente to be revalued to their market value as determined by an appraisal carried out by an American appraisal company. The revaluation raised the net worth from approximately \$75 million to approximately \$288 million. The agreement provided that the successor company would increase capacity from 180,000 tons to 250,000 tons per year. Kennecott agreed to re-lend to El Teniente the payments on the notes representing the purchase price and to assist in obtaining bank loans of approximately \$100 million. The management of the firm was delegated to Kennecott for 15 years and various tax and convertibility advantages were given by the Chilean Government.

The Allende government's copper-nationalization constitutional amendment became law on July 16, 1971, and shortly thereafter the Chilean Government took over complete management of the affected mines. Teniente manager Robert Haldeman, under vituperative attack from the government-leaning press, had left the country shortly before.

U.S. Government Position

The U.S. Government has from the outset made clear to the new Chilean Government the importance it attaches to equitable treatment of U.S. investment. We share many, at least, of Kennecott's reservations about the terms of the constitutional amendment, and we are deeply concerned that equitable treatment, especially for Anaconda and Kennecott, may not be provided. The Chilean Government is fully aware of the intensity of our concern in this regard, which we are continuing to convey in every appropriate way. Our desire from the beginning has been to help bring about an atmosphere conducive to positive and serious negotiations as free as possible of rancor and emotional charges of exploitation and economic aggression. We remain (and I recommend that you convey this to Kennecott) dedicated to this goal and desirous of maintaining our continuing contact with company officials both here and in Santiago. I also recommend that you attempt to draw Kennecott out on what specifically it hopes to obtain from us in the way of support.

240. Telegram From the Department of State to the Embassy in Chile¹

Washington, July 31, 1971, 0057Z.

139331. Subject: Copper Negotiations.

1. We are considering best means of bringing US influence to bear on GOC negotiations with companies now that copper bill is law. It is clear that Allende has authority to set period of payment, form of payment and interest rates as well as alleged excess profits to be deducted from compensation. Contraloría General² is charged with determining the book value of the companies as of December 30, 1970 less revaluations after December 31, 1964. It is also his responsibility to determine the other offsets provided by the constitutional amendment. His decisions are subject to appeal by the state or the companies to the Special Tribunal established by the amendment.

2. It is not clear whether companies can negotiate with GOC Ministers to any meaningful extent on issues within jurisdiction of Contraloría—e.g., valuation, deductions, and related accounting matters. Another question is to what extent companies may be able to make direct presentation to Contraloría on such matters as theories relating to book value or interpretations of other provisions of the law. (For example, Kennecott might possibly wish to argue that the provisions of the copper bill disallowing revaluations does not apply to its case, or even if it applies to the specific revaluation accepted by the Frei Government, that it does not preclude some revision of historic book value more consistent with real value.) We hope that GOC replies to questions recently put by Anaconda will shed some light on procedures Contraloría will follow.

3. There is a further question, however, as to the strategy the United States should adopt concerning the relationship between the Allende government and the Contraloría. If it should appear, for example, that the GOC can and will control the Contraloría, it would probably be in our interest to encourage the GOC to influence the Contraloría to implement agreements negotiated between the GOC and the

¹ Source: National Archives, RG 59, Central Files 1970–73, INCO 15–2 CHILE. Secret; Exdis. Drafted on July 30 by Feldman; cleared by Fisher, Morgan, and Emmons; and approved by Crimmins.

² The Contraloría was the office in the Chilean Government that ensured various government agencies in Chile spent their funds according to the law. In addition, it reviewed for legality all supreme decrees issued by the government, as well as the resolutions of the ministries and their dependencies. The Contraloría General headed the office, and had the same (lifetime) tenure and security of a judge. (Airgram A–239 from Santiago, August 3; *ibid.*, POL 15 CHILE)

companies. On the other hand, if, as seems to be the case, the Contraloria is an independent office, it may be in our interest to avoid any action that would subvert his independence. The problem may be that even if the Contraloria remains independent and proceeds objectively and impartially, the copper bill may not allow enough discretion to permit him to set compensation at an amount that would be acceptable to the companies—particularly Kennecott. This remains to be seen.

4. We would appreciate your comments on the foregoing and your continuing reporting on the character and operations of the Contraloria, the constitutional court and the special tribunal once it is constituted.

Rogers

241. Special National Intelligence Estimate¹

SNIE 94–71

Washington, August 4, 1971.

The Outlook for Chile Under Allende

Note

In the first nine months of his government of Popular Unity, President Salvador Allende has moved skillfully and confidently toward his declared goal of building a “revolutionary, nationalistic, and socialist society on Marxist principles.” His problems are mounting; but he is still firmly in control, most of his policies enjoy wide popular support, and his ability to manipulate the levers of power is growing. His strategy and timetable are impossible to predict in detail. The purpose of this estimate is to make a general assessment of Allende’s course and its likely effect on Chile’s internal institutions and external relations over the next few years. In it we examine the strengths and weaknesses of Allende’s governing coalition and the opposition parties, the role of the military, the state of the economy, and the new look in Chile’s foreign relations. In a final section we advance some general propositions about Allende’s future problems, factors affecting the survival of a

¹ Source: Central Intelligence Agency, NIC Files, Job 80B01046A, Deputy Director of Intelligence, Registry of NIEs and SNIEs. Secret; Controlled Dissem. The full text of the SNIE is *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973, Document 78.

competitive, multiparty political system, and the outlook for Chile's relations with the US and other nations.

Summary and Conclusions

A. Since it assumed power last November, Salvador Allende's government has quickened the pace of ex-President Frei's "revolution in liberty," and set in motion a major transformation of the Chilean economy and society, posing new challenges to the traditional political order. The ruling Popular Unity (UP) coalition is dominated by Allende's loosely organized, militantly radical Socialist Party, and the better disciplined, more cautious, pro-Moscow Communist Party. Despite disagreements over tactics and timing, the Socialists and Communists have worked together for years, and there is little short-term prospect of a split serious enough to drive one or the other out of the coalition.

B. The most important opposition party is the Christian Democrats (PDC). It is still the largest single party, with a strong position in Congress, but is factionalized and in financial trouble. Its relations with the other significant opposition party, the conservative National Party, normally are bad. Their recent joint efforts in a congressional by-election produced a victory, and further ad hoc collaboration is likely, but mutual hostility is so great that sustained collaboration against the UP is unlikely.

C. Thus far the regime has directed its economic policies toward popular political ends, concentrating on the takeover of major industries and private banks, acceleration of agrarian reform, and the redistribution of income in favor of the underprivileged. Now inflationary pressures are rising as accumulated stocks are exhausted and production has not kept pace with demand. Imports are rising rapidly and Chile's foreign exchange reserves are dwindling. Potentially, copper export earnings could produce the required foreign exchange, but likely production increases at expected prices would not permit Allende to continue to meet increased demands and appetites of the populace. If accelerated inflation, black markets, and serious shortages are to be avoided, by early 1972 Allende will have to take some politically unpopular actions and seek more outside aid.

D. Allende's dilemma is that, having done all the easy things, he has still not gained sufficient political strength to carry him surely through the difficult times ahead. His popularity seems almost certain to decline as economic problems set in. Many in the coalition would like to avoid the 1973 congressional election, and pave the way to their own extension of power, by holding a plebiscite to replace Congress with a unicameral "People's Assembly," which they would expect to control. But we do not think Allende can count on the electorate to ap-

prove such a change at this point and is more likely for the time being to try to exert maximum pressure within the present system to damage the political opposition, or to woo away some of its factions.

E. He might at some critical point turn to more drastic measures, including some unconstitutional moves, but would do so only if he were sure that he had neutralized or had the support of the armed forces. The Chilean military are not now disposed to political intervention. Allende has been assiduously cultivating them to gain their support, and he seems unlikely to provoke them with blatant acts. But domestic events beyond his control, e.g., a deterioration of the economy leading to severe social unrest, could trigger a military attempt to intervene with, or even to oust Allende.

F. Thus the consolidation of the Marxist political leadership in Chile is not inevitable, and Allende has a long, hard way to go to achieve this. Though he would almost certainly prefer to adhere to constitutional means, he is likely to be impelled to use, and to rationalize, political techniques of increasingly dubious legality; eventually he is likely to feel it necessary to employ his considerable Presidential powers to change the political system so that the UP coalition can perpetuate itself in control. The factors operating for and against this outcome are nearly evenly balanced; the actual outcome could be dictated by quite fortuitous circumstances at some key moment.

G. In foreign relations Allende is charting an independent nationalist course for Chile. He is trying to keep open the possibility of credits from European, Japanese and other non-Communist countries. Relations with Communist countries have been expanded and will continue to grow closer. The Soviet Union and other East European states are extending credits and they would probably help Allende in an economic crisis with selective aid measures. Moscow will continue to cultivate channels of influence into Allende's government through the Chilean Communist Party, but will be unsure of its ability to make a decisive impact on key issues, given the strong position of the Socialists and Allende's independent posture.

H. At the moment US-Chilean relations are dominated by the problems of nationalization. There is likely to be considerable contention before the issues are settled and neither the US companies nor the radical Chileans will be satisfied by the terms. Allende himself seems to wish to avoid a confrontation, but as economic difficulties set in there will be a continued tendency to use the US as a scapegoat. The US reaction will be important, but at least some worsening in the present cool but correct relationship seems likely.

[Omitted here is the Discussion section.]

242. Memorandum of Meeting¹

Washington, August 5, 1971, noon.

PARTICIPANTS

Orlando Letelier, Ambassador of Chile

Pablo Valdes, Minister Counselor of Chilean Embassy

Henry A. Kissinger, Assistant to the President for National Security Affairs

Arnold Nachmanoff, National Security Council Staff

Ambassador Letelier opened the meeting by briefly reviewing the history of Chile's efforts to obtain financing from the Export-Import Bank for three Boeing aircraft for LAN-Chile.

Dr. Kissinger indicated that he did not get involved in individual loan matters, though he was familiar with this case.

Ambassador Letelier stated that he had presented documents to the Export-Import Bank that morning with reference to three points which had been raised by Henry Kearns, President of the Export-Import Bank, when Kearns accepted the Chilean application for a loan. The Ambassador said that he had indicated to the Export-Import Bank that it was impossible for the Chilean Government to define the amount of compensation it would pay to the copper companies at this time, since this would be set by an autonomous agency, the *Contraloria*,² which was not under the control of the Government. He emphasized, however, that Chile would follow all the principles of international law and its own internal laws in establishing compensation for the companies.

The Ambassador indicated that if the Boeing planes were not available, the only real alternative Chile would have would be to buy Soviet planes. Chile needs long-range aircraft, and the only equivalent to the 707's were Ilyushin turboprops. He stated that a decision already had been made in principle to buy the Soviet planes, but that this would be a tragedy for Chile—the Soviet planes were much more expensive (around \$100 million); LAN-Chile would have 50% U.S. planes and 50% Soviet planes, which would present problems and might even require shifting the fleet completely to Soviet planes. The Ambassador indicated that he had spoken to President Allende just a few days ago and told him that he would discuss this issue with the U.S. Government one more time to see if a solution could be found. He stated that he was about at the end of his deadline. He realized that if Chile were forced to

¹ Source: National Archives, RG 59, Central Files 1970–73, POL CHILE–US. Confidential; Exdis. The meeting took place in Kissinger's office.

² See footnote 2, Document 240.

buy Soviet planes it would create political problems. It would be unfortunate if the Boeing issue could not be resolved satisfactorily, particularly since this is happening in the middle of the copper negotiations, which may be affected.

Dr. Kissinger commented that the reverse was also true.

Ambassador Letelier agreed, but stated that there was a timing problem. Chile cannot accelerate the procedures for establishing compensation for the copper companies. This will take three to six months. He emphasized that Chile would have serious internal problems during this period because of the need for the planes. He also noted that Boeing had put up money, and was calling him every day.

Dr. Kissinger noted that his function was not to solve the problems of American business. He again reiterated that he did not handle individual loans. Dr. Kissinger recognized that the question of compensation must be worked out directly by the Chilean Government and the companies concerned. However, he suggested that the Ambassador must recognize that we have serious problems; there are enormous pressures in this country for taking a stronger stand on expropriation issues. He noted that there are some elements within the U.S. Government who want to cut off all loans until expropriation cases are resolved. Dr. Kissinger went on to say that the Boeing case is being handled essentially on a commercial basis; he indicated that he was familiar with it only because he was told that the Chilean Government attaches political importance to it, but again asserted that it is a banking problem.

Ambassador Letelier stated that all of the expropriation cases in Chile had been resolved satisfactorily thus far.

Mr. Nachmanoff noted that agreements had not yet been signed with Cerro and Ralston-Purina.

Ambassador Letelier stated that he did not see any financial problems with the Boeing loan, and he did not believe the Ex-Im Bank saw any financial problems. Bank officials had indicated to him that they were concerned about the reaction in the Senate and other sectors, and it thus appeared to be primarily a political problem. He wondered if Dr. Kissinger could clarify these political aspects so that the loan could go forward. He also noted that this was not an AID loan.

Dr. Kissinger indicated that because of the U.S. Government's interest in maintaining good relations with Chile, he would take a look at this matter, but emphasized that he had not taken an active role in this loan, and that he was not sure he wanted to get into these commercial matters.

Ambassador Letelier commented that little things like the three planes, can have an important effect on overall relations.

Dr. Kissinger stated that he was very reluctant to intervene in individual loan cases. He also pointed out to the Ambassador that what he said about “little things” affecting overall relations should be taken into account by the Chilean Government too. He recognized that timing was a problem, but noted that in his experience gratitude does not usually play a role in foreign relations; he did not find that countries generally felt particularly indebted after actions favorable to them had already been taken.

Upon departure, Ambassador Letelier expressed the hope that Dr. Kissinger might be able to come to Santiago.

Dr. Kissinger stated that he would like to visit Latin America and include a visit to Chile if he could find time in his schedule sometime in the future.

243. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President’s Assistant for National Security Affairs (Kissinger)¹

Washington, August 9, 1971.

SUBJECT

Rumor Concerning Chilean Intervention

At a social occasion this weekend, a friend who is close to a study group working on Latin American positions for Democratic candidates, told me he thought I should be aware of a rumor which is floating around town concerning Chile. According to him, the story being circulated is that:

—Last October you met with a representative or representatives of the copper companies and encouraged them to go ahead with a plan to try to overthrow Allende. You reportedly told them that their objectives were consistent with yours, though you would have to disavow them, of course, if their efforts became known publicly.

—The CIA was allegedly authorized to cooperate with the copper companies in this effort to overthrow Allende.

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol. V. Secret; Outside System. Sent for information. Sent through Haig who initialed the memorandum. Kissinger wrote at the top of the page, “Total nonsense. I have *never* met any copper company people.”

—Senator Fulbright reportedly became aware of the plans and called Helms in for a private meeting, at which time he warned Helms that if the overthrow efforts were not called off, he had enough evidence to blow the whistle publicly and would do so.

—The overthrow plan was reportedly called off as a result of Fulbright's warning, but Fulbright and others will be watching very carefully to see what the administration does when Allende runs into an economic crunch.

I, of course, indicated that I knew nothing of such a plan, and said the whole story sounded ridiculous and far-fetched to me. I am passing it on to you, however, for whatever it is worth.

244. Memorandum From Secretary of the Treasury Connally to President Nixon¹

Washington, August 10, 1971.

SUBJECT

Designation of a Special Presidential Envoy Regarding Expropriations in Chile

I am very concerned with the deterioration of the situation in Chile. The Leftist Activists are making further inroads, and the "negotiations" on the compensation of copper and perhaps other properties look as if they will result in nothing but a disguised confiscation.

The situation is all the more difficult because the United States Government lacks adequate representation in Santiago at this critical time. Incumbent Ambassador Korry is a lame duck (moreover, he is presently in New York with his gravely ill father). The Ambassador Designate Davis is still in Guatemala and several weeks away from Senate confirmation. The No. 2 man is on vacation, and the Embassy is managed by the No. 3 man who has only been there for 100 days.

It may be too late to divert the Chilean Government from its intended course of virtual confiscation of this important foreign property. However, I believe the U.S. must make every effort to clearly communicate to the Chilean officials that *if they are reasonable*, we will work to restore their international credit standing, and *if they are unreasonable*,

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol. V. Confidential. This memorandum is attached to Document 245.

we will take active efforts to deny them additional credits not only from the United States and multilateral authorities but from other donor countries too. They must be able to see the benefits they would be denying their people through their own unreasonable actions.

Much is at stake: the United States cannot permit high-handed, disguised, confiscatory procedures by Chile to become a blueprint for action by others. Second, huge direct investments (and potential tax losses) are involved. Third, it is in our interest to facilitate the development of the mineral resources of Chile. That country is practically unique in the resources it has under soil. The minerals could be developed in a way helpful to the aspirations of Chile and helpful to our own increased dependence upon minerals from foreign sources. My attached tables² show we are 100 percent dependent on chromium, platinum, and tin for example. Nickel, manganese, bauxite, and zinc also rank over 50 percent today. By 1980 the list will be far longer and our dependence even more certain.

Time is running out: the copper expropriation was effective July 16 and the 60-day negotiating period is already running. We will not be able to get our new Ambassador in place soon enough to help. Consequently, I recommend that you appoint immediately a Special Presidential Envoy to communicate to President Allende that it is your objective to be helpful to Chile if they are reasonable, but to deny them credit facilities if they are unreasonable. I would suggest the Special Envoy not be chosen from State. I have in mind men such as George Woods, John McCloy, Bob Anderson, or Bob Murphy. Each has the ability and stature and would be fully capable of communicating in a meaningful way the U.S. Government policy. If this approach is successful, we will display a posture of constructive leadership. If it is unsuccessful, we can honestly say we tried, that Allende did not act out of ignorance of U.S. policy, and we will be in a better position to work on this problem in other areas at an earlier stage.

John B. Connally

² Attached but not printed.

245. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, August 12, 1971.

SUBJECT

Appointment for Ambassador Korry (Chile) Today or Tomorrow

Ambassador Korry is in town until tomorrow evening and would very much like to talk with you. (He came up suddenly because of his father's death.) I think it would be *useful for you to talk to Korry because of an important new development which has arisen concerning Chile.*

Very briefly, Anaconda met separately with Secretary Connally and John Irwin² during the past couple of days and proposed that the U.S. send a special envoy to Chile to indicate that if the Chileans agree to a fair settlement on compensation with the copper companies, the U.S. will help to open up financial credits from the multilateral institutions and New York banks as well as bilaterally. In essence, Anaconda is proposing that we offer a deal to Allende which in effect would make it possible for him to compensate the companies and obtain compensatory financing from the international agencies. We have just received a memo to the President from Secretary Connally indicating that he supports this idea (copy attached for your information).³

We will staff the Connally memo—and probably should take it up in the SRG since it has significant implications for our overall political strategy—but I think it would be useful for you to talk with Korry and get a perspective before he leaves. (I don't think Korry will bother you about his personal future since that problem seems to have been taken care of for the time being.) [I have just learned that you will be seeing Anaconda representatives Tuesday;⁴ since Korry probably stimulated this idea, you should see him first.]

Recommendation

That you see Ambassador Korry today or tomorrow to discuss this new problem.⁵

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol V. Confidential. Sent for action. Sent through Haig who initialed the memorandum.

² A memorandum of conversation of the meeting between Irwin and John Place, President of Anaconda, August 11, is *ibid.* It is Document 79 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973. No record of the Connally–Place conversation has been found.

³ Document 244.

⁴ Tuesday, August 17. Brackets in the original.

⁵ A handwritten notation at the bottom of the page reads, "Dr. Kissinger met with Amb. Korry 5:30 p.m. 13 Aug 1971." No record of this conversation has been found.

246. **Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, August 12, 1971.

SUBJECT

CIA Report on Chile's Emerging Economic Problems

Attached for your information at Tab A is a CIA Intelligence Memorandum on "Chile's Emerging Economic Problems."² The study discusses developing problems in the economic sphere and assesses their implications on Allende's future. In brief the report notes that:

—Thus far Allende's economic policies have been largely aimed at building political support through reactivation of the economy and massive redistribution of income.

—Nationalization of industrial and commercial firms is destroying investment incentives and disrupting production in many firms.

—Export earnings have declined considerably from 1970 (due to lower copper prices and production problems in the large copper mines).

—Traditional sources of foreign credit and investment are drying up rapidly.

—These factors plus heavy debt service payments and higher imports have caused Chile's net international reserves to drop from \$345 million to \$200–225 million during the first half of 1971.

In the *short term* prospects are good that:

—Allende will be able to continue his politically expedient economic policies.

—The real economic growth rate in 1971 will probably exceed the 4% average of the past four years since the adverse effect of the agrarian reform measures on farm output will not be felt until the harvest in early 1972 and short-term gains are expected in mining and manufacturing output as the result of recent additions to copper production capacity and the strong demand for consumer goods.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol. V. Secret. Sent for information.

² Tab A, ER IM 71–138, July 1971, is attached but not printed. It concludes that in Allende's efforts to build political support, Chile had suffered economically, especially regarding foreign reserves. The report concludes that Allende would be forced to take the unpopular measure of restricting consumer demand, and the political implications could be serious. The full text is Document 77 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

—Foreign reserves, however, will continue to drop (probably to about \$100 million by the end of 1971).

By early next year

—Declining foreign reserves will probably force Allende to take strong corrective actions in the economic sphere which will be politically unpopular—e.g., restricting wage increases, raising taxes, curbing credit expansion and reallocating resources from consumption to investment.

—Chile will probably be forced to curtail imports unless copper prices rise dramatically or copper production problems are solved quickly.

—Food imports, however, will have to be increased to compensate for the expected poor 1972 harvest due to disruption from agrarian reform and peasant takeovers.

The paper notes that Allende originally planned for a period of reactivation of the economy which was to last until the “Revolution became irreversible,” or until effective political opposition had been eliminated. This phase was projected to end in April of 1972. The rapid depletion of Chile’s reserves, however, may force earlier adoption of corrective economic measures despite the political risks involved. In fact, Allende has already decreed a substantial devaluation in the brokers’ rate in an effort to stem the drain on exchange reserves. The action has stirred the opposition of the business sectors, which are seriously affected by the measure and which are presently seeking to convince Allende to modify the decree.

Should the economic situation deteriorate seriously, the CIA assessment predicts Allende would probably seek aid from the Communist countries. However, the assistance which the USSR would probably be willing to provide is unlikely to be sufficient to meet Chile’s needs.

247. Memorandum of Telephone Conversation¹

Washington, August 13, 1971, 5:15 p.m.

PARTICIPANTS

Orlando Letelier, Ambassador of the Republic of Chile
Arnold Nachmanoff, National Security Council Staff

SUBJECT

Boeing Loan

Mr. Nachmanoff said that Dr. Kissinger had asked him to call the Ambassador about the matter which was discussed during the meeting with him last week.² He said:

“We regret that the Boeing matter has been brought to the attention of the press during this interval. Dr. Kissinger does want you to know that he has taken another look at the Boeing loan case, as you requested, and wishes to assure you again that there is no political constraint on the Export-Import Bank, and that the loan is being handled essentially as a banking matter.

“It is our understanding from the Bank that this issue is still open and that no final decision has been taken. We understand that Kearns is prepared to continue discussions with you and has indicated to you those points which the Bank wishes to see further clarified by the Chilean Government.

“In view of the Bank’s position that the doors are still open, we were surprised about the statements attributed by the press to you that the Bank’s attitude constitutes an unfriendly act—we assume this was not accurate, of course.

“Dr. Kissinger wants to assure you of our desire to maintain good relations with Chile, but he does not intend to intervene any further in this individual loan case, because after looking at it, it is being handled equitably by the Bank as essentially a banking or commercial matter.”

[Note: The foregoing comments by Mr. Nachmanoff were interrupted by unintelligible grunts.]³

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol. V. Confidential. In an August 26 covering memorandum to Kissinger, Nachmanoff wrote, “the line I took was coordinated with State and Ex-Im.” (Ibid.) A stamped notation at the bottom of Nachmanoff’s memorandum indicates Kissinger saw it.

² See Document 242.

³ Brackets in the original.

Ambassador Letelier: "As you know, the door that Ex-Im Bank—that Mr. Kearns—says is still open is really a closed door because there is a problem of timing, for it is absolutely impossible for the Chilean Government to work against its constitution and be able to say today how much money is involved for American companies. I think it is up to us to present to the Ex-Im Bank an explanation of the procedure and assure them of our willingness to cooperate to the extent that we can to international law in accordance with the Chilean constitution. As a matter of fact, only last week the companies presented to the office of the Comptroller in Chile their figures and their claims, and this is a procedure that will take almost four months.

"Then, the alternative that Mr. Kearns put in front of me that before considering the operation it was necessary to have a kind of clear picture of this situation is impossible; no matter what our position is, and how much—we really don't know now. There is a fact that implies postponement of one operation that makes it impossible to go ahead. From that point of view, it puts us in a very difficult situation. There is no way to give that now—I told Kearns what the situation is and what could happen and said that it was impossible for the President to say today—nobody can tell him now. What we did was to present a letter about the situation on all the other elements. We explained our willingness to act in a positive way for international law. The reaction of Kearns was negative to go ahead in any other way. That is a very candid way of saying *no*."

The Ambassador continued, saying "I see Dr. Kissinger's point that this is not a political matter. In some ways it is not a banking problem, but a financial problem and from that point of view I understand quite clearly the message being passed to me."

Mr. Nachmanoff replied that he could not speak to the details of what Mr. Kearns has asked, "but of course I think you understand that a factor in his consideration from a banking point of view undoubtedly is to seek some clarification of some of the uncertainties and ambiguities in the procedures for compensation, and he might like to see some positive signs of progress in things—for example, Cerro. But this is something that you and Kearns will have to discuss in further detail. Our understanding is that he is prepared to talk further and to seek some further clarification. From the Bank's point of view, the matter certainly isn't closed."

Ambassador Letelier said that he appreciated that information. "There is a problem that worries me. I gave all the information about the Cerro situation. The President of Cerro is flying next week to Chile to have a discussion with our President, and as far as I understand they are making a press release today saying they have received from Chile very satisfactory treatment. They are making that kind of statement. On

Kennecott and Anaconda, they presented their papers to the Comptroller only last week—Thursday or Friday. Things are working. It doesn't matter which party is in Chile—what is really happening I think is clear. The situation is this then: we are in the middle of the procedure and a kind of flux. I am pleased to know that the door is open."

Mr. Nachmanoff said that "As Dr. Kissinger mentioned in the meeting, we recognize the timing problem, but it works two ways. I am sure the Bank also has a problem too in the sense of needing some further sound information."

Ambassador Letelier interrupted to say that it was impossible to give Mr. Kearns what he said he needed in time in order to have his own opinion of the picture. "It wasn't very clear what he wanted. He told me this thing of the copper companies was a financial matter. If in some way it would be possible to get some kind of indication in a more clear way of what Ex-Im needs to know, what would be a factor element for the Ex-Im Bank, I would be glad to work on them and try to produce them. But really when I asked Kearns to tell me what exactly he wants, he didn't tell me anything clear."

Mr. Nachmanoff said that "maybe this can be discussed further and worked out between you and the Bank. Let's hope so."

Ambassador Letelier said that "in order to clarify what should be a factor element for the Bank, we would be very interested to try to go back. I think, too, that it will be necessary to have some thinking of the problem."

Mr. Nachmanoff replied that this is something that the Bank itself must decide, and that these are the details which Dr. Kissinger said we cannot go into.

Ambassador Letelier stressed that the reason for talking with Dr. Kissinger was not the loan itself, but to look into the discussion which could have some sort of political implication.

Mr. Nachmanoff ended the call by saying that he would tell Dr. Kissinger of this conversation.

248. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, August 14, 1971.

SUBJECT

Your meeting with Anaconda officials Tuesday, August 17—12 noon

You are scheduled to meet on Tuesday at noon with John Place, the new President of Anaconda, and William Quigley, Vice Chairman of the Board.² They met last week separately with Secretary Connally and Under Secretary Irwin, and also visited Mr. McNamara of the IBRD and Mr. Ortiz Mena, President of the IDB.

The basic thrust of the Anaconda presentation will probably be to suggest that *the U.S. send a special envoy to Chile to propose a deal*. In effect, the envoy would warn the Chileans that if they do not settle on fair compensation arrangements with the copper companies, we will assure that the GOC is cut off from international credits, but if they agree to fair settlements, the U.S. Government will actively support the opening up of international credits for Chile. They will argue that we need to move quickly on this because Korry is a lame duck, time is running out on the Chilean procedures for establishing compensation, and extreme leftist influence in the GOC is increasing. They will probably allude to the fact that Chile will need about \$300 million in working capital for expansion of the copper industry, and suggest that the IBRD, IDB, and Ex-Im might provide such capital directly or indirectly if fair settlements are achieved.

I am attaching *for your background information* a draft memcon of Irwin's meeting with Place and Quigley (it is a bootleg; protect my source). I am also attaching at Tab B a copy of a memo from Secretary Connally which in effect endorses the Anaconda proposal.³ State will probably endorse something like this too, though it is more reluctant about designating a special envoy and probably would prefer to use a third party, like McNamara.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol. V. Confidential. Sent for action.

² According to Kissinger's Record of Schedule, he and Nachmanoff met with Place and Quigley on August 17 at 12:25 p.m. until approximately 1 p.m. (Library of Congress, Manuscript Division, Kissinger Papers, Box 438, Miscellaneous, Record of Schedule) Kissinger reported to the President on his meeting in Document 253.

³ Tab A is printed in *Foreign Relations*, 1969–1976, vol. E-16, Documents on Chile, 1969–1973, Document 79. Tab B is Document 244.

I suggest that you listen to the Anaconda representatives, and:

—Express your interest in the proposal.

—Ask for their assessment of Allende's intentions and his ability to carry out a deal of this kind.

—Indicate that we will give serious consideration to the proposal, but avoid any commitment.

—Note that Ambassador Korry has just returned to Chile and will be taking some soundings. [FYI: Korry has a letter from Secretary Rogers affirming that he has the full confidence of the President and the USG during the remainder of his tenure.]⁴

Although the Anaconda proposal might make sense from the point of view of trying to attain fair compensation and avoid confrontation on this issue, the *key question* we must face is the impact of such a deal on Allende's economic and political situation, and *its effect on our overall political strategy*. There are also a *number of questions that must be decided* before we try to implement such a scheme—e.g., Is it appropriate for the U.S. taxpayer to directly or indirectly subsidize compensation for the companies? What would constitute a "satisfactory settlement"? What kinds and how much international credit would we be prepared to see released as part of such a deal? Who would make the approach?

This is an issue which probably should be taken up in the SRG at an early date.

⁴ Undated memorandum from Rogers to Korry. (National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol. V) See also Document 249. Brackets are in the original.

249. Letter From Secretary of State Rogers to Chilean Minister of Foreign Affairs Almeyda¹

Washington, August 16, 1971.

Dear Mr. Minister:

Knowing that Ambassador Korry would be calling on you to present a communication pertaining to the treatment of U.S. companies, I have asked him to carry this personal message from me.

As I said to you in our first and, for me, valuable conversation in San Jose, good relations between our two countries can and should be maintained.² This common aim depends, of course, on a mutual effort to be, as you have often told Ambassador Korry, pragmatic rather than doctrinaire in the resolution of differences that might arise between our governments. Its attainment requires frank, genuine and close communication between us.

In the next weeks and months, decisions will be taken that can have significant effect on our relations. It seems to me essential that in this period our two governments should sustain a dialogue that will serve to avoid misunderstandings and to clarify areas of useful exploration. For this reason I have asked Ambassador Korry, pending the arrival of Ambassador Davis, to maintain close communication with the Government of Chile.

It is in that spirit that I want you to know that when Ambassador Korry speaks in the name of the United States Government, he does so with the complete authority and confidence of President Nixon and me.

In the case of the legislation nationalizing U.S. copper investments in Chile, we have noted the significant areas of discretion clearly reserved to President Allende and the Government of Chile and other areas of potential flexibility in establishing a valuation. The manner of implementation of the pertinent Chilean legislation will in large measure be determined by its sponsors, your government. I would hope that it would use its legal power and moral authority to promote an application of the law that would help to maintain the good relations between our countries.

¹ Source: National Archives, RG 59, Central Files 1970–73, POL CHILE–US. No classification marking.

² Reported in an April 16 memorandum of conversation; see *Foreign Relations*, 1969–1976, vol. E–16, Documents on Chile, 1969–1973, Document 61.

I am confident that talks between your government and the affected U.S. companies could advance that important objective.

Sincerely yours,

William P. Rogers

250. Telegram From the Department of State to the Embassy in Chile¹

Washington, August 18, 1971, 1448Z.

152097. Subject: Chile Copper Negotiations.

1. Now that Chile copper bill has become law, we believe USG should reiterate its position in writing.² Accordingly, you are requested to seek appointment with Foreign Minister to present the first person note set forth below. Main purposes of this representation are to demonstrate seriousness we attach to points heretofore made orally to GOC officials on many occasions and at all levels; to avoid any miscalculation on part of GOC of possible consequences of their actions toward US investors; and to lay basis for future US position in event problem cannot be resolved. In preparing this text, however, we have been mindful that any US note may require a Chilean reply and that we do not wish to precipitate a response that would jeopardize or make much more difficult achievement of our objective of encouraging fair settlements negotiated directly by GOC and companies. Thus, we have set forth our legal case against the amendment in general terms only, without dwelling at length on specific arguments.

2. When you present this note, you should expand upon points made in text, drawing upon previous guidance as appropriate, and emphasizing following:

(1) US position continues to be that we are prepared to have the relations with Chile that it is prepared to have with us. Our natural preference is that these relations would be mutually positive and constructive. At same time these relations, as with any nation in Hemisphere, will depend not on internal structures or social systems but on actions

¹ Source: National Archives, RG 59, Central Files 1970–73, INCO 15–2 CHILE. Confidential; Immediate. Drafted by Feldman, Morgan, and Fisher; cleared by Samuels, Miller, Salans (L), Weintraub (E), and Hunt (OPIC); and approved by Meyer.

² See footnote 2, Document 239.

which affect our interests and the inter-American system. In this respect we consider it essential that every effort be made on both sides to eliminate to extent we can any possibility of misunderstanding or miscalculation.

(2) Among the interests to which US attaches importance is fair treatment of US investors abroad. We do not question Chile's right to structure its economy in any way it sees fit, but we do expect that US investors will be treated fairly and without discrimination as required by international law. (At this point you could once again mention special inclusion of Andina³ in the bill and ask when deal with Cerro will be signed, recalling unfulfilled high-level assurances on this matter.)

(3) US has number of serious problems with copper bill as enacted. In particular, we are concerned that book value is not a fair measure of compensation to which companies are entitled under international law. In these cases fair market value of assets alone—wholly apart from going-concern value of enterprises—is probably much greater than historic book value. We hope GOC can find sufficient flexibility in the law to do full justice. Needless to say, the companies and USG would look upon any significant deductions from book value (whether by way of deductions in asset values, assertion of unfounded liabilities, or a determination of excess profits) as punitive and confiscatory. Moreover, failure of GOC to honor debts of former operating companies, or notes already issued by GOC with respect to purchase of equity interests in those companies, would be viewed in the same light.

(4) To mention these facts is not to imply that US desires anything but normal relations with Chile. If fair settlements are not made, USG would of course maintain its position in accordance with international law and its own legislative requirements. We are encouraged by settlements that have been negotiated to date (apart from delay in finalizing Cerro agreement), and we have also taken careful note of assurances of fair treatment that have been given by President Allende. If major copper cases can be settled on a mutually satisfactory basis by negotiation between GOC and companies, there would be no reason for those cases to become a question between our two governments.

(5) We are aware that GOC has agreed to enter into discussions with both Kennecott and Anaconda. The companies have indicated they are prepared to begin at once. We hope GOC will take steps to get talks underway as soon as possible. The companies will be cooperating with Contraloria in its work, but it would seem prudent, if a satisfactory solution is to be achieved, that there be full and continuing exchange of views between companies and GOC before work of Contra-

³ Cerro's mine Andina had just been opened in 1970–1971, and provided about 9 percent of the total output of Chilean copper. (Davis, *Last Two Years*, p. 101)

loria advances much further. If Foreign Minister should allude to independence of Contraloria, you should acknowledge that tradition. However, you should note role of CODELCO⁴ in presenting objections to assets of companies and you should express concern that atmosphere in which these processes unfold not be influenced by propaganda attacks upon companies which put in question GOC's intent to provide just compensation. Further, there are issues of considerable importance not within the jurisdiction of Contraloria that should be discussed by companies and GOC at an early date (i.e. special deductions, terms of compensation, etc.)

3. Text of note is as follows: *Quote.*

Excellency:

I have the honor to refer to Law 17,450 of July 16, 1971, amending the Constitution of the Republic of Chile so as to nationalize those companies which constitute "the Major Copper Mining Industry as designated by law and, in addition, the Compania Minera Andina," and to Decrees 69, 70, 71, 72, and 73 of July 17, 1971, pursuant to which the Government of Chile has taken possession and control of the assets and management of these companies. The effect of these provisions is to expropriate the interests of certain United States investors in the Chilean copper industry. Interests of investors from other foreign countries are not affected.

The Government of the United States of America recognizes the right of every sovereign state to expropriate foreign-owned private property within its territory for a public purpose, provided such taking is not discriminatory and that reasonable provision is made for the payment of just compensation as required by established principles of international law. Such compensation, of course, should be paid promptly, in an amount that is adequate, and in a form effectively realizable by the investor.

Law 17,450 contemplates that some compensation may be paid for the interests affected, but the amount of that compensation, and the terms on which it would be payable, are uncertain. The nationalization law also appears to suspend the judicial review normally available in Chile and establishes a special tribunal composed of government officials as well as of judges.

My Government is constrained to note that several aspects of the nationalization law give rise to serious concern. Among these are the following: The law establishes a restrictive basis of valuation that may

⁴ CODELCO (Corporación del Cobre) gained full ownership of the expropriated properties of some of the foreign mining companies in Chile. It prodded the Government of Chile to expropriate more mines.

not represent the fair value of the interests nationalized. It permits a deduction to be fixed by the President of Chile based on alleged excess profits since 1955. My Government notes in this regard that the profits of the copper companies were earned in accordance with Chilean law and specific agreements of the Government of Chile. The Government of Chile approved the making and the manner of these investments, and as to significant portions thereof, that approval was certified to my Government by official communication. The law, moreover, abrogates without assurance of compensation agreements solemnly concluded in recent years between the U.S. investors and the Government of Chile.

On the other hand, my Government understands that to the extent that the Contraloria lacks flexibility in the execution of the law, the final result can be significantly ameliorated by actions within the discretion of the President of Chile. The exercise of such discretion could avoid the application of deductions which would further reduce the compensation permitted under the restrictive evaluation provisions of the law. My Government has noted the public statements of President Allende that the Government of Chile will honor the debts of the companies that have been nationalized and will deal with the investors on the basis of justice and equity. My Government also welcomes the agreements that have been reached with certain other U.S. investors. It is concerned, however, that the agreement negotiated some months ago by authorized representatives of the Government of Chile with the Cerro Corporation has not been signed on behalf of the Government of Chile despite repeated assurances that have been given on this point. It is disquieted by lack of implementation of repeated assurances that discussions would be held with representatives of the Anaconda Company and Kennecott Copper Corporation.

My Government is convinced that this problem, and similar problems arising out of the expropriation of other United States interests, can still be resolved amicably if the nationalization law is interpreted and implemented in a spirit of justice.

My Government earnestly hopes that the Government of Chile will pursue this course.

I can assure Your Excellency that the good offices of this Embassy continue to be available for whatever assistance they may serve in furthering settlements of these cases that will help maintain the good relations that exist between the United States of America and the Republic of Chile. *Unquote.*

Rogers

251. Telegram From the Embassy in Chile to the Department of State¹

Santiago, August 20, 1971, 2110Z.

4359. Pass OPIC. Subject: Presentation of Secretary's Letter and Note to FonMin. Ref: State 152097.²

1. *Summary*: Presented Secretary's letter to Almeyda Aug 19.³ Explained note outlining US position on nationalization would follow later that day.⁴ Set forth US position. When Almeyda said Exim "intervention" was "very serious incident" that had done grave damage to our relations,⁵ I asked why then GOC had deliberately provoked it. In ensuing discussion, I stressed USG will not be hot-aired into abandoning its interests but that it was fully prepared to reciprocate pragmatism. FonMin suggested I continue dialogue with MinInterior Toha who will be Acting President (VP) in Allende's absence next week. *End summary*.

2. Almeyda, in company of head of North American office, Sra. Wiegold, asked if I had had a pleasant and interesting stay in Washington, thus revealing a total ignorance of motive for my recent travel to New York. He appeared genuinely surprised and embarrassed by his informational gap to which I referred later in conversation that lasted almost one hour.

3. I explained I had asked for appointment immediately upon returning because he and Allende would be absent for most of next fortnight beginning Aug 23 and because he currently much occupied as host to foreign visitors (Cuban FonMin). My main purpose was to hand over a personal letter from the Secretary which I suggested should be read in conjunction with an official note concerning copper nationalization that would be delivered to him within a few hours (not having arrived in Santiago in time for the appointment). In response to his question, I encouraged him to read the Secretary's message straight away (we had prepared a translation). Almeyda read it carefully, requested I transmit his appreciation but abstained from any substantive comment.

¹ Source: National Archives, RG 59, Central Files 1970–73, INCO 15–2 CHILE. Confidential; Priority.

² Document 250.

³ Document 249.

⁴ The note transmitted in Document 250.

⁵ On August 11, the Export-Import Bank rejected the Chilean request for loans to purchase three planes for LAN-Chile. (Benjamin Welles, "U.S. Export Bank Refuses Chile Loan To Buy 3 Airliners," *New York Times*, August 12, 1971, p. 1) See Document 238.

4. Stating that it might be opportune to review briefly our relations, I recalled our first conversation in that same office last November, a few days after Allende's inauguration. The main point I had sought to make then was that the US was prepared to be realistic in dealing with new realities but that we could not rpt not go so far as to provide the new Allende administration with an accommodating revolution in the US. Subsequently, the Minister had responded by stating his government's readiness to be pragmatic rather than doctrinaire. By mutual effort we had achieved a good deal in the circumstances and I remained convinced that we could resolve all the major nationalization-compensation problems in an acceptable manner. He interrupted to say "with great difficulty." I rejoined that it would require an effort to avoid visceral thinking that produced a desire to impose solutions for the sake of imposition even if it were rationalized in the name of doctrine. I reminded Almeyda that he had described himself to me as a Maoist. I suggested he read the text of Cho En Lai's interview with Reston⁶ to understand that ideology had to be reconciled with interest and that, as Almeyda had said to me months ago, tactics and strategies had to be considered separately.

5. I began to review the talking points accompanying the note (reftel) and had covered the first two when Almeyda interrupted to assert that the first blow to the good relations we had established had come last month with the Haldeman "incident." When I sought to brush it aside as having no importance and that indeed it had quickly faded into oblivion, he took excited exception. If the earthquake had not occurred the same day, he said, it would be very much alike. He had explained it all to the DCM in my absence from the city that day (July 8). I chose to remain silent because of my total incapacity to this date to understand Almeyda's and the GOC's reaction to Haldeman's bland teletype message (Santiago 3644),⁷ even when Almeyda insinuated that there had been some kind of official provocation involved in the Kennecott executive's actions. However, when he went on to assert that ExIm intervention in Chilean affairs had been a "very serious incident" and again implied that we had deliberately sought to provoke an unfriendly atmosphere. I interrupted to ask if he really considered the

⁶ *New York Times* journalist James Reston interviewed Zhou Enlai in Beijing on August 9.

⁷ Robert Haldeman was Kennecott's representative at the El Teniente mine. Telegram 3644 from Santiago, July 7, reported on a conversation with Almeyda who referred to Haldeman's "now notorious telex" allegedly slandering the Chilean Government. In the message, Haldeman stated that Chilean officials threatened to upset the "modus vivendi" that had so far maintained a favorable atmosphere for pragmatically solving United States-Chilean problems. According to Almeyda, Haldeman was the last North American manager left at any mine in Chile, making the situation more serious. (National Archives, RG 59, Central Files 1970-73, INCO-COPPER CHILE)

publicity given the ExIm in the past week truly a serious episode. He replied affirmatively with great vigor. "Why then did the GOC deliberately provoke it?" I asked.

6. Almeyda was so taken aback, he remained speechless a full minute. Finally, he asked what I meant. I reviewed my conversations with Letelier here and in Washington and those with Toha, Matus, Cantuarias and even the President. In all these talks since May, I had left no doubt in anyone's mind that the refusal to sign an agreement negotiated in good faith by Allende's personal reps with Cerro with friendly support to both parties by my Embassy would have impact on all US agencies including the ExIm. I recalled that in July in Washington Letelier had proposed to me a simultaneous signing of both Cerro and the LAN Chile ExIm loan, thus revealing his full understanding of the aforementioned impact. I had told Letelier I had been willing to support a recommendation for an ExIm loan but that the incapacity of the GOC on three occasions to fulfill its own pledges was not the kind of performance to inspire confidence in a banker.

7. Almeyda cut in to ask if I had seen Cerro's statement (see Santiago 4354).⁸ I said I had not but that I could not be impressed by the utterances of a hostage. We had our own record with Cerro. I hoped we would not be forced to make it public. Almeyda said everyone recognized Cerro would be fairly treated.⁹ I replied that I had so heard from many months and still hoped an acceptable agreement would be signed one day. But we had an obligation to seek fair and non-discriminatory treatment for all our citizens.

8. Almeyda then asserted that all Chile was persuaded that the ExIm Bank was seeking to interfere inadmissably in Chilean internal affairs. I asked permission to resume my summary and recalled that despite the understanding of key figures at the top of the GOC Govt as to the impact of the failure to sign the Cerro loan and despite Letelier's specific comprehension in July that therefore it was not the appropriate or propitious time to pursue the signing of the LAN Chile loan, he had pressed the matter. Moreover, having done so, he had leaked the substance of his conversation with Kearns as recounted to the State Dept. by three separate reporters. How could anyone conclude other than that the GOC was seeking to create an artificial atmosphere, that it was trying to do harm to the Nixon administration, that it was calculating that it could gain public sympathy by this kind of tactic. Similar tactics

⁸ Dated August 20. (Ibid.)

⁹ In telegram 4368 from Santiago, August 20, Korry stated that he told Almeyda that one of the "welsh[es] on Cerro deal" happened at the same time as the Allende government inaccurately blamed the Central Intelligence Agency for the murder of Perez Zujovic. Korry stated that Chile had never officially disclaimed the anti-CIA campaign as promised; in fact, it "intensified [it] thereafter." (Ibid., INCO 15-2 CHILE)

had fomented a poor atmosphere between my Embassy and his predecessor; if serious exchanges were to be immediately divulged in a tendentious manner, there was no chance of a genuine dialogue. I was not disputing the right to take a case to the public or to seek to influence public opinion, but it was quite another matter for a govt to maneuver deliberately to embarrass a friendly govt in its own capital. I had never spoken to a member of the Chilean media since the election of Allende because I had based my actions on the hopes of a mature dialogue with him and his colleagues.

9. Almeyda asserted again that there was universal support in Chile for the official view of the ExIm action. Had I seen the statements of the opposition parties, he asked. I told him I had once worked on Madison Avenue and that Marxists had contributed a considerable body of literature (he smiled) on what it takes to motivate people. Therefore I confessed to being unimpressed by such orchestration of people's emotions.

10. As a respectful friend in the process of terminating my mission, I wanted him to know my conviction that the Nixon administration would not be swayed in the least by such tactics. I was 100 percent certain of that. If the Allende administration sought for internal or external reasons to whip up emotion against the US over the ExIm matter, it was consonant with an increasingly discriminatory line by the parties of the govt. The inclusion of Cerro in the copper bill had been very discriminatory; the manner in which CODELCO, an agency of the govt, was seeking to diminish the values of the assets of Anaconda and Kennecott to absolute zero by the strangest of calculations was discriminatory; so too, was the pressure being applied against Chilean University students not to travel to the US to study in the social sciences; so too were the subtle pressures used to bar most US cultural performers such as the Utah Symphony or our opera singers; so, too, was the absolution given European companies in competitive fields with US firms. Even his lack of knowledge about the purpose of my recent journey was the result of discrimination; to place a US Ambassador or Embassy in anything approaching a sympathetic light was becoming more intolerable or dangerous.

11. Almeyda countered that my statement that the USG would not be moved by the Chilean public's reaction signified that we would be acting viscerally. I said we had acted and would act coolly to defend our interests. My advice to his govt was to seek to do its sums equally coolly. It was no secret to anyone that Chile's reserves were declining, that its food supply was diminishing, that its import of machinery was being held to the barest minimum. None of this was the result of US meddling in any way. We had in fact assisted those firms that wished remain in or come to Chile as he well knew. We had not interfered in

the GOC's negotiations of fresh credits with US banks nor had we sought to dissuade anyone from doing business with Chile. Chileans alone were determining Chile's future.

12. I considered it entirely feasible for Chile to have its economic nationalism, to go on its way to socialism and yet avoid becoming an outcast of the international banking community. There were ways to arrive at settlements with ITT, Anaconda and Kennecott that would not injure socialist principles and that would provide for solutions acceptable to each company. I had thought about the specifics a great deal. There were, to quote the Secretary, areas of useful exploration. Did the GOC wish to search jointly to identify them or did it prefer to impose solutions unilaterally or to bet on undermining Washington's position? I strongly recommended the mathematical view. The other options signified a rocky road for Chile and Chileans in which a bleak material life would be one certain outcome.

12. Almeyda who had chain-smoked five cigarettes in 25 minutes would not dare a response beyond saying he would inform the President fully and immediately. I asked if he thought it would be useful to talk to someone during his and the President's 10-day trip abroad. He said Toha would be Vice President. When I said Toha would be very busy, Almeyda replied "not too busy for a matter of such importance."

13. A few hours later EmbOff delivered to Sra Wiegold accompanied by Carlos Mardones, Sub-Director of Political Dept, the note. They took copious notes, without comment, on oral points contained in instructions.

Korry

252. Telegram From the Department of State to the Embassy in Chile¹

Washington, August 21, 1971, 1924Z.

153950. For Ambassador from Asst Secretary Meyer. Subj: Presentation of Secretary's Letter and Note to Foreign Minister. Ref: Santiago 4359.²

¹ Source: National Archives, RG 59, Central Files 1970–73, INCO 15–2 CHILE. Confidential; Priority; Exdis. Drafted by Meyer and Fisher; cleared by Girdler and Miller; and approved by Meyer.

² Document 251.

1. Letelier in call on me August 20 showed what I took to be genuine nervousness over signs of decay in his own standing at home concurrent with recent downturn in US-Chilean relations. He mentioned his concern over recent criticisms of him printed in *Ultima Hora*.

2. He professed to agree completely with me that it is unhelpful to both our governments to have our relations conducted via the newspapers.

3. Letelier claimed to have made a positive effort to deflate press polemics in his handling of his own press backgrounder lunch on August 18. (Accounts of it which we have received from newsmen present confirm that it was relatively low-key and non-provocative.)

4. Letelier repeatedly emphasized the importance which GOC attaches to Boeing loan decision as a factor in our relations and as an influence on GOC's approach to other specific problems between us.

5. Following your clear and effective presentation to Almeyda on August 20 of USG points of view, I believe that the moment has arrived for a tactical change of pace on our part.

6. My thought is that, having made our points so effectively, we can now move toward a thoughtful and deliberate atmosphere for consideration of copper questions in particular which are involved in US-Chile relations in general. First and most important immediate goal is to slow the Chileans' headlong rush toward hard conclusions on copper. A stretch-out in the time schedule and concomitant reduction in the level of Chilean emotion could also provide a more conducive atmosphere for mutual exploration of prospects for pragmatic solutions.

7. While Toha is in charge do you anticipate a standstill?

8. I look forward to the current sitrep and your comments.³

Johnson

³ In telegram 4499 from Santiago, August 30, the Embassy provided a situation report on the Chilean negotiations with U.S. copper companies and ITT. (National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE)

253. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, August 24, 1971.

SUBJECT

Designation of a Special Presidential Envoy Regarding Expropriations in Chile

In the memo at Tab A² Secretary Connally suggests that you send a special envoy to President Allende of Chile to communicate that it is our objective to be helpful to Chile if they are reasonable in providing compensation to the US copper companies, but to deny them access to international credit facilities if they are unreasonable on copper compensation.

This suggestion, which was stimulated by Anaconda (who also made a presentation to me),³ in effect proposes a deal to the Chilean Government under which we would indirectly compensate Chile if it compensates the copper companies. The idea is to give Allende an incentive and rationale for resisting pressure from extreme leftist elements who do not want to pay any compensation.

One reason for the recommendation for urgent action was Ambassador Korry's absence from Chile last week (due to the death of his father). However, Korry has returned to Santiago, and we have authorized him to take some soundings on the Anaconda proposal, but without making any commitments.⁴ We expect to receive specific recommendations from Korry shortly which we will then consider within the context of our overall political strategy toward Chile.

As I told the Anaconda representatives, we have a strong interest and determination to help them obtain compensation, and we will take a tough line on this; however, we have broader political interests as well, and we will want to assess the proposal in terms of its impact on Allende's economic and political situation. Opening up international credits for Chile to obtain compensation for the copper companies may also help Allende to escape from an economic crunch which he is likely to face early next year. One of the objectives of our policy toward Chile

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Secret. Sent for action. A stamped notation on the memorandum indicates the President saw it.

² Tab A, an August 10 memorandum from Connally to Nixon, is printed as Document 244.

³ See Document 248.

⁴ Reference is presumably to telegram 158502, dated August 27. (National Archives, RG 59, Central Files 1970–73, INCO 15–2 CHILE) See also Document 254.

has been to maximize Allende's economic difficulties as soon as possible, before he can consolidate his strength and destroy whatever potential still exists for the political opposition to rally against him. Therefore, we need to consider whether the Anaconda proposal might be more advantageous to Allende's interests rather than our own.

I intend to review this problem very shortly in the NSC Senior Review Group⁵ (to which you assigned responsibility for overseeing our Chile policy) to consider the impact of this proposal on both the chances for compensation and our broader political strategy. Until then, I suggest you take no action on this suggestion.

Recommendation

That you authorize me to inform Secretary Connally that before reaching a decision on his suggestion, you wish to have it considered by the NSC Senior Review Group in the context of our overall strategy toward Chile.⁶

⁵ See Document 257.

⁶ The President initialed the Approve option.

254. Telegram From the Department of State to the Embassy in Chile¹

Washington, August 31, 1971, [illegible].

160005. For Ambassador from Meyer. Subject: Copper. Ref: (A) State 158502;² (B) Santiago 4499.³

1. I confirm that our purpose remains same as before: To work pragmatically and non-polemically toward solutions. Idea behind presentation suggested ref (A) was to provide time to work out such solution, giving companies time to be heard. As you know, Anaconda's proposal was to gain time for possibility of carrot to begin to become visible to GOC as well as stick. USG position on this aspect will be determined by its independent calculation of needs of US interest, but it

¹ Source: National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE. Secret; Immediate; Exdis. Drafted by Feldman and Fisher; cleared by Mays (OPIC) and Miller; and approved by Meyer.

² Dated August 27. (Ibid.)

³ Dated August 30. (Ibid.)

seems to us important to insure that GOC has clear understanding of implications of imposing excess profit deductions, which we could only regard as punitive. We will be following up on this in Washington and you should do likewise.

2. Naturally we would welcome settlement of ITT case. That would be *tour de force* in view of rigid GOC position and company's seeming disinterest in settlement unless it adds substantially to OPIC insurance. Would appreciate further elucidation of your point para 4 ref (B) that model of an accord with ITT could be applied to Anaconda and Kennecott.

3. Any further ideas you have on present US options (both carrot and stick) would be most pertinent to Washington review to take place early next week. Assuming, as you seem to suggest, that Contralor request for excess profits determination does not make question of stretch-out academic, we would also appreciate your further analysis of risks and advantages of seeking more time on alternative hypothesis of US response to indications that GOC could be motivated to provide adequate compensation. Considering paras 2(c) and 9 of ref (B),⁴ we would appreciate your views as to how the leverage of credit squeeze, and GOC interest in debt rescheduling, can be utilized to promote US interest.

Johnson

⁴ Paragraph 2c of telegram 4499 from Santiago reads, "I have never been impressed by Anaconda's arguments for more time. They presuppose Allende's willingness to listen to Anaconda's experts or lawyers. Alternatively, they rest on a calculation that the more time, the more bite in the credit squeeze and, therefore, the more conciliatory an attitude. Neither is remotely correct." Paragraph 9 reads, "US businessmen are as one in applauding both the credit squeeze on Chile and the pressure against the discriminatory aspects of the GOC politics toward the U.S."

255. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 8, 1971.

SUBJECT

40 Committee Meeting, September 9, 1971—CHILE [*less than 1 line not declassified*]

The 40 Committee meeting is scheduled to consider a request [*less than 1 line not declassified*] of *El Mercurio* (the largest independent newspaper in Chile) for covert support totalling \$1 million.² [*1 line not declassified*] and will be prepared to brief on this subject if you wish to take it up after the Chile discussion. If not, this can be covered at the next 40 Committee meeting, scheduled for September 15.

Chile

The CIA paper on the *El Mercurio* proposal (tabbed) reports on the increasing pressure which the Allende government is bringing to bear against *El Mercurio*. The economic squeeze on the newspaper is made possible by the increasing governmental control over finance and business in Chile. [*less than 1 line not declassified*] the paper needs at least \$1 million to survive for the next year or two. The pressure for an immediate decision comes from the fact that an opportunity has presented [*8 lines not declassified*].

The basic options posed in the CIA paper are:

A. *To provide extensive financing for the newspaper with the understanding that this may not be sufficient to stop the Allende government from closing the paper anyway (e.g., through control of newsprint, or labor stoppages). This would involve an initial commitment of at least \$700,000.*

B. *Allow El Mercurio to go out of business and arrange a maximum propaganda effort on the issue of freedom of the press. Allende might be able to counter that by demonstrating that it was El Mercurio's financial ineptitude which resulted in its closing.*

Ambassador Korry and the Station Chief recommend the first option. Their position is that we have a great interest in maintaining an opposi-

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol. V. Secret; Sensitive; Eyes Only; Outside System. Sent for action.

² The memorandum for the 40 Committee, September 8, is Document 82 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

tion voice in Chile and that without it, the political opposition would be seriously weakened. Allende's intense efforts to destroy *El Mercurio* indicate that he probably regards it as a significant barrier to his internal political strategy. On the negative side, however, \$1 million would be a very expensive price to pay for a little extra time if we conclude that Allende intends and has the capability to close down the newspaper anyway.

Option B would obviously be less costly and might force Allende to a confrontation on the press freedom issue before he really is prepared. If the issue can be exploited in and out of Chile to a sufficient degree, there may be considerable advantage in creating a *diversionary issue* before Allende can solidify his support for a confrontation on the copper compensation question.

My judgment is that we should probably take both options and link them. I believe we should go ahead with the \$700,000 deal, understanding full well that: (a) this may buy only a very limited amount of time for *El Mercurio*, and (b) that we are not making a commitment to continue to bail out *El Mercurio* in the future. Moreover, *we should condition our support on an understanding that El Mercurio will launch an intensive public attack on the Allende government's efforts to force them out of business—e.g., public editorials, letters to the Inter-American Press Association and leading newspapers, requests for moral and financial support from the free press, spelling out of some of the blackmail tactics which the Allende government has been using.* The U.S. Government, of course, should not get into a public shouting match on this issue, but we can replay and support *El Mercurio's* crusade for "press freedom" behind the scenes. (It should be possible to induce some of the larger newspapers in this country and elsewhere to take a strong editorial stand against Allende dictatorial tactics in seeking to force the closure of a major independent newspaper.) It seems to me that *this course would keep the opposition voice alive for awhile and force Allende either to back down or risk intensive criticism on the press freedom issue.* If he chooses the latter course, it should be helpful to us in diverting and perhaps even undercutting some of his support on the copper compensation which will probably reach a climax in the next couple of months.

Your Talking Points pursue this line of reasoning.³

[Omitted here is material unrelated to Chile.]

³ Attached but not printed.

256. **Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, September 8, 1971.

SUBJECT

SRG Meeting September 9, 1971—Chile

The issue to be considered at the SRG September 9 is whether to take a positive initiative with the Chilean Government to induce it to provide acceptable compensation to the copper companies. In essence this would be some version of the Anaconda proposal—endorsed by Connally—for a special emissary who would hold out the carrot of future international credits if the GOC compensates the companies. The paper prepared by the Ad Hoc Working Group (Tabbed)² provides a very good summary of the situation and the relevant considerations for US policy at this time. I am summarizing the main points below, but I recommend that you read the entire paper.

Situation

Allende's public posture in recent weeks indicates that he has embarked on a course to justify limited or no compensation to the copper companies, and to pin the blame on the US for Chile's economic problems and for any deterioration in US-Chilean relations. The GOC has chosen to make a public issue of the Ex-Im Bank's position on the Boeing loan, and has achieved wide support on this issue. Ambassador Letelier has indicated that he will be delivering letters to Secretary Rogers and the President shortly.

The GOC apparently intends to complete the process of establishing compensation for the copper companies by October 14. The provisions of the law do not permit a settlement which would be "adequate" under normal standards, but Allende does have the flexibility to provide compensation approaching book value, which probably would be acceptable to the companies.

Ambassador Korry has been active in suggesting that a pragmatic settlement would have some benefits for the GOC, but so far the GOC

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-112, SRG Meetings, Chile, 9/9/71. Secret; Nodis. Sent for information.

² The September 8 paper, prepared by the Ad Hoc Interagency Working Group on Chile, is Document 81 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

has not pursued any possibilities. Meanwhile, Chile's foreign exchange reserves continue to decline and it appears that Allende will face a serious foreign exchange crisis in early 1972. If he does not obtain unforeseen large inputs, he will be forced to drastically curtail imports, or to seek rescheduling of debt payments or to default. However, even a debt renegotiation would have to be accompanied by further stabilization assistance.

Allende's Choice

Allende's choice is whether to seek a confrontation with us on copper compensation or seek a pragmatic solution which would reopen his access to international credits. Radical elements of the Socialist Party are pressing for the first course on the grounds that it will lead to a more rapid socialization of the country and would have the immediate economic benefit of repudiating \$1 billion in debt to the US. It would also allow Chile to rally Latin American support for the popular cause of opposing US "economic aggression" in Latin America. The factors favoring a pragmatic settlement, however, would be Allende's desire to attain a debt rollover and access to credits.

The Issue

Anaconda has proposed that we send an emissary to Chile to indicate that if Chile provides satisfactory compensation, the US would take a positive attitude to opening up international credit for Chile. This could be done by a presidential emissary or by a third party such as McNamara. The advantages and disadvantages of this course are listed on pages 10–11 of the State Paper (Tabbed). The basic considerations are: (a) will offering the carrot have any serious impact on the chances for compensation; (b) even if it would not, would it improve our public posture for a confrontation; and (c) if the GOC agrees to a deal, would we have to give so much (in terms of rollover and new credits) that we would bail Allende out of the expected economic crunch.

My own feeling is that if we pursue this course, it should be done through a third party rather than by a direct USG representative. This would have the advantage of avoiding a direct negotiation and would keep the carrot somewhat fuzzy. It would also give us a third party to attest to the reasonableness of our position if Allende chooses to go the confrontation route later.

Your talking points follow these general lines.³

³ Attached but not printed.

257. Minutes of a Meeting of the Senior Review Group¹

Washington, September 9, 1971, 3:01–3:45 p.m.

SUBJECT

Chile

PARTICIPATION

Chairman—Henry A. Kissinger

State

Mr. John N. Irwin

Amb. Nathaniel Davis

Mr. Samuel Eaton

Mr. Charles Meyer

Defense

Mr. G. Warren Nutter

Mr. Armistead Selden

Mr. Raymond G. Leddy

JCS

Adm. Thomas H. Moorer

Brig. Gen. Richard Hartman

CIA

Mr. Richard Helms*

Mr. William Broe

*arrived at the meeting late

Treasury

Dr. Charls Walker

Mr. John Hennessy

Justice

Attorney General John N.

Mitchell*

OMB

Mr. Kenneth Dam

NSC Staff

Col. Richard T. Kennedy

Mr. Arnold Nachmanoff

Rear Adm. Robert O. Welander

Mr. Mark Wandler

SUMMARY OF CONCLUSIONS

It was agreed:

—We should find out if Secretary Connally still thinks we should send a special emissary to Chile, as he proposed in his August 10 memorandum to the President.²

—We will get a Presidential determination on whether he is prepared to lift some of the credit restrictions on Chile if the Chileans are reasonable in their dealings with the American copper companies.

Dr. Kissinger: The subject today is the expropriation situation in Chile. The only issue is whether we should send a special emissary down there to tell them we will take off some of our credit restrictions if

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-112, SRG Minutes, 1971. Secret; Nodis. The meeting took place in the White House Situation Room. Kissinger initialed and wrote "OK" on a September 13 covering memorandum from Davis transmitting the minutes. (Ibid.) A copy was sent to Kennedy and Nachmanoff. All brackets are in the original.

² Document 244.

they are reasonable in their dealings with the copper companies. Is that right?

All agreed.

Dr. Kissinger: It seems to me that we are faced with our perennial problem: (a) what are those guys up to; and (b) if we take the initiative, will it deter them from their ultimate objective? Or, if we avoid confrontation, will we be better able to influence the situation later on?

What is State's recommendation?

Mr. Meyer: You are aware of the added facets in the Chilean situation. We have three objectives which are not necessarily reconcilable. The first is to keep the onus on Chile for causing a deteriorating situation. The second is to assure adequate compensation for the American companies. And the third is to espouse the claims OPIC will inherit if there is not adequate compensation—and I'm willing to bet there won't be.

The Government of Chile might give a more liberal reading of her expropriation law if she knew she would still be a member in good standing of the world community. In other words, this is a positive approach. Even if Chile gets additional funds and credit, however, I'm not sure it will enable Allende to insure the success of his economic program.

Dr. Kissinger: Let me, as usual, be the devil's advocate. Suppose we relax our credit restrictions, and, as a result, his economic program succeeds. We may only get a psychological satisfaction from this shifting of the onus to him, and our actions may not have made any difference at all.

If one makes the judgment that he is heading toward a one-party system—and this is not contrary to any of the available evidence—which will be anti-U.S., then the easier his economic situation is, the better he will be able to bring about a one-party system. In any case, he can always find pretexts for doing whatever he wants to do. We should consider relaxing our credit restrictions if we know that: (1) no matter what he does, he will provide adequate compensation to the copper companies; or (2) we think we might get him to follow a moderate course.

Mr. Meyer: Opening up our credit to Chile would, in my opinion, put the responsibility for ending up with a one-party system squarely on his [Allende's] party. It could also defuse some of Chile's revolutionary attractiveness.

Dr. Kissinger: What do you mean by "opening up of credit?"

Mr. Meyer: I'm talking about a non-restrictive credit policy.

Dr. Kissinger: And you base your argument on the fact that he wouldn't be able to claim we're responsible for his economic failures.

Mr. Meyer: That's right.

Mr. Helms entered the meeting at this point.

Mr. Nutter: Does Chile believe that she has a natural right to credit?

Mr. Meyer: Sure she does, especially in the Inter-American Bank. All the Latin American countries think they have a God-given right to everything.

Mr. Selden: (to Mr. Meyer) Are you saying that if they fail economically, they will blame us?

Mr. Nutter: What would they blame us for?

Mr. Meyer: For imposing economic sanctions.

Mr. Nutter: The Marxists in Latin America blame us before they take over a country, accusing us of economic imperialism. They also blame us after they take over for refusing to lend them money. We're faced with an argument we can't win.

Mr. Meyer: It's not only the Marxists who espouse that argument.

Dr. Kissinger: What is State's recommendation? Do you think we should send a special emissary, or should we make a proposition through the Ambassador?

Mr. Meyer: I think we should be prepared to make a proposition. However, I don't think we should do it right away.

Dr. Kissinger: Korrry says that he has put some bait out, but that it has not been taken.

Mr. Meyer: That's because the President has been out of the country.

Dr. Kissinger: Is the new Ambassador [Mr. Davis] here?

Amb. Davis: Yes. Here I am.

Dr. Kissinger: (to Dr. Walker) What's your opinion?

Dr. Walker: First, let me say that I am happy to be here. It's better than working on all the details of price control, the way we have been doing during the last three weeks.

Dr. Kissinger: That's the beauty of our meetings—they go on forever. You can come back in six months and pick up exactly where you left off. Once we get the screen installed, we'll be able to push a button and flash on argument "X."

Dr. Walker: Seriously, we just received the paper this morning,³ and I haven't had time to study it very carefully. I did, however, manage to spend a few minutes on it with the Secretary.

³The September 8 Working Group paper. See *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 81.

The solution to the particular problem we're discussing today bears on our overall expropriation policy, except for the time factor. I would like to point out that page 1 of the State paper says our policy toward Chile has two basic purposes. The second of these is "to maximize pressures on that government to prevent its consolidation and limit its ability to implement policies contrary to U.S. and hemispheric interests." That could be changed, but it is the policy. Therefore, Treasury concludes that the proposition we're discussing now would work 180 degrees in the opposite direction.

Dr. Kissinger: Why?

Dr. Walker: That man [Allende] has some very serious economic problems. Anything we do that will bring about better economic terms will help relieve those pressures I just mentioned.

Dr. Kissinger: I see.

Dr. Walker: What it all boils down to is that the U.S. Government, albeit indirectly, in the short term at least, will be bailing out major American corporations. If we are going to draw a check, it makes more sense to give the money to Anaconda directly. We are strongly opposed to this initiative.

Dr. Kissinger: Is that the Secretary's view, too?

Dr. Walker: Yes.

Dr. Kissinger: Either Korry or a visitor to my office said recently that you were in favor of this proposition, and I was startled to hear that.

Dr. Walker: In the Secretary's memorandum to the President of August 10, he proposed that we send a special emissary to Chile.

Dr. Kissinger: But you are not in favor of the proposition made in the State paper.

Dr. Walker: That's right.

Dr. Kissinger: (to Mr. Helms) Dick, what do you think?

Mr. Helms: We should decide how much help we want to give Anaconda. I'm not really competent to discuss this problem. I would think, though, that we would want to help Anaconda, if we could.

Dr. Kissinger: Our concern is with Chile, not Anaconda.

Mr. Helms: Would we let Anaconda sweat it out?

Mr. Meyer: We are focused on Anaconda for a number of reasons, but we are really talking about all the OPIC-insured companies.

Dr. Walker: If the purpose of this initiative is just to help Anaconda, we would be against it. Instead we should be taking actions to help all the companies, not because they are U.S. corporations, but because we should be trying to get the developing countries to provide a

climate which attracts private capital. There just isn't enough official capital to go around.

Mr. Helms: Exactly what does OPIC do? Will it give X amount of dollars to Anaconda as insurance if the company is not compensated? If so, Anaconda doesn't lose in the end.

Mr. Meyer: Anaconda would still lose some money.

Mr. Helms: How much money is involved?

Mr. Meyer: Let's forget Anaconda for a moment. With Kennecott, the compensation should be \$180 million, and the insurance would cover about 50 percent of that.

Attorney General John Mitchell entered the meeting at this point.

Dr. Kissinger: I don't think we need a White House decision on the desirability of helping Anaconda. The proposition should be put in the general context of our expropriation policy and our policy toward Chile. Then it might be worthwhile to use it as a pretext for maintaining a dialogue with Chile, and any help it would provide Anaconda would be considered a bonus. I have not discussed this issue with the President. I sense, though, that his instinct would be to keep the pressure on Chile.

(to Dr. Walker) My personal view is similar to yours. This is just a way to give funds to Anaconda. How do we get a decision on the issue? What about if we just send a special emissary?

Dr. Walker: That's what the Secretary proposed in his memorandum to the President. He wrote: "I recommend that you appoint immediately a Special Presidential Envoy to communicate to President Allende that it is your objective to be helpful to Chile if they are reasonable, but to deny them credit facilities if they are unreasonable."

Dr. Kissinger: Isn't that what State is suggesting?

Dr. Walker: No. The Secretary said "deny them credit facilities if they are unreasonable." He is proposing a general posture.

Dr. Kissinger: I understand. We all agree. Suppose Chile says she will pay adequate compensation. That's reasonable. What makes you think they will go through with their arrangements?

Dr. Walker: There would be a better chance of them doing so if they make some public statements.

Mr. Selden: They would probably say they would pay a certain amount, but then they would start making deductions for various reasons.

Mr. Meyer: Allende can do that. However, he also has the authority not to do it. Right now, Chile would probably pay nothing to Kennecott. Anaconda would get something, and ITT is still up for grabs.

Mr. Nutter: How would all of that change if we gave them a loan?

Mr. Meyer: I don't know.

Mr. Irwin: The main issue before us is whether we should take an initiative with Chile right now. State feels that we should not do so. This is largely a result of the discussions Korry has been having with the Chilean officials.

Dr. Kissinger: Suppose we took an initiative right now. Wouldn't they scream about the American economic aggression?

Mr. Irwin: That's the reason we shouldn't do anything now.

Dr. Walker: The Secretary was talking about a general case of expropriation in his memorandum. I think I could state his view most clearly if I read from the memo. He wrote: "It may be too late to divert the Chilean Government from its intended course of virtual confiscation of this important foreign property. However, I believe the U.S. must take every effort to clearly communicate to the Chilean officials that *if they are reasonable*, we will work to restore their international credit standing, *and if they are unreasonable*, we will take active efforts to deny them additional credits not only from the United States and multilateral authorities but from other donor countries too. They must be able to see the benefits they would be denying their people through their own unreasonable actions."

Mr. Irwin: It's my understanding that we have told the negative part of those remarks to the Chileans. We have not given them the positive part, though, and I think we should present the two parts at the same time.

State does not want to take the initiative now. If, however, Chile lives up to her international obligations, perhaps we can do it. Only then would it be worth doing.

As Charlie [Meyer] said before, you can argue that even if they had credit, they would still probably not be able to do well economically—and giving them the credit wouldn't necessarily mean anything. In addition to the economic question, we also have to consider the political reaction in Latin America. As soon as Chile charges us with economic aggression, the other countries will pick up the charges.

Frankly, I'm not at all sure where we should go. I can understand the point about not doing anything to help Chile and letting her go ahead with unfair compensation. Even if Allende does all he can for the companies under the law, I doubt that the compensation would be adequate.

Dr. Kissinger: Are you saying, then, that we should do nothing?

Mr. Irwin: Yes.

Dr. Kissinger: The issue we want the President to decide is whether we do nothing or whether we send a special emissary to Chile.

Dr. Walker: We should get an answer to the Secretary's August 10 memorandum. One basic point we have to keep in mind is that it is doubtful Allende will do what we want, even if we send a special emissary.

Dr. Kissinger: If there is such a doubt, why do we have to send an emissary at all? The new Ambassador will be meeting with Allende and other officials when he goes down there. Can't he get this note into the conversations he will be having?

Mr. Selden: (to Mr. Irwin) You said Korry has already stated the negative part.

Mr. Irwin: That's right. He never expressed the positive part because there has never been an expression of U.S. Government or Presidential policy.

Dr. Kissinger: The President established the Chile policy independent of the expropriation issue. (to Dr. Walker) Charls, first you should find out if the Secretary thinks the special emissary is still needed. We also need to get a Presidential determination on whether he is prepared to lift some of the credit restrictions if the Chileans are reasonable. If the President is so disposed, perhaps we can send a special emissary or make an initiative in a more low-key way, such as through the new Ambassador. Is that a fair statement?

All agreed.

258. Memorandum for the Record¹

Washington, September 9, 1971.

SUBJECT

Minutes of the Meeting of the 40 Committee, 9 September 1971

PRESENT

Mr. Kissinger, Mr. Mitchell, Mr. Packard, Mr. John Irwin, Admiral Moorer, and Mr. Helms

Messrs. Charles A. Meyer, William Broe, [*name not declassified*] were present for Items 1 and 2.

Messrs. Thomas Karamessines and Wymberley Coerr were present for Items 1, 2 and 3.

1. *Chile—Basic Options on El Mercurio*

a. The meeting began with a lengthy summary of the political and economic pressures being exerted on the Santiago daily *El Mercurio*, which is a symbol and surviving bulwark against the totalitarian thrust of the Allende regime. The country team had recommended the expenditure of \$1,000,000 to keep the paper in operation as the last independent, major non-Marxist daily in the country.

b. The Allende approach of harassment and pressure through tax investigations, denial of loans, termination of credits and other squeeze tactics was described. The prognosis was not good.

c. The discussion centered around how far the projected monies might go and whether the paper would go down fighting. The Chairman thought they should open up now with added support from the International Press Institute and all others dedicated to freedom of the press. The pull in the discussion was between the idea of money going down the drain in a lost cause and helping the paper to fight with some aplomb to the bitter end.

d. Mr. Helms was pessimistic, noting that the difference between a Nazi-type seizure of the plant by storm troopers and the slow strangulation by nonspectacular methods was one of sophistication.

e. It was realized that Allende could cut off the water at any time of his own choosing. The Chairman polled the principals around the table. Mr. Irwin for State said he was aware of the realities of the situation but felt State would hate to see the organ disappear without a vociferous campaign. Admiral Moorer said he felt we were gambling

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, Minutes of 40 Committee. Secret; Eyes Only. Drafted by Jessup on September 16. A copy was sent to Mitchell, Packard, Johnson, Admiral Moorer, and Helms.

with a loser and the expenditure of funds was extravagant. The Attorney General summarized: We should keep a strong voice alive but a weak one would not be worth it. Mr. Packard concurred. Mr. Meyer acknowledged the rat-hole aspects of the subsidy but thought we should still make a fight. Mr. Helms felt that the prospects were not good, either on a short term or long term basis.

f. The Chairman commented that a fighting newspaper might force Allende into egregious action. The Attorney General urged that if the proposal were voted down the USG should not be a drop-out but try to come up with some new ideas.

g. The Chairman then stated that he would take the matter to higher authority. The options were described as (1) to put up the money to keep the paper going for an indefinite period, recognizing the risks and uncertainty, but keeping an opposition voice in being as long as possible while mounting an intensive campaign against Allende's infringement of freedom of the press; and (2) to allow the paper to go under while still making an issue of freedom of the press.

h. On 15 September higher authority determined that covert funding in the amount of \$700,000 should be made on condition that *El Mercurio* launch an intensive propaganda campaign on the freedom of the press issue.

[Omitted here is discussion unrelated to Chile.]

Peter Jessup

259. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, September 13, 1971.

SUBJECT

Request for Covert Funding of Chilean Newspaper

At its meeting on September 9 the 40 Committee considered a request from the owners of *El Mercurio*, the largest anti-government newspaper in Chile, for \$1 million to prevent the newspaper from

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol. V. Secret; Sensitive; Eyes Only; Outside System. Sent for action. A stamped notation on the memorandum indicates the President saw it.

going under.² President Allende appears to be increasing the financial pressure against *El Mercurio* in an effort to close down the last major opposition voice in Chile. An immediate decision is required in order to take advantage of an opportunity to utilize a unique funding channel through which we can provide \$700,000.

The issue is a particularly difficult one because Allende has a variety of ways in which he can close down the paper if he really wants to (e. g., through control of newsprint, or labor stoppages). Thus, even if we provide \$1 million, there is no assurance that Allende won't force *El Mercurio* out of business anyway before long.

The 40 Committee considered two options:

Option 1: To put up the money to keep the paper going for some indefinite period, recognizing that its future status would still be uncertain and risky. The purpose would be to keep an opposition voice going for as long as possible and to give El Mercurio time to mount an intensive propaganda campaign against the Allende government's efforts to curtail freedom of the press.

Option 2: Allow the paper to go under and attempt to make as much of an issue as we can on freedom of the press, recognizing however that Allende could claim that the paper folded because of financial mismanagement.

All of the members of the 40 Committee agree that Option I is a very expensive proposition with uncertain gains. State favors going forward despite the risks. The Attorney General and Dick Helms believe it is probably not worth the cost. Defense and JCS are not enthusiastic about Option I, but indicated that they would go along with it.

I recognize that this is a high-cost, high-risk operation, but I believe it is worth trying. I think we should provide the initial \$700,000 to buy more time for *El Mercurio*, but only on the understanding that the newspaper will launch a massive propaganda campaign against Allende's efforts to use economic and political propaganda to close down the paper. *El Mercurio* would be expected to use the additional time to try to embarrass Allende by describing his dictatorial tactics and appealing for moral and financial support from the free press throughout the world.

Allende obviously feels it is to his advantage to try to silence this last remaining opposition voice as he heads towards a confrontation with us over copper compensation and as he proceeds with his own internal political strategy. Allende apparently plans to call for a plebiscite to reform the constitution and create an unicameral legislature which would be more subject to his control than the present legislature. As he

² See Document 258.

proceeds towards this objective, it would obviously be to his advantage not to have criticism from an independent, widely-read newspaper. Moreover, I believe it would be useful to us to try to have *El Mercurio* create a good diversionary issue on freedom of the press before Allende can rally full support for his confrontation with us over compensation to the copper companies. Even if *El Mercurio* can only survive for three-four more months, this may well be the most critical time in which an opposition voice in Chile can be useful.

Recommendation

That you authorize covert funding of \$700,000 to *El Mercurio*, on the condition that *El Mercurio* will launch an intensive propaganda campaign against Allende on the freedom of the press issue.³

³ The President initialed the Approve option on September 13.

260. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 27, 1971, 2215Z.

4987. Pass OPIC. Subj: Talking Copper with Allende. Ref: Santiago 4975.²

1. Following is summary of talk with Allende and Almeyda today on copper and which will be reported more fully tomorrow among sequels to reftel (copper crunch).³ Allende said he would have Arrate give me preview tomorrow on President's findings on excess profits to be made public Sept 29. Allende sought in cordial fashion to persuade me that because of unanimously passed copper bill his hands were quite tied, that therefore he could not respond fully to a "very good" initiative on my part, that compensation for Kennecott may well involve a partial repudiation of (OPIC-insured) indebtedness to the company, and that he has still not decided whether to invoke later his Presidential privilege to repudiate debts contracted with third parties (not ExIm) because the funds were not usefully employed. He left me with

¹ Source: National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE. Confidential; Immediate; Exdis.

² Dated September 27. (Ibid.)

³ Telegram 5020 from Santiago, September 29. (Ibid.)

the impression that no material carrots of any kind nor possible sticks of retaliation had swayed a calculation that was largely based on domestic political considerations and his reading of world conditions. While he did not specifically close any door and while he probed for ways to avoid some conflicts, it was fairly clear that the key decisions had already been taken and were founded on the specious (and challenged) arguments relating to the restraints of the constitutional measure. Allende insisted that the ITT matter be kept separate and repeated the arguments in favor of an independent physical appraisal with CTC under Chilean management.

Korry

261. Memorandum From Ashley Hewitt of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 29, 1971.

SUBJECT

The Copper Crunch in Chile

President Allende last night signed a decree determining that mines operated by Kennecott and Anaconda in Chile have earned some \$774 million in excess profits since 1955. He was required to make this determination under the amendment to the Constitution which nationalized the copper industry last July. Two other American-run mines, Andina and Exotica, were not mentioned in the decree since they have just begun production and have earned no profits.

The copper nationalization amendment required the President to determine excess profits and the Controller General to determine the net assets of the companies after deductions for various reasons. The decision of the Controller on assets is not due until October 15. Taken together, the figures on net assets and excess profits would determine the level of compensation to be paid to the companies. Even without deductions, however, the assets of the companies were not expected to

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Confidential. Sent for information. A stamped notation on the memorandum indicates Kissinger saw it. Haig initialed the memorandum.

be more than \$500 million. Hence, *Allende's decision setting an extraordinarily high figure for excess profits indicates not only that no compensation will be paid, but that the companies may well wind up owing the government.* The government may use this device to justify default on some \$185 million owed to the American copper companies as a result of its purchase of a 51% interest in the equity in 1967 and 1969. About \$85 million of this debt is covered by OPIC insurance payable to Kennecott.

Allende's punitive approach to the copper companies is probably based on domestic political considerations since it can only inhibit his efforts to open up the flow of credit to Chile from international sources and get the economy moving. His own Socialist Party is strongly opposed to payment of any compensation to the copper companies, and the Communists looked for a minimal payment at most. Moreover, it is difficult for the Christian Democrats to oppose the government line on nationalization and compensation since the Frei government began the process with the earlier takeover of a controlling interest in the companies. However, the process is not yet complete, and it is possible that Allende's action in setting such a high figure for excess profits is a tactic of some kind—not likely, but possible.

262. Telegram From the Embassy in Chile to the Department of State¹

Santiago, October 3, 1971, 21550Z.

5077. Subj: Secretary's Interview with Almeyda. Ref: State 181568.²

1. Almeyda on two recent occasions prior to my final meeting with him and Allende Sept 27 said that he wished above all to meet with Secretary to respond to latter's letter of mid-August³ that I had hand-carried from Washington and that referred principally to copper. Allende has in effect publicly responded to Secretary's letter by both manner and content of his "excess profits" determination and what GOC now proclaims to be the Allende Doctrine for the entire Third World.

¹ Source: National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE. Confidential; Immediate; Exdis. Repeated immediate to USUN.

² Dated October 1. (Ibid., POL CHILE-US)

³ Document 249.

2. Almeyda, as Allende, will doubtless argue, as he did this week in his speech to the UNGA, that the USG should not confuse its interests with those of private companies and that problems between those companies and GOC should not affect historically “friendly” US-Chilean rels. (Incidentally the Soviet Ambassador here made precisely the same argument to me about one week before Allende’s copper determinations.) Almeyda will surely echo all the legalistic and procedural justifications for Allende’s and the GOC’s actions. He might even mention recourse to the special tribunal but as Dept aware Allende and the GOC have said repeatedly that the excess profits aspects of the Chilean judgements against the companies cannot be appealed.⁴ The Secretary’s letter and the accompanying Departmental note⁵ anticipated these arguments by focusing on Allende’s and the GOC’s latitude and by urging pragmatic efforts to arrive at just and mutually acceptable solutions.

3. I shall not presume to suggest how the Secretary will remove any doubts from Almeyda’s mind of our realization that the responsibility for the uncompensated confiscation of Anaconda and of Kennecott’s properties remains with Allende. Nor whether and how the Secretary may remind Almeyda that the USG made every effort to forestall damage to our official rels by the unremitting effort made here to bring about settlements that would permit the GOC to “recover” copper and still satisfy its political needs. These efforts were spurned in favor of unilateral and punitive action and in the expectation that any US reaction could be presented as the cause of damage to our bilaterals.

4. Almeyda believes that his foreign policy has isolated the US on the copper issue. Starting with the visit to President Lanusse of Argentina (about to be reciprocated here) and followed by state visits to Colombia, Ecuador and Peru, Allende has prepared a Latin nationalism base so that any test of wills at this time with us would be on his terrain and at his timing. Unlike the Peruvians in the IPC case, he probably intends to keep provoking us to reactions that he reckons will solidify his position within Latin America and the Third World.

5. Thus Almeyda will raise the candidacy of Felipe Herrera to be SYG. In current circumstances, Almeyda might have an interest in drawing a negative reaction from us. Any indication at this time that we are prepared to oppose Herrera could be used internally and externally as evidence that differences between our two countries are the re-

⁴ The determination of excess profits, which the comptroller general would announce by October 14, could be appealed to a special tribunal of government officials and judges. (“Allende Sets Penalties for U.S. Firms,” *Washington Post*, September 29, 1971, p. A14)

⁵ See Document 250.

sult of our hostility and do not flow from unilateral Chilean actions. Such a signal at this point would reinforce Latin solidarity based on economic nationalism.

6. The copper action and the Herrera candidacy were deliberately coincidental with the Chilean successful campaign to have UNCTAD Three meet in Santiago next spring,⁶ with the naming of Herrera as the head of the preparatory committee for that session and with Almeyda's recent placement of Chile in the so-called non-aligned club. Yet reading here of press accounts of Almeyda's speech to the UNGA leaves the unmistakable impression that on all issues of importance he took positions that were indistinguishable from those adopted by the Socialist camp. We believe that the GOC is fully committed to this line and that any attempt by the Secretary to enter into substantive discussion of such matters as ChiRep or Mideast would prove fruitless. Indeed the most recent declarations of Socialist and Communist leaders here make clear that both intend to accelerate and deepen the "anti-imperialist" policies of Chile.

7. In sum, we favor Secretary making clear our disappointment over the Chilean response to President Nixon's invitation to set the level and tone of rels. We would not recommend going beyond that message to discussion of any possible future actions by either government.⁷

Korry

⁶ The third meeting of the UN Conference on Trade and Development was held in Santiago in April 1972.

⁷ In telegram 3166 from USUN, October 5, the Mission reported that Rogers and Davis directly asked Almeyda in their October 4 meeting about compensation for the expropriation of U.S. copper companies. The Chilean Foreign Minister stated he did not know if compensation would be granted. Rogers concluded by stating that the "present situation did not inspire confidence that Chilean Government was serious in trying to arrive at just compensation." The meeting ended in an impasse. (National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI)

263. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, October 5, 1971.

SUBJECT

Dinner at Chilean Embassy on Wednesday, October 6, 8:30 p.m.

You are scheduled to attend a dinner at the Chilean Embassy Wednesday evening in honor of the Chilean Foreign Minister Clodomiro *Almeyda*. The dinner begins at 8:30, and I have informed the Chilean Ambassador that you will have to leave early. As we discussed this afternoon, Ambassador Davis and I will ride over with you so that you will have an opportunity to get acquainted with Davis.

Detailed biographic data on *Almeyda* is at Tab A.² I have marked the most interesting points.

As I mentioned to you, I think it would be useful for Ambassador Davis to be present at any discussion you may have with *Almeyda*, because he can interpret or monitor Ambassador *Letelier's* interpretation. It would obviously also enhance Davis' status with the Chileans. Davis has worked on the White House Staff (under Rostow) and understands clearly that he would be at your service *only* if you want him to be present for your conversation with *Almeyda*.

It is not at all certain that *Almeyda* will seek to have a private conversation with you, or that he would have anything substantive to say. However, it is conceivable that if the Chileans are interested in a negotiation or understanding (which appears very unlikely at this point), *Almeyda* might make an approach to you. (You will recall Ambassador *Letelier's* suggestion to you that *Allende* would welcome a "fundamental discussion" with you.)³

Ambassador Davis who was present at Secretary Rogers' meeting with *Almeyda* Monday,⁴ indicated that *Almeyda* did not make any ap-

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Secret; Eyes Only. Haig initialed the memorandum. A covering memorandum by Nachmanoff states that the Soviet Ambassador and possibly two Ambassadors from the Eastern Bloc would be present at the October 6 dinner at the Chilean Embassy. Members of the press corps, specifically representatives from the *New York Times* and the *Washington Post*, would "probably" also be in attendance. (Ibid.)

²Tabs A, B, and C are attached but not printed.

³Reference is presumably to the meeting between Kissinger and *Letelier* on August 5. See Document 242.

⁴October 4. See footnote 7, Document 262.

proach or significant response with Secretary Rogers. Rogers was very frosty with Almeyda and made clear his strong disapproval of Allende's recent determination setting "excess profits" of the copper companies at \$774 million, a figure higher than any conceivable figure which might be set for compensation. (This determination was solely within Allende's discretion, was based on arbitrary criteria applied *ex post facto*, and apparently is not subject to appeal.) Almeyda's reaction reportedly was simply to repeat the standard Chilean arguments about following constitutional requirements. No other subjects were discussed.

If you have an opportunity to talk privately with Almeyda, *your purpose should be*: (1) to emphasize that we regard Allende's recent action as a political decision to move toward confrontation and (2) to give Almeyda an opening, in the unlikely event he wants one, to seek a pragmatic way to avoid confrontation. Following are some *suggested talking points*:

—Note that, as the Foreign Minister knows from his talks with Ambassador Korry, we have always been ready to seek pragmatic, mutually acceptable solutions to any differences which may arise.

—We are, therefore, disappointed that President Allende has chosen a course with regard to compensation (by his discretionary decision on excess profits) which appears to eliminate any hope for a pragmatic settlement in accordance with international norms.

—Ask whether it is correct to assume that President Allende's decision represents a desire to move toward confrontation with the U.S., whose consequences the Chilean Government undoubtedly has considered.

If Almeyda maintains that Allende had no choice under Chilean law, you should quickly:

—Indicate that it is our understanding that President Allende had discretion and did not have to make the sweeping judgment he did with respect to excess profits. We can only assume, therefore, that this was a political decision on his part.

Almeyda may indicate that his government does not want a confrontation and that he does not believe that the U.S. Government's relations with the GOC should be determined by a matter affecting private interests. If so, you should:

—Note that our Government has very clear legal and moral obligations with respect to the rights of U.S. citizens. These obligations are well known to the Chilean Government, and we therefore must assume that the GOC understands the consequences of its actions.

You should avoid reference to any specific sanctions which might be applied, so as not to give Almeyda any pretext for claiming that you

threatened economic coercion. *If Almeyda expresses any interest in finding a pragmatic solution to the copper compensation problem, you should:*

—Note that Ambassador Korry has offered some proposals, and that we would be prepared to consider any counter-proposals which the GOC might wish to offer. Note that Ambassador Davis will soon be in Chile and would be prepared for further discussions.

I am attaching for your background information the talking points prepared for Secretary Rogers' meeting with Almeyda (Tab B) and Korry's suggestions for the Secretary's meeting (Tab C). I have sent Korry a back-channel message⁵ soliciting his thoughts and suggestions for your meeting with Almeyda, and I will provide his response to you before the dinner Wednesday evening.

⁵ No record of this message has been found.

264. Memorandum of Conversation¹

Washington, October 6, 1971, 9 p.m.

PARTICIPANTS

Minister Clodomiro Almeyda, Foreign Minister of Chile
Ambassador Orlando Letelier, Chilean Ambassador to U.S.
Dr. Henry A. Kissinger, Assistant to the President for National Security Affairs
Ambassador Nathaniel Davis, U.S. Ambassador to Chile
Arnold Nachmanoff, National Security Council Staff

Foreign Minister Almeyda opened the conversation by saying he welcomed the opportunity to talk with Dr. Kissinger. He was concerned that misrepresentations in some sectors of the U.S. press concerning the question of compensation for U.S. copper companies might have an adverse impact on relations between the United States Government and the Chilean Government. He wished to explain that the \$774

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Confidential; Nodis. Drafted on October 7. The meeting took place at the Chilean Embassy. In a covering memorandum to Kissinger, Nachmanoff informed him that "I have drafted the memorandum in a form which I believe would be suitable for distribution to State." Moreover, he suggested it would be desirable to disseminate the memorandum of conversation, "both for bureaucratic purposes and to take Ambassador Davis off the hook." Kissinger initialed his approval for distribution. (Ibid.)

million excess profits figure recently established by President Allende would be deducted from the Chilean Government's 51% of the copper properties as well as from the United States companies' 49% share. He also noted that the determination of excess profits was only one stage in the process of establishing compensation for the companies and that the process would not be completed until the Comptroller General's decision in mid-October. The Minister commented that Chile was undertaking an important experiment in social and economic change. It wished to maintain good relations with the United States. He expressed his hope that the compensation issue would not spill over and affect overall Chilean-U.S. relations.

In reply, Dr. Kissinger noted that the U.S. Government does not control the press. He indicated that the United States also wished to maintain its traditional good relations with Chile. He stated that while the internal structures which the new Chilean Government has adopted might not be our preference, we consider Chile's internal changes to be a matter for the Chileans to decide. Our policy toward Chile, therefore, will not be determined by Chile's internal processes, but primarily by Chile's foreign policy towards the United States and its policies in the Hemisphere.

Dr. Kissinger pointed out, however, that the United States Government also has certain legal obligations with respect to protecting the rights of U.S. citizens which have a bearing on our relations. Therefore, the question of compensation for the copper companies can have important consequences for U.S.-Chilean relations. With regard to the Foreign Minister's comment that the Chilean process for establishing compensation was not yet completed, Dr. Kissinger commented that the U.S. Government would not make definitive judgments or take hasty actions before the process is completed. We will wait to see the outcome of the process. Dr. Kissinger stated that, as the Foreign Minister knows from his conversations with Ambassador Korry, we believe that with good will on both sides, there may be pragmatic ways to achieve a mutually acceptable solution to this problem. The important thing is to get a solution to the copper question which is acceptable to both sides. Dr. Kissinger said that, with a satisfactory compensation formula, he saw no reason why the traditional good relations between the U.S. and Chile should not continue.

The Foreign Minister indicated that he understood Dr. Kissinger's point. He briefly reviewed the process by which the Constitutional Amendment was approved by the Chilean Congress, and some of its provisions. He stated that the steps taken thus far by the Chilean Government were required by the Constitutional Amendment, which he noted had been approved unanimously. President Allende's determi-

nation regarding excess profits was part of the process required by the Constitutional Amendment.

Dr. Kissinger said he did not want to discuss details, but it was his understanding that President Allende had discretion with regard to establishing excess profits and that, for example, he could have established a different formula for determining excess profits. Had the President exercised his discretion differently, there might have been no problem with respect to “excess profits.”

Foreign Minister Almeyda asserted that it would have been impossible politically for a Socialist government to consider acceptable a higher level of profits—for example, 20%. Moreover, it was necessary for President Allende to set the acceptable rate of return within the range established by the Andean code,² i.e., within 8–14%. The Foreign Minister commented that political realities made this a very difficult problem for the Chilean Government. He hoped the U.S. would understand this and that it would be possible to de-limit the effects of the copper compensation issue on our overall relations. He emphasized that Chile is not seeking a confrontation with the United States, nor some sort of “apocalyptic” outcome.

Dr. Kissinger replied that the United States had no interest in seeking a confrontation either. He said that we understand the political realities in Chile, but the Chileans should understand that there are political realities in the U.S. too. He noted that the art of statesmanship was to take into account and steer between these political realities to find solutions which are mutually acceptable. With goodwill on both sides, this should be possible.

The Foreign Minister agreed and reiterated his hope that with goodwill the areas of difference could be de-limited.

Ambassador Davis pointed out there was a significant distinction between the Foreign Minister’s reference to de-limiting the effects of the compensation issue on our overall relations and Dr. Kissinger’s point about the importance of a satisfactory outcome of the compensation question for our relations.

Dr. Kissinger said that he wanted to make clear that from our point of view, the process by which the Chilean Government achieves the outcome of the compensation issue is not as important as the outcome itself. From the U.S. point of view, it is important that the outcome result in a satisfactory level of compensation to the copper companies. Whether the Chilean Government arrives at this outcome unilaterally

² The Andean Foreign Investment Code, adopted by Chile, Peru, Bolivia, Ecuador, Colombia, and Venezuela on December 31, 1970, aimed to regulate foreign investments in the region.

by some formula, or by negotiation with the copper companies is essentially the Chilean Government's choice. However, we stand ready to cooperate in trying to find a mutually acceptable solution.

The conversation closed with affirmations on both sides of a desire to maintain the traditional good relations existing between the two countries.³

³ Davis summarized the conversation in an October 7 memorandum to Rogers. (National Archives, RG 59, Central Files 1970-73, POL CHILE-US)

265. Telegram From the Embassy in Chile to the Department of State¹

Santiago, October 8, 1971, 2320Z.

5184. Pass OPIC.

1. Departure call on Allende at noon today became one-hour business session that he concluded by saying it was "surely the most unusual farewell protocol visit ever on a Chilean President" and in which he made the following substantive declarations:

A. He was fulfilling his promise to me on compensation to Cerro. The company would receive the amount agreed upon although the Comptroller would, of course, fix the interest and term. He had spoken to the Comptroller again and was confident that this matter would be settled more or less as originally negotiated. Had Cerro accepted his suggested change in May, it would have been settled then (sic).

B. The GOC was confident that its interpretation of the Constitution prohibiting appeals against the President's excess profits deductions would be upheld by the special tribunal but he expected the companies to challenge to the maximum.

C. If he were Anaconda, he would seek payment in courts outside rpt outside Chile for the Chilean obligations issued in 1969 as compensation for the 51 per cent sold of Chuqui and Salvador. He was no lawyer but he thought the company would probably win and that

¹ Source: National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE. Confidential; Exdis.

“Chile would be compelled to pay.” (Outstanding principle is 160 million over some ten remaining years at six percent.)

D. Exotica would also receive some compensation but the technical problems were so difficult and were having such a ruinous impact on Chuqui’s quality and sales that the processing of Exotica ore might have to be stopped for some time and he might well have to invoke his Presidential rights under the Constitutional reform to nullify some loans for alleged misuse.

E. He agreed that it would be useful for ITT to resume the telephone negotiations promptly with the GOC and he trusted I would so inform ITT.

2. Allende said he wished this final conversation to be as straight-forward as all our previous ones. Therefore, he was volunteering the facts about Cerro. He said he had just left a meeting about Exotica and if I wished to hear the same briefing that he had just been given, he would bring in Wilhelm and Arrate, GOC copper executives. I accepted and Wilhelm provided details confirming what we already knew about the technical problems that were sharply curbing production and affecting the quality of the more valuable neighboring output of Chuqui which tolls Exotica ore. I said that it had been our hope that an amicable settlement with the US companies could have maintained technological and commercial contacts that would have permitted eventual resolution of such thorny problems. Wilhelm disclosed he was about to sign a contract with an Arizona firm for solution of Exotica’s problem. He agreed that only North America had the experience with oxide ores of the kind posed by Exotica.

3. When I reviewed my understanding of the dynamics of the relations between Chile and the US, including my feeling that the UP government had rushed into a copper reform law of historical moment without full knowledge and my disappointment that political will had not overcome either the legal or technical arguments as put forward by Wilhelm, Allende, expressing agreement, reviewed the history of the formation of the copper corporation (CODELCO) for which he took much credit and added that during his three decades in Congress no one had supplied or understood the relevant facts. Indeed, he had not understood the intricacies until very recently, particularly as they affected the USG. By then, a bill had been passed unanimously with clauses that the Christian Democrats had in particular wished. He asserted the PDC had pushed the anti-Kennecott revaluation of assets amendment that had proved particularly rigid for those who wished to be more political and less legal in their outlook. He argued again that this limitation had affected maneuverability with Anaconda.

4. Arrate interrupted to say that the President had given the fullest consideration to the alternatives that I had suggested in August² but as much as they appreciated the intent and ingenuity, they simply could not be fitted into the law as passed unanimously by the Congress. Allende took up this point, adding that Latinos were extremely legalistic and that when he had cast about for a method to avoid worsening the problems, he had welcomed my suggestion as a possible starting point but the legalists had shut off any detour in that direction. Allende said I was totally correct in my analysis of past dynamics but he hoped the US could be equally realistic in its analysis of the future.

5. I countered with the political realities of the US. He had to provide some basis that would enable the USG to assume Allende was genuinely seeking a practical accommodation and not taking refuge in legalisms. I repeated my conversation with Tomic earlier this week (Santiago 5158)³ as an illustration of our difficulties in understanding Chilean self-righteousness in changing its own rules three times in five years. Social justice versus international norms of constructive dialogue might be a case of right versus right but we would be soft-headed to believe it could be a matter of right versus wrong. The US taxpayer had responded via OPIC and private investment to specific Chilean Govt requests made by Tomic.

6. Allende at his most disarming political best listened not only with attentive respect but articulated an assent that surprised Wilhelm. He asked where might we go.

7. I said one critical question was the outstanding Chilean paper for the 51 per cent purchased. Arrate made the point that there was a distinction between the Kennecott and the Anaconda paper. I asked if there were some way these international obligations could be honored. Also, I wished to know if there were any legal way Allende could back away from the repeated judgment that no appeal on his excess profits determination could be allowed under the constitutional reform. Arrate and Allende first argued that the amounts of the excess profits had been misinterpreted since they were not judgments against the US companies alone but against the joint ventures with CODELCO's interests being as much affected as the US companies. Thus, said Arrate, the question of any compensation depended on the Comptroller's final assessment of the book value and the proportional share that might be left for the US company. The excess profits deductions would be applied against this figure. Both acknowledged that for the three main mines (Chuqui, Teniente, Salvador) no one could reasonably expect

² See Document 251.

³ Dated October 7. (National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE)

compensation for the 49 percent holdings of the companies. As for Teniente, Arrate admitted that the 51 per cent would also be wiped out by their calculations and Allende again argued that he had no alternative under the Constitutional reform. He said Kennecott would not have received compensation even if 25 per cent per annum profit were permitted. (*Comment:* These assertions are simply not true since the reform bill as OPIC and our Chilean lawyers read it, did permit Allende to apply an analysis that could have permitted some compensation. I doubt if he fully understood all the alternatives and I doubt if any of his political or copper experts would have allowed him much latitude if he had.)

8. I referred to Allende's insinuations that Anaconda was in a better position. After noting again the Controller's role, Allende said he was not a lawyer but that it seemed to him that if Anaconda tested the validity of outstanding notes for the 51 per cent, it would probably win. I asked if he were thinking of a Chilean court or a foreign one. He replied that it would probably be outside Chile and that Chile would probably be compelled to pay. Such litigations could add to tensions unless good faith were assured, I noted.

9. I said that I was certain that FonMin Almeyda would explain upon his return tonight why it was difficult for the US to accept the Chilean actions, particularly since copper coincided with telephones. Did Allende see any way that ITT's claims could be satisfied? Was he disposed to negotiate realistically with the company and to do so now? Allende replied that as with copper, the GOC only recently had fully understood the problem; it had not had the OPIC contracts. Only when I had written to Garreton had ITT's assertions been officially confirmed. He was prepared to resume negotiations immediately. I asked if he were prepared to deal in a manner that could satisfy the company since unlike copper there was neither a special law nor special legalistic inhibitions. It was a matter of will applied to fair bargaining. Allende said he could understand the advantages in a prompt effort to come to terms on CTC.

10. I concluded that in effect he was arguing for more time to permit the GOC to demonstrate its bona fides and to make its case internationally. I noted that there were already a considerable number of influential Americans who believed they had been misled and who would find it difficult to play the game of Latin legalisms. My own view was that the true power of the US resided in its position as the most vibrant market place for ideas, for products and for technology, each of which was the result of our open-minded pragmatism. I had been proud to represent those attributes in Chile the past four years and my wife, as he had said at the opening of our conversation, had demonstrated in evident and effective ways these same characteristics

by her warm and sincere affection for Chile. We wanted such contacts to continue and we hoped the actions of his government would not diminish in any way the opportunities to do so. He bade me a farewell that was, given the two witnesses, astonishingly friendly and warm.

Korry

266. Memorandum From the Deputy Under Secretary of State for Economic Affairs (Samuels) to President Nixon¹

Washington, October 12, 1971.

SUBJECT

Statement on Chile

The Inter-Agency Expropriations Group in a meeting today on the Chile expropriation situation unanimously recommended that the United States Government make a statement tomorrow expressing its deep disappointment at the determinations which have been made on compensation for expropriated U.S. investments in Chile.² The Group agreed that the statement should underline the violations of international law which the Allende government has committed in taking its position. The Group also agreed that we should stop short of announcing or giving warning of retaliatory measures by the United States.

We take this view for tactical reasons. Fundamentally, we want to concentrate public attention on Allende's wrongs rather than our reaction. We will be free to take further steps at the time most suitable to

¹ Source: Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Confidential. Drafted by Fisher and cleared by Crimmins. Typed at the top of the page is "Approved by President with changes per Memorandum from Gen. Haig to Mr. Eliot dated 10/13/71." The changes to the attached draft statement were the addition of a penultimate paragraph which reads as follows:

"Should Chile fail to meet its international obligations, it could jeopardize flows of private funds and erode the base of support for foreign assistance, with possible adverse effects on other developing countries. The course of action the Chilean Government appears to have chosen, therefore, could have an adverse effect on the international development process."

² The Chilean Controller General rules on October 11 that Anaconda and Kennecott would receive no compensation after deductions for excess profits and Cerro would receive about \$14 million. ("Chilean Aide Rules Against Payments to 2 U.S. Concerns," *New York Times*, October 12, 1971, p. 7)

our own interest. These may include suspension of U.S. assistance programs for economic development (about \$20 million), military assistance (\$5 million in FMS), Eximbank disbursements on outstanding credits (about \$30 million), and pressure on multilateral and third country lending agencies. Another important consideration arguing against retaliatory measures at this time is that there remains an appeals process to a special tribunal, the utility of which we must yet evaluate in consultation with the companies. To react with specific actions before the appeals procedure is completed or demonstrated to be inadequate would give Allende the opportunity to accuse the United States of prejudging the legal process and of attempting to coerce Chile, thus providing him an effective rallying point for consolidating his position in Chile and elsewhere.

An additional short-range tactical consideration is our desire not to prejudice the position of ITT, which has yet to complete negotiations with the GOC on a possible buy-out of its properties which it values at \$153 million.

The proposed statement continues to serve the purpose set forth early in our dealings with the Allende regime of insuring that he and not the United States bear the onus for his own decisions and for his failures. It also expresses unmistakably our dissatisfaction with Chilean actions thus far on compensation, and provides a basis for taking whatever actions we find advantageous in the coming weeks.

It was the consensus of the Inter-Agency Expropriations Group that you should not make a statement at this time. If you agree, the Secretary would propose to issue a statement tomorrow along the lines of the attached draft.

If you approve this approach, you may wish, in view of impending Congressional action on the replenishment of the international lending institutions, to consult now with key members of the Congress to explain the tactical nature of the proposed statement.

The attached draft statement reflects the views of the Inter-Agency Expropriations Group, with the Treasury representative reserving his position pending the return of Secretary Connally tomorrow.

Nathaniel Samuels

Attachment³

Washington, undated.

Proposed Statement by the Secretary of State

The Controller General of Chile announced his findings on October 11 that no compensation would be paid for the U.S. copper mining investments expropriated on July 16 except for modest amounts in the cases of two smaller properties.

The United States Government is deeply disappointed and disturbed at this departure from accepted standards of international law. Under established principles of international law, the expropriation must be accompanied by reasonable provision for payment of just compensation. The United States had made clear to the GOC its hope that a solution could be found on a reasonable and pragmatic basis consistent with international law.

It appears that the major factor in the Controller General's decision with respect to the larger producers was the determination on September 28 of alleged "excess profits". The unprecedented retroactive application of the excess profits concept, which was not obligatory under the expropriation legislation adopted by the Chilean Congress, is particularly disquieting. The U.S. companies which are affected by this determination of the Chilean Government earned their profits in Chile in accordance with Chilean law and under specific contractual agreements made directly with the Government of Chile. The excess profits deductions punish the companies today for acts that were legal and approved by the Government of Chile at the time. No claim is being made that these excess profits deductions are based on violations of Chilean law. This retroactive determination has serious implications for the rule of law.

The United States hopes that the GOC, in accordance with its obligations under international law, will give further careful consideration to this matter.⁴

³ Confidential.

⁴ For Rogers's statement read to reporters by the Department Spokesman on October 13, and which included the paragraph in footnote 1 above see Department of State *Bulletin*, November 1, 1971, p. 478. For the reaction abroad to the Secretary's statement, see *Foreign Relations, 1969–1976*, vol. IV, Foreign Assistance; International Development; Trade Policies, 1969–1972, Document 174.

267. Transcript of a Telephone Conversation Between President Nixon and the President's Assistant for National Security Affairs (Kissinger)¹

Washington, October 12, 1971, 8:30 a.m.

[Omitted here is discussion unrelated to Chile.]

P: The only thing I see in the news is Chile, and I want to be tough with them. Have you seen this?²

K: Yes, I've just seen it.

P: Are you preparing something to say? I will say something but I want you to have your staff—get Haig to, the toughest son of a bitch you've got, to work something up. It's time to kick Chile in the ass.

K: The only thing it was being held up for is the Comptroller General.

P: They have acted. Can you get a paper over to me?

K: I will have a paper.³

P: I just want a strong statement knocking their brains out. What will we do?

K: We can cut off their credit.

P: I want a strong statement kicking Chile in the ass. Have Connally make it. Really blast their butts. And don't bring State into it. What are they doing?

K: They are probably wringing their hands, but they should say something too. I will call Connally this minute.

P: I want to over-act on this one and I expect State to tow the mark. They have confiscated American property and we won't allow it.

K: That you should say. We'll have a program by the end of the day.

¹Source: National Archives, Nixon Presidential Materials, Henry Kissinger Telephone Transcripts, Box 11, Chronological File. No classification marking. A tape recording of Nixon's side of the conversation is in the National Archives, Nixon Presidential Materials, White House Tapes, Conversation No. 288–6.

²On October 12, the *New York Times* reported: "Hector Humeres, the Controller General, who determines under the nationalization law what the Government should pay, said [the previous day] that Anaconda and Kennecott, owners of a share of the two largest mines, have no claim after deductions of excess profits and other penalties." ("Chilean Aide Rules Against Payments to 2 U.S. Concerns," *New York Times*, October 12, 1971, p. 7)

³A separate paper from Kissinger has not been found. See, however, Document 266.

P: I will know what to say, “appropriate action,” but I want the strongest action on it and I want it highly publicized and highly visible, and I want it on TV today.

K: Tomorrow would be better.

P: Okay, tomorrow.⁴

[Omitted here is a brief exchange unrelated to Chile.]

⁴ During a telephone conversation at 3:05 on October 12, Rogers and Kissinger discussed how to respond publicly to the Chilean Government’s announcement on expropriation. Rogers thought it wouldn’t be “wise” for either Nixon or Connally to issue the proposed statement. “If you are willing to do it,” Kissinger suggested, “it would be more effective.” Rogers: “We took the lead in the case of Peru [in order] not to invoke the Hick-enlooper [Amendment]. I think we will have to invoke it this time. I will do it in my name.” Kissinger: “The President wants a strong statement. Better from you. I don’t know if you want it as a State matter—let’s do it. Or if you want it as a commercial matter, that’s fine.” Rogers: “IPC is a similar matter.” Kissinger: “The President wants to be tough.” Rogers: “As tough as you want.” (Library of Congress, Manuscript Division, Kissinger Papers, Box 369, Telephone Records, 1969–1976, Telephone Conversations, Chronological File)

268. Memorandum From Ashley Hewitt of the National Security Council Staff to the President’s Assistant for National Security Affairs (Kissinger)¹

Washington, October 15, 1971.

SUBJECT

Status of Chilean Economy

Attached at Tab A is a CIA summary on the economy in Chile.² The report notes Allende’s no-compensation decision on copper and indicates that he was fully aware of the international consequences of his decision and delayed it for some time on this account. However, he finally decided the domestic political benefits of a hard line outweighed the danger to Chile’s international credit standing. In other areas of the economy, the report makes the following observations:

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Secret. Sent for information. Kissinger initialed at the top of the page.

² Attached at Tab A is CIA Intelligence Memorandum ER IM 71–201, “The Chilean Economy: Status Report,” which is Document 86 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

Socialization of Economy

—Allende's UP coalition regards the virtual acquiescence of the opposition in the general outlines of the government's economic plan based on the concept of an economy divided into public, private, and mixed sectors as a major victory. While the achievement of this structure may take some time, the government has already gained or will soon have indirect control over all key economic areas. The Communist Party believes that success in socializing the economy will make the revolution irreversible.

Industry

—Increased purchasing power among lower income groups as a result of government monetary policies has continued to nurture the mini-boom in manufacturing, but growth is leveling off as plants reach capacity production. Consumer goods have been the most active area, but a massive government housing program has spurred the demand for construction materials.

Agriculture

—President Allende and other officials appear increasingly concerned about the expected decline in agricultural production over the next several years and the sharp increase in import requirements for foodstuffs. Thus far, however, the government has proved unwilling to modify its radical agrarian reform program in order to reduce the costs in terms of lost production.

Distribution

—Food and other consumer goods shortages have not yet reached crisis proportions but are a source of increasing embarrassment to the government. The government is countering increasing supply and distribution problems by increasing imports, at least as far as foreign exchange reserves permit.

Inflation

—Officially the government has held inflation to 13% during the past year compared to 30% for the same period in 1970. However, there is some reason to believe that the actual rate of inflation may be double the officially recognized rate. Nevertheless, the Allende government has refused to face the political costs of austerity and has continued its expansionary policies. Deficit spending now is running an estimated 30% of government expenditures. These policies cannot be continued indefinitely.

Balance of Payments

—Chile's net foreign reserves have declined more than \$200 million in the past nine months to an estimated \$140 million. By the end of

1971, reserves could be as low as \$100 million, or the equivalent of one month's imports.

—Chile's foreign debt is estimated at \$2.4 billion with a service of more than \$300 million annually. The U.S. is Chile's biggest creditor. There have been indications that the Allende government may impose a debt rescheduling on its creditors, and if its balance of payment condition continues to deteriorate, may decide it has little to lose by simply defaulting on its debts to the U.S.

—Thus far the Allende government has been unsuccessful in obtaining significant loans or investment commitments in Western Europe, where most countries are following a "wait-and-see" policy.

—Communist countries have shown some interest in providing selective support and total Communist commitments to Chile have reached \$164 million, all designed to cover purchase of material and technical expertise of the donor country. To date, no untied financial assistance has been offered and the Communists have indicated no commitment to underwrite the Chilean experiment.

269. Memorandum of Conversation¹

New York, October 23, 1971.

SUBJECT

Chile

PARTICIPANTS

Dr. Eduardo Frei
Assistant Secretary Charles A. Meyer

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Confidential; Limdis. Drafted by Meyer on October 26. The meeting took place in the Waldorf Towers. Nachmanoff sent this memorandum of conversation to Kissinger under cover of a November 4 memorandum in which he stated that Frei "believes that Chile faces an economic disaster, that there is growing disenchantment with the Popular Unity government, that the opposition is more cohesive than before, and that the military is very largely antagonistic to the Popular Unity government. Frei, who told Korry after Allende's election that he saw no hope for democracy in Chile, is still pessimistic, but apparently now feels there is some hope. He urges that the United States maintain close relations with the armed forces no matter what, and expresses his opinion that the best hope for the preservation of democracy in Chile lies in the U.S.'s ability to avoid giving Allende the chance to blame his inevitable failure on the U.S." Kissinger initialed the covering memorandum. (Ibid.)

Ex-President Frei covered the three aspects of Chile's current situation as he saw them. He emphasized that he was not placing himself in the role of an advisor, but was reporting his convictions.

The first aspect was the economy of Chile. Dr. Frei stated that Chile faced not an economic problem, but economic disaster. In his opinion there are five "time bombs," any of which could damage any economy. These five are:

- Wage increases up to 65%
- Frozen prices
- Federal spending 50% above budget
- Artificially pegged value of the Escudo
- Retgression in the agricultural sector

Local investment has come to a total halt and all production is operating at a loss. His estimate is that at least 35,000 of the managerially and technically trained Chileans have emigrated, mostly (he thinks) to the U.S.A.

The second aspect was the political picture in Chile. Dr. Frei stated that Allende was more and more influenced by the coalition of the Communists and the Socialist "Left" whose differences are only those of timing of the conversion of Chile to an authoritarian state. The Socialists and Communists will, he said, continue to work together to achieve this goal after which they may pull apart and, if so, the Communists will prevail. He deprecated the Radical party as useless. He considers the PDC more cohesive than at any time in recent years and he said that both Tomic and Gabriel Valdes were now awake to the political reality of the U.P. The Nacionales and the PDC are more cooperative than ever before although neither could publicly embrace the other.

He believes disenchantment with the political situation (which is also the economic situation) is beginning to permeate all classes of Chilean society and he said that the *campesinos* are uniformly in a spirit of open revolt.

He urged that we continue to maintain the closest possible relationship with the armed forces. He is convinced that the Air Force is 100% antagonistic to the U.P., the Navy a close second and the Army 80%. The Carabineros on the other hand are unexpectedly passive, possibly because the students in turn are relatively quiet.

He sees hope in the school and labor elections which have gone against the U.P. and he believes that if a general election were held tomorrow, Allende and the U.P. would be swept out of office.

Given all of these counter-weights (his word) he still is on balance very pessimistic. He said "there is a hope, but there is not much hope."

The third aspect was bilateral relations. Once again he urged we maintain our relations with the military, saying the Chilean people and

their neighbors would understand this even if all other relationships were to be cut off.

He asked me to tell the Secretary, and the President if possible, that in his opinion the best hope for the preservation of the democratic process in Chile lay in our ability to avoid giving Allende and the U.P. the chance to blame their inevitable failure on the USA. In Dr. Frei's opinion this meant that we should not publicly threaten or condemn, but should apply whatever necessary measures quietly (the Peruvian treatment, 1969 to date). The Chilean people would clearly understand this approach, he said, but would still rally behind Allende and their flag if our measures were loud and public and condemnatory.

270. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, November 3, 1971.

SUBJECT

40 Committee Meeting—CHILE—Financial Support for Opposition Parties
Friday, November 5, 1971—4:00 pm

The attached paper from CIA² proposes that continuing support totalling [*dollar amount not declassified*] for the next year be provided to the opposition parties in Chile—the Christian Democrats (PDC), the National Party (PN), and the Democratic Radical Party (PDR)—so that they can:

- oppose the UP plans to replace Congress with a unicameral legislature via a plebiscite;
- prepare for the 1973 congressional elections;
- maintain and increase their mass media capabilities.

The Agency also proposes that [*dollar amount not declassified*] be authorized for possible passage to the Independent Radical Movement of the Left (MRII), a non-Marxist splinter of the Radical Party which has remained within the UP coalition. The purpose of our support for MRII

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, Minutes of 40 Committee. Secret; Sensitive; Eyes Only; Outside System. Sent for action.

² The October 29 memorandum to the 40 Committee is Document 88 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

would be to try to keep the Radical Movement split and to foster dissension within the UP. (Only [dollar amount not declassified] would be passed initially, [less than 1 line not declassified] the MRII would not know the real source of the funds at this stage.)

Opposition leaders believe that popular support for the Popular Unity coalition has peaked and is now declining. Growing economic problems—as evidenced by Allende’s decision Tuesday to sharply restrict imports³—are likely to result in a further reduction of support for the Popular Unity parties. Thus, Allende may try to move soon to improve his political control through a plebiscite, before economic conditions deteriorate further. He might try to parley the nationalistic support he would obtain in a copper confrontation with the U.S. into a plebiscite victory on the unicameral legislature. The Agency argues that the opposition parties must be able to keep the Chilean public informed about UP plans and pressures while maintaining party organization and discipline in preparation for the plebiscite and the 1973 elections. However, the opposition parties, in particular the PDC, are very weak organizationally and structurally. Most of the funds which the Agency proposes to provide would be used to strengthen the Party’s administration, staff support, and propaganda capabilities.

The Agency proposes to divide the funds as follows:

PDC..... [dollar amount not declassified]
PN..... [dollar amount not declassified]
PDR..... [dollar amount not declassified]

The PDC has been promised [dollar amount not declassified] from European sources if it can obtain a matching amount from other sources. Thus, the Agency believes that its support would prime the pump for the European funds.

CIA believes that the funds can be passed securely, though it notes that the Chilean security services are increasing their capabilities and will probably give increasing attention to the opposition parties’ sources of funds.

The objectives of the proposed program are generally consistent with previous policy decisions—i.e., to help maintain a viable opposition and to promote dissension within the UP. You may wish to use the 40 Committee meeting to obtain a status report on the capabilities and prospects of the opposition parties, and the tensions within the UP. With regard to the specific proposal, *you may wish to focus the discussion on the following points:*

³ The Allende administration announced on November 2 that Chile’s imports would be restricted to avert a foreign currency reserve crisis. (“Chile Cuts Imports to Essentials,” *Washington Post*, November 3, 1971, p. A4)

—To what extent will our input of funds be a dis-incentive to the parties to develop other sources of funding? Aren't we in effect providing a permanent subsidy for the major part of their expenses?

—If we are in fact the major source of funds, isn't there a high risk that that will become obvious to Allende before long? How serious is the risk of exposure?

—What is the rationale for the distribution of funds among the parties?

You may also wish to note that the proposal focuses solely on the opposition parties and the one splinter group in the UP, but that a key element for any serious internal change in Chile is the military. There seems to be indications that Allende is increasingly concerned about opposition within the military. Is there anything that might be done, beyond regular military contacts and the military assistance program, to strengthen opposition elements in the military?

Assistant Secretary Meyer and the Deputy Chief of Mission in Santiago (because of Korry's departure) have concurred in the CIA proposal.⁴

⁴ In a memorandum to Johnson, Meyer recommended that he "not oppose in Committee the proposal to provide [*dollar amount not declassified*] additional funds to the Chilean opposition parties." A notation in an unknown hand at the bottom of the memorandum states, "This is essentially ordered by the White House, which says no delay for lack of money." (Memorandum from Meyer to Johnson, November 3; Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile 40 Committee Action after 1970)

271. Memorandum for the Record¹

Washington, November 5, 1971.

SUBJECT

Minutes of the Meeting of the 40 Committee, 5 November 1971

PRESENT

Mr. Kissinger, Mr. Mitchell, Mr. Packard, Mr. Johnson, General Knowles, and General Cushman

Messrs. Egil Krogh, John Holdridge, and William Nelson were present for Item 1.

Messrs. Arnold Nachmanoff and William Broe were present for Item 2.

[*name not declassified*], Mr. Wymberley Coerr, and Mr. Thomas Karamessines were present for Items 1 and 2.

[Omitted here is discussion unrelated to Chile.]

2. Chile—Financial Support of Opposition Parties and of the Independent Radical Movement of the Left

The discussion opened with Mr. Kissinger asking about the current role of the military in Chile.

Mr. Broe replied that the military could be considered an opposition, but they don't have the will coupled with their built-in nonintervention syndrome. The Navy was considered solidly in opposition to Allende but not so the Air Force.

Mr. Kissinger asked how is it that Allende has not yet learned of outside support.

Mr. Broe replied that [*less than 1 line not declassified*] support served as a smoke screen.² He went on to note that demands on us will be quite substantial. [*less than 1 line not declassified*] for example, needed immediate help and PDC's [*name not declassified*] had only recently asked for monies for media shoring. At the same time, when Chile's economy is deteriorating, the opposition finds it almost impossible to raise money inside the country. He said Ambassador Davis and the Chief of Station had been asked for an estimate of how much will be needed altogether. Between now and election it could run as high as \$3.5 million. Of course, he added, we can't provide total support.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, 40 Committee Minutes. Secret; Eyes Only. Drafted on November 15. A copy was sent to Mitchell, Packard, Johnson, Moorer, and Helms. In a November 22 memorandum, Broe detailed suggested revisions to the minutes. (*Ibid.*) Broe's comments are noted in footnotes below.

² In his November 22 memorandum, Broe stated that the Chileans had gone to Europe to raise funds and that fund-raising programs had been initiated by both the Nationalist and Christian Democratic Parties. (*Ibid.*)

Mr. Kissinger commented that for that kind of money we could have had a landslide last election.

Mr. Broe said the figure could reach even \$4.5 million and he requested long-range guidance as to how far our support should go.

Mr. Johnson asked if Mr. Broe meant that if we aren't going all the way there is little point in going for the [*dollar amount not declassified*] now.

Mr. Broe said, yes, in effect. They just don't have the money themselves.³

Mr. Kissinger asked why they don't have any money.

Mr. Broe said that Allende was rapidly drying up the sources.

Mr. Kissinger asked: Doesn't Allende wonder where the money continues to come from when he knows it's drying up? He's not stupid. How do they account for their funds?

Mr. Broe: In Chile, they are not required to account for it; they indulge in double bookkeeping and anonymous gifts, and there has been no seizure of opposition party books as yet.

Mr. Kissinger asked what the [*dollar amount not declassified*] will do, and Mr. Mitchell asked how long it will last.

Mr. Broe said for about a year and supplied a rundown of proposed allocations. He then added, "We just have to face up to the fact that if we want an opposition we're just going to have to provide most of the support."

Mr. Kissinger said Mr. Johnson's point had not been answered, that there's not much point to giving the initial [*dollar amount not declassified*] now if we're not going to follow up with more.

Mr. Karamessines said a watershed point had been reached. Allende's fortunes are not on the uprise. By mid-1972 he'll either make it or his fortunes will fall rapidly. He urged that the opposition be kept going until then by the proposed infusion.

Mr. Johnson asked what was the optimum estimate.

Mr. Broe replied that if Allende should win a plebiscite and the opposition loses out, then there's nothing left to support. On the other hand, if Allende holds back from a plebiscite or loses in the vote, then there will be an opposition to face in the 1973 congressional elections. We believe he will go for a plebiscite.

³ In his November 22 memorandum, Broe stated: "my point was that I was *not* saying that unless we were going all the way in our support we should not support the immediate proposal for [*dollar amount not declassified*]. What I attempted to state was that the opposition needed the immediate proposed funds to get their organizations going." Broe added also that the United States needed "to support them over the long run." (Ibid.)

Mr. Kissinger asked whether Allende can hold a plebiscite legally.

Mr. Broe said he thought so but would have to check. Mr. Nachmanoff also thought the plebiscite was legal. (Later checking has proved Messrs. Broe and Nachmanoff to be correct.)

Mr. Mitchell asked for the rationale for the distribution of funds among the parties.

Mr. Broe stated that this was based on the size of the constituencies.⁴

Mr. Mitchell asked if Mr. Frei was actually able to raise funds in Europe.

Mr. Broe: Yes, there is a regular flow from Europe to the PDC organizations. Former President Frei has been promised [*dollar amount not declassified*] if he could raise an equal amount at home.⁵

Mr. Johnson: Where is the CDU money from, primarily [*less than 1 line not declassified*]?

Mr. Broe: Not all.

Mr. Mitchell asked about the urgency.

Mr. Broe: They're hurting right now.

Mr. Packard: Won't this increase our visibility?

Mr. Broe: No, it will be fed in slowly.

Mr. Mitchell: What ever happened to *El Mercurio*?

Mr. Broe: It's still going.

Mr. Karamessines: Not any thanks to Agustin Edwards; he did very little in Chicago.

Mr. Kissinger: Isn't he Kendall's man? Why don't you tell me if you need something from Kendall.

Mr. Mitchell: I would still like to know what happened to the last [*dollar amount not declassified*] and what the prospects are in regard to the plebiscite.

Mr. Broe provided a detailed rundown of the allocated funds and what the expenses were for.

Mr. Johnson: I am extremely skeptical of programs of this magnitude. If you have to provide such huge subsidies I cannot be sanguine about the viability of any opposition which has to be primed to that extent.

⁴ In his November 22 memorandum, Broe gave reasons and actual sizes of the constituencies: the PDC had 26 percent of the vote and support of women, students, peasants, and workers (the targets of the UP); the PN had 13 percent of the vote and was a middle class party supported by the wealthy business class. (Ibid.)

⁵ Broe reiterated in his November 22 memorandum that little or no money had been raised by Frei in Europe. (Ibid.)

Mr. Kissinger: But the Allende purpose is to destroy the viability of the opposition. This is not a normal situation here.

Mr. Johnson: Well, I will not oppose if the others agree.

Mr. Packard: We can't tell how much good it will do, but we have no other alternative. You can't beat something with nothing.

General Knowles: It is worth the gamble.

Mr. Kissinger: This will keep the opposition viable. We can have another crack at specifics later.

Mr. Mitchell: I still want to know what happened to the last [*dollar amount not declassified*]. Even the Republicans don't spend money like that.

Mr. Broe continued with a rundown of earlier expenditures.

The principals agreed to proceed on the basis of the proposal and approved the requested sum of [*dollar amount not declassified*]. They asked for progress reports every 60 days or earlier if advisable.

[Omitted here is discussion unrelated to Chile.]

Peter Jessup

272. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, November 15, 1971.

SUBJECT

My Conversation with Former Chilean Defense Minister Sergio Ossa—11/15/71

I met this afternoon with Sergio Ossa, former Minister of Defense in the Frei Government, [*1½ lines not declassified*].

The gist of Ossa's presentation was to express appreciation for the support received, and to emphasize that the PDC was determined to keep up the fight, that it was more united than ever before, and that co-operation with the other opposition elements was much improved. He

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Secret; Sensitive; Eyes Only; Completely Outside System. Sent for information. Kissinger and Haig initialed the memorandum at the top of the first page.

stressed the importance of developing the organizational capabilities of the opposition parties, and maintaining opposition media outlets. He also noted that, from the outside it might appear that the opposition parties' inability to raise their own funds or develop their capabilities was a function of inefficiency rather than political pressure, but that in fact there were very real and heavy political pressures. The implication, of course, was that continued external support was critical and should not be conditioned upon unrealistic expectations of what the parties themselves might be able to do internally.

With regard to the general outlook for Chile, Ossa made the following comments:

—The Constitutional Reform Amendment which Allende has just submitted to the Congress is a masterful stroke, since it is a more moderate position than previously advocated by Allende on the establishment of a unicameral legislature, and it is combined with other popular features.² In essence, Allende is taking a popular position by advocating that he only wishes to speed up the legislative process, and that he is not really trying to change the powers and prerogatives of the legislature. Ossa noted, however, that the PDC's strategy would be to avoid outright rejection of the amendment in the Congress, because that would allow Allende to call a plebiscite as soon as possible. They believe that by tying it up in the Congress, they can wait until the economic situation deteriorates further before allowing Allende to hold a plebiscite.

—The economic situation is deteriorating rapidly, but in Ossa's view, this is not critical for Allende and the Marxists, whose primary objective is to establish political control. He is not sure, however, that Allende really understands very well what is happening to the economic situation in Chile.

—Ossa believes Allende will try to use a confrontation with the US over copper compensation to rally popular support prior to the plebiscite. He will try to use the external confrontation to win his internal struggle for political control. Ossa urged, as Frei has done, that the US try to avoid giving Allende this issue by openly confronting him. He recognized that Allende could choose the time and circumstances of the confrontation, and that the US has legal and political requirements which limit its flexibility, but he felt that it was essential for the US to try to quietly ride out the copper situation. Otherwise, he said, "everything we are doing will be useless".

² The constitutional amendment that Allende submitted to Congress on November 11 proposed a unicameral "People's Assembly," the extension of social security to all Chileans, several other popular welfare measures, and term limits for Supreme Court justices. (Juan de Onis, "Allende Pushes 'People's Assembly' Plan and Talks with Castro," *New York Times*, November 12, 1971, p. 12)

—If Allende loses the plebiscite, he will probably not resign as would be the normal custom. Moreover, Ossa thought if some of the UP parties believed they would not be able to retain political control (e.g., losing the plebiscite with no prospect of winning the 1973 Congressional elections), they would be prepared for civil war.

—The basically apolitical position of the armed forces has not changed significantly since Allende's election. He thought the military would act only if a major breach of the Constitution occurred. However, he noted that among middle and junior grade officers, there was some dissatisfaction with the generals for not playing a stronger role.

Ossa asked me to convey to you his appreciation for our support, and to convey to you also the determination of the PDC leadership to continue to fight for the maintenance of democracy in Chile.

273. Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, November 16, 1971.

SUBJECT

Chile

Attached at Tab A² for your information is a speculative paper prepared by the Office of National Estimates on the implications of a confrontation with Chile over the copper issue. In an informal discussion I asked some of the ONE analysts to question the conventional wisdom that a tough US reaction to the copper expropriation would inevitably strengthen Allende's domestic position and gain support for him in the Hemisphere. I asked, for example, whether a decisive reaction from the US might not, in fact, provoke opposition elements to move against Allende, and whether it might lead other Latin American governments to disassociate themselves from the extreme Chilean position to avoid

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Secret. Sent for information. Written on the in an unknown hand at the top of the page is "HAK has seen."

² Tab A is Document 90 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

being tarred with the same brush and thereby risk reduced foreign investment and aid.

The conclusion of the ONE paper—which has not been distributed to anyone else—is that “given the climate of opinion prevailing in Chile and in Latin America as a whole, US actions of retaliation for Chile’s refusal to provide ‘prompt, adequate and effective compensation’ to the mining companies would probably fortify Allende’s political position at home and engender considerable sympathy abroad”. I think it is worth your while to read the attached paper as background for SRG consideration of a “Next Steps” paper which the Ad Hoc Working Group on Chile is now preparing.³

³ See *ibid.*, Document 92.

274. Memorandum From the Assistant Secretary of the Treasury for International Affairs (Petty) to Secretary of the Treasury Connally¹

Washington, November 23, 1971.

SUBJECT

Chile

(1) The Chilean Government has now declared publicly its intention to renegotiate its foreign debt.² We have not yet been asked directly by them to participate, although informal feelers have been received through our Embassy, which indicate they wish to negotiate bilaterally with us and multilaterally with others. However, we have been asked by the French Government, if we would be willing to attend a general creditors’ meeting in Paris at the end of November, chaired by them. (France has played a similar role in many debt negotiations

¹ Source: Washington National Records Center, RG 56, Secretary’s Memos, 1971: FRC 74 A 17, Memos to Secy 11–12/71. Confidential. Hennessy signed the memorandum for Petty on November 24.

² On November 9, Allende announced that Chile would seek renegotiation of foreign debts totaling more than \$3 billion. (Juan de Onis, “Chile, Reserves Low, Will Seek Renegotiation of Payments on Her \$3-Billion Foreign Debt,” *New York Times*, November 10, 1971, p. 12)

before.) We have told them that any such meeting seems premature at this time for our participation.

(2) There has been no basic change in the situation of the U.S. firms in Chile. All three copper companies have filed appeals before the special tribunal and are expected to complete their briefs within another ten days. The operations of IIT Chile have been taken over and no negotiations are now in progress. The remaining, untouched U.S. firms (book value \$175 million) have not had any change in status.

(3) The economic situation in Chile, particularly the foreign reserve level, has become worse in recent months, and this is why they want to stretch out their debt (see attached debt profile).³ It is believed that the weakening economic situation and its adverse political impact has caused Allende to present to Congress a plan for a unicameral legislature, increased Presidential powers and a weakened Supreme Court. This may cause a political showdown for Allende since there is opposition to these moves by both political parties and large segments of the population. He may welcome a U.S. showdown at this time to bolster his hand for a plebiscite to gain approval of the internal measures.

(4) *The Next Step*

There has been no U.S. response except for two public statements of concern on October 13 and 15 by Secretary Rogers and Assistant Secretary Meyer.⁴ Disbursement of the remaining undisbursed obligations of approximately \$25 million continues, which includes project loans, food grants to voluntary agencies, technical assistance, and military credits. If the Cannon Amendment to the aid bill presently pending in conference is approved, it would stop all *existing* and new bilateral aid and probably any new multilateral assistance (our lawyers' interpretation).

Recommendations on the next steps to be taken by the *U.S. Government will be going forward to the NSC shortly and ultimately to the President.* A Treasury position is needed now. Given the present situation, we recommend that as a general strategy we continue to apply economic pressure and make it clear that the U.S. will not provide economic benefits to Chile if it does not compensate. We would withhold strong retaliatory actions until the appeals process has proceeded further and it is clear that compensation will not be paid.

There are three major options on the debt rescheduling:

(a) Refuse outright to negotiate until they agree to pay all foreign debt (copper company notes) and compensate for expropriated com-

³ Attached but not printed.

⁴ For Rogers's statement, see Document 266. Meyer testified before a subcommittee of the House Foreign Affairs Committee. (Benjamin Welles, "U.S. Tells Chile Seizures Could Endanger Aid to Needy Countries," *New York Times*, October 16, 1971, p. 6)

panies. We would not compromise any eventual agreement to renegotiate—but rather make settlement of outstanding claims a precondition for consideration of any renegotiation.

(b) Negotiate a debt renegotiation of short duration (stretch out of the next year of debt service only) in return for agreement to compensate. This would open door for Chile's being declared "creditworthy" in international lending agencies and would allow Allende to consolidate economically (assuming he is willing to settle expropriation—which is very unlikely).

(c) Agree to renegotiate debt, but only multilaterally with other creditors. Try to restrict stretch out to 2 years maximum with stringent financial conditions (IMF agreements, etc) which Chile probably not willing to accept.

We recommend (a) above, as it applies maximum pressure and does not tie our hands to ultimately renegotiate. The first step would be to refrain from sending any representative to the Paris meeting, if held in November or early December. The following additional actions should also be taken now by the United States.

(1) A U.S. expropriation statement made within the next two weeks.⁵

(2) Stopping existing pipeline of aid loans.

(3) Public—but low key—invocation of Hickenlooper (or Cannon) on January 15, 1972—if tangible progress towards compensation of the copper companies and ITT not made by then. This would be six months after the act of nationalization.

(4) Consider other retaliatory acts only after that, depending on their response.

⁵ Nixon's January 19, 1972, statement is printed in *Public Papers: Nixon, 1972*, pp. 31–34.

275. Memorandum From the Assistant Secretary of the Treasury for International Affairs (Petty) to Secretary of the Treasury Connally¹

Washington, December 3, 1971.

SUBJECT

Tactics to Deal with Chilean Debt Negotiations Request

1. We should quietly increase our pressure on Chile. This is based on a judgement that as external assistance dries up and copper prices remain down, poor economic management at home will become increasingly apparent. Time is on our side.

2. Allende may sense this. He has stopped paying his foreign debts and he has asked for a rescheduling. There is probably something to the view that an open confrontation with the U.S. could be used to his domestic political advantage. A quiet international financial isolation would expose him at his worst. Riots in Santiago on Wednesday—prompted partly by food shortages—give signs of a deteriorating situation.

3. The immediate objective is to make sure that the creditors (excluding Russia) do not step in and (a) agree to a rescheduling, (b) provide new credits, or both.

These steps should be followed:

a. Put a slow man on the Chilean aid desk. A few million of old credits are still being disbursed and this can be brought to a virtual halt without actually proclaiming it.

b. Commence bilateral contacts with other creditors. The purpose would be to explain the U.S. position, slowly and carefully.

c. Early next year (February or March) the creditors could get together and talk things over.

4. Our position should appear reasonable, one deserving of cooperation:

a. Chile has seized U.S. property and we need a prompt and reasonable settlement.

b. In the meantime, new forms of assistance are out of the question.

c. Other creditors have too much at stake: a dangerous precedent could be set if a borrower is permitted to declare a moratorium on its own debt and then—without any economic program—obtain a gen-

¹ Source: Washington National Records Center, RG 56, Secretary's Memos, 1971: FRC 74 A 17, Memos to Secy 11–12/71. No classification marking. Drafted by E.J. Gordon; cleared by Hennessy. A copy was sent to Walker. The December 3 memorandum was signed by Petty on December 4.

erous rescheduling along with new funds. (Our action on Pakistan weakens this argument somewhat.)

5. The Chileans have stopped payment on all foreign debts since November 12 with the exception of those to the IFIs and short-term commercial obligations. They have formally proposed, on November 29, a deferral of all the principal and interest falling due to the U.S. during 1972–1974, to be repaid over thirteen years including a three year grace period. These are extraordinary terms, far more generous than the ones Chile received in 1965 when relations were very cordial.

6. A Chilean team is now visiting European creditors; France, Belgium, Great Britain, Italy, and West Germany. France reports that Chile has approached them about relief in a bilateral context but without mentioning specific terms. France stated that they could only consider relief if multilaterally negotiated and with an IMF approved stabilization program. France remains interested in chairing multilateral creditors' conference early next year.²

7. I believe that Treasury and not State should take charge of these negotiations. That is a role we have not ordinarily played in the past. There would be strong support from EXIM, OPIC, and possibly from Agriculture for this position. It is a natural for the NAC which has always had considerable jurisdiction in this area. In fact, Walter Sauer of EXIM has written you a letter requesting an NAC meeting as soon as possible. I will have some suggestions on procedure shortly.

8. We are collaborating with State on a report to the President now which should be ready in the next few days but we may not agree.

² A notation in the right margin in an unknown hand reads, "Traditionally they [the French] take a tough position on rescheduling."

276. Telegram From the Embassy in Chile to the Department of State¹

Santiago, December 7, 1971, 2202Z.

6008. Subj: Chile: An Initial Assessment.

1. *Summary:* After seven weeks in Chile, I have been impressed with changes occurring here in even so short a time. Politically Chile seems to be experiencing increasing confrontation and polarization of political forces. Sharpening economic crisis has stimulated a stronger opposition, and may not have left even the military unaffected. Castro has contributed to Chilean tensions and discontents. Apparently he leaves Chile with the impression Allende is not rpt not gaining ground.² As of this moment—it is our impression too.

2. What then? Possibilities seem to be: A) the customary Chilean miracle of transactionalism; B) emergence of an irreversible momentum in Chile's transformation to Socialist control under present policies; C) a GOC shift toward the radical Altamirano–Castro line;³ D) overt or discreet military intervention; and E) an opening by Allende to the center. Politics seldom produce clear solutions, but—if anything has changed in the past weeks it may be a slight weakening of the likelihood that the first two possibilities will characterize the year ahead.

3. I hope in a subsequent cable to make a few policy recommendations.⁴ *End summary.*

4. Sharpening economic crisis: We have reported shortages of meat, other foodstuffs and consumer goods—and reasons for them. This is more psychological fact than real inability of Chilean middle class to go on living reasonably well. But these Chileans are not much accustomed to privation. Future prospects add to the unease. Now Chile has run out of foreign reserves. Moreover, unavailability of dollar exchange for increasing range of imports is beginning to be reflected in production dislocations, as component parts unavailable in some cases.

5. I am told food shortages became significant factor for first time in October. To give a very subjective illustration of the recency and speed of economic changes, I might report that Embassy econ staff prepared excellent roundup of Allende's first year, which I read in outline.

¹ Source: National Archives, RG 59, Central Files 1970–73, POL–2 CHILE. Secret; Priority; Exdis.

² Fidel Castro visited Chile November 10–December 4.

³ Carlos Altamirano was a leader of the Chilean Socialist Party in the early 1970s.

⁴ Document 279.

By the time it was completed, typed and returned to my desk I think we all agreed it needed revision—to reflect the oncoming pace of economic difficulties. As for foreign exchange, various projections made here and in Washington estimated a run-down of reserves to a level of about \$100 million at end of 1971. Chileans effectively ran out of reserves in November, and debt renegotiation clearly came upon them faster than they themselves were prepared for.

6. Widening opposition. Shortages of food and consumer goods became the pretext for organizing the Women's March,⁵ nightly symphony for several days of banging empty pots in upper and middle class neighborhoods, and constant opposition press barrage of criticism. Private-sector meeting at Caupolican indoor stadium was impressive. Private-sector leaders say that businessmen, opposition politicians, newsmen and even some labor people are beginning to talk, and beginning to cooperate. Papelera fight has rallied and united cash-rich Chileans in buying up stock of the newsprint company to thwart a government takeover. Psychologically it has given beleaguered upper-middle class an outlet for action. GOC may ultimately do-in Papelera some other way, but opposition has exhilaration of its momentary victory. Law school sit-in by anti-UP students has similar emotional elements. Each car passing on that busy avenue toots its support if driver is with students, with Boeninger, and against destruction of free university. Sit-in raised spirits, even if outcome of university test-of-strength highly uncertain.

7. Christian Democrats have not only gone into more aggressive opposition, but have also seized some tactical initiative. Albeit largely a negotiating and maneuvering posture, decision to initiate impeachment Toha is one example. Opposition bill on defining public, mixed and private sectors is another. Strategies on budget, wage bill, union elections, worker-owned enterprises, planned Dec 16 stadium rally, cooperation with National Party on January by-elections are further examples. Growth of opposition sentiment in PDC parallels their declining confidence in person and word of Allende. President has expended much of his capital in this regard—and it was an important asset during year just past. (On other hand, we should not forget most PDC leaders would still prefer to accommodate PDC interests with those of GOC.)

8. Perhaps what is significant now is growing conviction in opposition parties, private sector and others that opposition is possible. This

⁵ The December 2 so-called "March of the Empty Pots" was a demonstration organized by middle-class and wealthy conservative women to protest food shortages and the visit of Fidel Castro. Left-wing protesters harassed the women by throwing stones at them. (Juan de Onis, "Women's Protest Quelled in Chile," *New York Times*, December 2, 1971, p. 1)

has replaced earlier mood of resignation with which business community reacted to buy-outs, or politicians despaired of "saving" Chile.

9. Even more important, is increasing realization that opposition is necessary. What govt is doing goes beyond transactionalism. UP objectives are increasingly seen as incompatible, and as going beyond what can be accepted. If opposition interests are to be protected, confrontation may not be avoidable.

10. Military attitudes remain great ambiguous unknown of Chilean politics. CAS and DATT reports of discontent and plotting in the military services have been substantially greater during past two months than before. I shall not attempt to summarize them here. Picture that emerges—insofar as we have any real knowledge—is still far short of any imminent readiness for direct action. It has been galling to military and civilians to have men in uniform tear-gassing women. Some of the officers' own women folk were in that parade protesting shortages officers themselves have experienced. It is galling to have it implied women are braver than they—not decisive to disciplined men—but galling. On positive side from point of view military morale was fact that assumption of command in state of emergency led to calming of disorders. Pinochet apparently enjoys his role and success. Each time Allende is obliged to call in military to cope with problem there is subtle psychological enhancement of potential military prestige. All these factors are operating at the margin, but it is significant that military potential for playing a role in forthcoming months is perhaps slightly increasing.

11. Violence. Over past weeks there has been some tendency toward increasing resort to violence on part both UP and opposition. Violence of past days is obvious—and now subsiding. Persistent rural violence centered in Cautin Province derives in part from resistance by small farmers to land seizures. In the city, "invasion" of Moneda, disturbance near President's residence and alleged attacks on automobiles of senior government figures appear to have given Allende government a scare.

12. Castro. In its impact on Chilean domestic scene, Castro visit does not seem to have helped Allende. He did not succeed in convincing Chuquicamata miners to climb off wage demands, nor is there much evidence that his appeals for unity of leftist forces in Chile had great impact. Middle-class Chileans became more resentful as his interminable visit progressed. His initial impeccable behavior deteriorated, as he blatantly engaged in political campaigning in O'Higgins and Colihagua, deprecated Chilean press and parliamentary freedoms, attacked Uruguay from Chile, and made other sallies into what Chileans regard as their internal affairs. He was basely attacked by Chilean rightist press, which seized on photograph of Castro dancing with

Chilean aide-de-camp to insinuate homosexuality and general boorishness. These attacks undoubtedly contributed to Castro's disillusionment with Chilean situation and his openly expressed skepticism that Chilean revolution succeeding.

13. Castro made point of confirming Socialist-Communist belief that without mass mobilization, revolution ultimately cannot be guaranteed. A successful effort at mobilization may need both foreign and domestic devils. Effort to create latter could make impossibly difficult attempt at transactional settlements with opposition, pushing Allende and UP toward extremism. Extremist solution would also imply intimidation of opposition. There are some indications UP is already, in limited way, trying to frighten some of its opponents into silence or acquiescence. However, we believe this is not yet general, overall policy line.

14. Both from CAS reports and Castro's public comments, it is clear "The Commander" left Chile with an impression of disarray. In general, Chilean Government has not given appearance during past weeks of great surefootedness and confidence. If it is Castro's impression Allende is not gaining ground, it is also ours—as of this moment.

15. The months ahead. It is not our impression that Chile is yet on brink of showdown. In fact, there is some reason to believe that new opposition spirit could prove transitory. Moreover, Christmas is fast approaching and Chileans are notorious for their attachment to January–February holiday season. Living is easier in the summer time. Nevertheless, there are ugly, unresolved issues ahead. Budget and annual wage adjustments will be tug of war. It seems unlikely that Chuquicamata miners can be placated with modest gains. University plebiscite, if ultimately held, could produce serious government reverse and, if not held, new crisis. By-elections present Allende with serious test. Government reorganization bill, bill defining public mixed and private sectors, threat of Toha impeachment and possible national plebiscite loom in background. Local guessing remains that political and economic crisis will come to a head sometime after January–February holiday season and before local winter is over.

16. What then? Following seem to be main possibilities:

A. Transaction, compromise and a sort of patching up in traditional Chilean style. My colleagues continue to warn me that events move slowly in Chile, or perhaps better said, Chileans have great ability to rush to the brink, embrace each other and back off. With Russian and East European help, some debt relief imposed by the debtor's inability and unwillingness to pay, and with some breaks, Chile just might be able to rock along for some time to come.

B. The "taking-hold" of the irreversible process of Socialization under Communist tutelage. UP has operated on fundamental precept—that one key to irreversible revolution is transformation of

Chilean economic structure to system of centralized state control. Reflecting on Allende's first year, Minister of Interior Toha observed that while government had served one-sixth of its mandate, it had implemented far more than one-sixth of its programs. Opposition's economic base is fragile, and it is not difficult to conceive of successful undermining by financial starvation of remaining media outlets and the takeover of remaining large opposition enterprises. They have already come perilously close. Despite some heating of its rhetoric, Communist Party still appears to favor this economic approach to its political problem.

C. A shift in Allende's tactics to embrace the radical Altamirano-Castro line. This could be either gradual or sharp. As noted above, while Castro came preaching unity and moderation, he left avowedly more revolutionary than when he came. Castro must have had heart-to-heart talk with Allende before he left. Apart from Castro, economic and political trend of events is pushing Allende toward the hard choice between his professed democratic constitutionalism and his own continuing command of Chilean reality. It is becoming clearer with the months that Altamirano and Lenin may be right—that you can't have revolution without a revolution. If Allende should make choice for radicalism and repression, to "use fear," Chilean military will face crucial decision.

D. Military intervention. Conventional wisdom both here and in Washington is that prospects of military intervention for foreseeable future are extremely small. It is held that military will turn blind eye to virtually any constitutional abuse—and Allende is smart enough to avoid abuse so flagrant as to force open that blind eye. Other possibility is that public repudiation becomes so overwhelming, and discontent so great, that military intervention is overwhelmingly invited. It is held that military will wait for this public repudiation to become more clear and more open than it is likely ever to be. I do not challenge foregoing judgments, but I am not sure how far in the future they can be relied on as rock-solid premises of U.S. policy. I note that there is considerable variety in ways military might intervene, and behind-the-scenes pressure on Allende or greater effective military participation in the governing process are also possibilities.

E. An opening to the center. As Chile's crisis deepens, it is not inconceivable that Allende might turn away from the radical solution of the Altamirano Socialist, and move toward the center. This could take a number of forms, including a simple backing-off by Allende from more provocative and radical programs. In doing so, he might materially increase his chances of splitting Christian Democrats in truly significant way—still a major Communist-Allende goal. On Allende's other flank, UP might suffer greatly intensified internal strains—already evident in

present situation. Widespread left-wing terrorism would become more likely.

17. Politics seldom produce neat solutions. We may find that what actually happens in Chile is a mixture of bits and pieces of all the alternatives discussed above—and other alternatives not treated here. What does seem to be happening is that Allende's present course is working less well. If this trend continues, it will increase pressures on Allende to move toward radical solutions or in other directions. Allende's decisions may in turn sharpen the choices of his opposition and also of the military. The tempo of Chile's experiment in the *via pacifica* seems to be quickening. In light of this, U.S. policy makers may wish to consider some thoughts I hope to present in a subsequent telegram.

Davis

277. Memorandum From the Assistant Secretary of the Treasury for International Affairs (Petty) to Secretary of the Treasury Connally¹

Washington, December 10, 1971.

SUBJECT

The U.S. Problem in Chile

If we are to avoid "contagion"—other nations following the example of Chilean seizures—industrial nations should work to maintain a consistent front on both expropriation and debt issues, with Chile being a good case. (Algeria will be of similar interest to the French.) Much is at stake and a message from Heads of State to their finance people to work as closely as possible on these issues with their other trading partners would be helpful.

While each industrial nation will continue to follow what it believes to be its own economic self-interest, there is a common long run

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Confidential. A copy was sent to Volcker. In a December 10 covering memorandum to Connally, Petty stated, "You will recall that this sprang from my dinner conversation with Dr. Kissinger. The idea is to make the point [regarding the threat of increased numbers of expropriations of foreign investments in developing world areas] at the summit meetings—beginning in the Azores—that *we should concert more on these matters*, especially in the World Bank." (Ibid.)

stake among these countries in trying to contain economic nationalism and in avoiding actions which undercut one another.

At present, in Chile U.S. companies, with values in excess of \$1 billion, have been taken over with almost no prospects of adequate compensation. Chile has now proposed that the U.S. and other G-10 countries reschedule their foreign debt in a way in which we would receive nothing in the next three years and a promise to pay over the following ten years.

The G-10 countries are scheduled to receive loan repayments from Chile over the next few years, of roughly \$100 million a year, compared to \$175 million for the U.S. There is over \$60 billion in debt of developing nations owed to G-10 countries and it could start a dangerous trend if Chile, after just expropriating foreign investment is then permitted to declare a moratorium on its own debt and, without any visible economic stabilization program, obtain a generous rescheduling.

The governments with whom you will be meeting have economic relationships similar to ours with the developing countries of the world. They are importers of raw materials and exporters of manufactures, as well as direct investors and creditors. From time to time one or another of the industrial nations has experienced a period of intense friction with developing countries. Currently, everyone's oil investments are under heavy pressure by producer countries. At different times since the war, the British, French, Belgians, Dutch and U.S. have suffered major expropriations of investments in less developed countries.

278. Memorandum From the Executive Secretary of the 40 Committee (Jessup) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, December 13, 1971.

SUBJECT

Request for Funds for 16 January 1972 By-Elections in Chile

This is a 40 Committee proposal to provide [*dollar amount not declassified*] to support two good opposition candidates in a special election in Chile for two vacant congressional seats. Both Nachmanoff and I agree that this is in the current mold of doing what we can to keep Allende off balance.

All the other principals are on board, so we recommend a telephonic vote rather than a meeting.² In this connection, I am attaching a note to you from Dave Packard dated 8 December (Tab B),³ a sort of swan song urging that the Committee keep after Chile. Packard has indicated that he will not be in the approval process after 10 December and has asked Laird what he would like to do in the interim. I think that we can take the tone of his letter as an endorsement for what is proposed.

There is a time factor in this proposal—the election taking place in 30 days—so I urge prompt attention to this matter.⁴

The candidates we are backing, [*name not declassified*] the Christian Democratic Party and [*name not declassified*] the National Party, are solid citizens and their opposition are no pushovers [*1½ lines not declassified*]. The elections will be close.

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–1972. Secret; Sensitive; Eyes Only; Out of System. Sent for action. Attached is a December 10 memorandum to the 40 Committee explaining the proposal in detail. It is Document 93 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973. Also attached is a December 14 memorandum from Jessup to Mitchell, in which Jessup assumed his approval, but requested Mitchell to telephone with his decision.

² On December 15, the 40 Committee approved the request by telephone. (Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, 40 Committee, Jan–Jun 1972)

³ Attached at Tab B is a December 8 memorandum to Kissinger, in which Packard urged “that we seek to apply every available means to preserve the democratic system in Chile” and that the 40 Committee “be alert to any opportunities or options that could further assist our objectives in Chile.”

⁴ Haig initialed approval for Kissinger on December 15.

279. Telegram From the Embassy in Chile to the Department of State¹

Santiago, December 14, 1971, 1600Z.

6082. Subject: Chile: USG Posture and Policy. Ref: Santiago 6008.²

1. *Summary*: Developing Chilean economic and political crisis argues for continued US policy of quiet restraint—avoiding confrontation, postponing issues and “fuzzing” actions. Opposition leaders are unanimous in urging that we not give Allende pretext with which he can rally his divided nation against “foreign devil.” In specific terms such policy would recommend allowing Europeans take lead in debt renegotiation while this slow and troublesome process works against GOC. In copper and ITT our interests would best be served by permitting appeals and negotiations to run their course as Allende’s problems mount.

2. On aid side, we can best pursue these ends by continuing strategy of delay and unresponsiveness, while proceeding with rapid phase-out of all but people-to-people programs. By next month programs will essentially be at level and wind-up which would exist if Hickenlooper actually invoked on that date. Other than in symbolic sense, Hickenlooper would only be important as it affects military assistance. Here we believe it important to continue and possibly expand our modest programs as means of sustaining armed forces’ US orientation and their potential as opposition power center. Strengthening of US informational and cultural activities might also be helpful at this juncture. Finally, I hope that we will prepare ourselves for critical times ahead in intelligence capabilities and in personnel policies of all agencies. *End summary*.

3. Policy recommendations made here are intended to lie in context of analysis contained reftel (Chile: An Initial Assessment). What seems clear to me and my colleagues is that: 1) Chile’s fate is not yet a foregone conclusion; and 2) the pace of decision and confrontation is quickening. We may not have to wait too many months for Chilean political and economic crisis to come to some sort of head.

4. Newcomer is struck with compelling force of argument against giving Allende “flag” and “foreign devil” against which to rally his divided nation and consolidate his regime. Virtually without exception opposition leaders—businessmen, politicians and journalists—have

¹ Source: National Archives, RG 59, Central Files 1970–73, POL CHILE–US. Secret; Priority; Exdis.

² Document 276.

taken occasion of their first contacts with me to plead for US policy of close-mouthed restraint. Every month of US self-discipline could be important.

5. It is difficult for great, open US democracy to maintain distinction between what we do and what we say. However, what Americans, Europeans and others are doing is proving highly effective in hastening Allende's economic crisis. Bankers and traders are doing what comes naturally, and Chile is revealing itself as among world's most unpromising credit risks. Our policy of prudent and quiet patience has been generally successful so far in depriving Chilean radicals of public, emotional target they need.

6. This diagnosis argues for avoiding confrontation when we can, side-stepping conspicuous retaliation, postponing issues, and "fuzzing" our actions. On occasion we may be well advised to resist the North American urge to tidy things up. In terms of specific issues, this might mean something along following lines.

7. Debt renegotiation. Multilateral negotiation with Europeans in the lead—and US in the lee—would seem to serve our purposes well. Europeans are doing fine. IMF, IBRD, IDB and other international agencies can carry much of the load. Hopefully we can avoid being ones to turn down Dec. 20 Paris Club meeting.³ Chileans are poorly organized, and there is little danger of their pushing pre-Christmas meeting to any meaningful result—even if Europeans should agree to meet on that date. I assume we shall simply hear-out Inostroza, Letelier and company when they come to Washington. Rather than pressing—either overtly or covertly—for stringency of terms, we might do better to take rather quiet role and let time and other actors work for us. Reality is that Chileans haven't the money to pay in any case, and no amount of stamping on the turnip is going to change that fact. By avoiding appearance of unreasonableness or disposition to public dispute we can help make sure GOC bears burden of its foreign exchange crisis and what will probably be, for GOC, a slow and unsatisfactory renegotiation. Ideologically and for practical domestic political reasons GOC will have great difficulty in accepting realistic reforms or stand-by which IMF and Europeans will want.

8. Copper. While there are signs of a few second thoughts on Allende's part over wisdom of his extreme finding, he doesn't have money nor economic or political conditions which would permit acceptable solution at this moment. It is conceivable that there might be time in future when some combination settlement involving payment over number of years would be possible. Allende's political-economic

³ The Paris Club was a group of 14 creditor nations that negotiated rollovers, partial postponements, and debt servicing for debtor nations.

crisis is not so far away, and it would seem both in interests USG and copper companies not to force copper appeal to abortive conclusion in next month or two.

9. ITT. Same goes for ITT. I am happy talks opening in US, but not hopeful. Presumably ITT wants to be paid, and it is doubtful satisfactory outcome is in the cards at this time. ITT has long resisted physical appraisal, partly because of time required, but some passage of time in properly safeguarded appraisal might serve ITT's interest.

10. Aid. We are rapidly phasing out aid programs. While we currently have theoretical aid loan pipe-line of approximately \$17 million, in fact we have already made decisions not to go forward with programs which represent over \$13 million of that amount (San Vicente port, bid no. 7 and local currency financing under education loan, certain feasibility studies, etc.). On grant side, excluding approximately \$8.5 million in Food for Peace commodities used mostly to feed school children, our program during FY 71 ran at rate of about \$1.5 million. By end of FY 72 we will have reduced this by more than half and will be left with grant activities limited to AIFLD scholarships to US, RTAC books, special development activities, and technical support. Except for school feeding, these programs neither ease GOC's foreign exchange problem nor do they relieve GOC's economic crisis. They do, however, enable USG to maintain constructive contact with varied elements of Chilean population. Even school feeding can only marginally be regarded as substituting for imports which would otherwise be made, and is being cut back in any case.

11. As for Hickenlooper, within a month aid programs will consist essentially of same activities which would exist if Hickenlooper actually invoked on that date (wind-up under Section 617 of FAA, plus activities mentioned above which might continue even if Hickenlooper applied).

12. In our strategy, we have employed delay, inactivity, and unresponsiveness—and hope this strategy can be continued. For example, de-obligation requires notice to GOC, and hopefully we can resist urge to tidy-up, and simply leave obligated balances on books for a few months for political reasons. Sums are not large, and no actual financial cost would be involved. When GOC requests firm answers and clarifications from USG (or even multilateral institutions where we have influence), there is no reason we must comply. A thick skin may help us a lot in months immediately ahead. (It is interesting that issues over which President Allende flailed at us in his recent CUT speech were all symbolic and highly public exchanges between two countries—and not quietly terminated aid programs.)

13. Military. One of our broad policy objectives is to sustain potential opposition power centers here in Chile. Military establishment (in-

cluding Carabineros) is among most important of these, if not the most important. Therefore, it is worth considering seriously how we can buttress military independence and maintain our own ties with armed forces. Military is trying to stave off reorientation of armed forces to Soviet weapons, matériel and training despite heavy pressures. Without some US help, military may not be able to sustain its position.

14. Other than its symbolic role, Hickenlooper is really important to US policy only in its applicability to military assistance. In this respect timing of copper appeals process may allow us to continue modest military assistance—particularly military assistance training—at least for a time. We should not underestimate effect of this program on Chilean military attitudes. Their fear of “abandonment” continues to be a critical psychological factor here. Funding should at least be maintained at present level of \$850,000 or preferably increased—perhaps to level last CAS Country Team submission (\$1,250,000). We should consider whether some small matériel gestures to Chilean military are possible. Under present restrictions, only military service we are in position to assist is Chilean Navy, through US Navy’s ship lease program. We shall soon be submitting proposal for leasing one aging, noncombatant ship—useful principally for its symbolic value to Chilean Navy as evidence of our continuing cooperation. It would also be worth considering whether we could restore Chile’s eligibility for MIMEX, SIMEX, MAPEX and PAMEX items. Chile’s removal from eligibility in 1968 was based on economic conditions here which no longer prevail. Some flexibility in providing matériel would strengthen our hand in trying to ensure continued reliance on the US for military support. My understanding is that FY ‘72 Foreign Military Sales credit is planned at \$5 million level. This figure should be maintained and, if possible, somewhat increased. We understand intensity of US domestic pressures and difficulty of maintaining and defending military assistance to Chile. Nevertheless, in terms of our own real interests in this country, the stakes are high.

15. Information and exchanges. With phasing out of aid, departure of most US business, and other reduction of ties, our information and cultural presence takes on increasing relative importance. In these terms Chile becomes more like Eastern European countries where we have long recognized high priority in information and cultural field. Recent Duke Ellington visit was of disproportionate cultural and political significance here. Other high quality cultural presentations, intellectual exchanges (e.g. Paul Nash), exhibits (we should consider UNCTAD III), continued budgetary support for educational exchanges and our bi-national centers, good 35 mm color shorts and TV series dubbed in Spanish, and sophisticated placement of quality materials with newspapers and radio, are among important elements of effective public affairs program.

16. Internal administration. In some ways we are in a time of preparation for tests ahead. In our intelligence collection effort, if we need people or sophisticated equipment for programs deemed of high priority, we had better not too long delay in implementing our plans. Not only may time come when we need to be well prepared, but introduction of men and matériel may become increasingly difficult. In period ahead this Mission must more than ever have its contacts out. In our personnel programs, I hope all agencies will give Chile sufficient priority to assign top-flight personnel, with substantive and language preparation, to enable us to do best job possible with as few people as are necessary.

Davis

280. Memorandum From Robert Hormats and Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, December 21, 1971.

SUBJECT

Chile—Debt Rescheduling

State (Tab A)² has written to inform you that, consistent with the unanimous views of the interested USG agencies, it wishes to inform Chile and the other creditor nations that we will participate in a negotiation for the rescheduling of Chilean debts. The French, Germans, and other Europeans are prepared to participate but have told the Chileans they would do so only in a multilateral framework which includes the U.S.

In the discussions, the U.S. will pursue several objectives:

—To deny Allende a pretext for rallying an increasingly divided Chile against the U.S. as a foreign scapegoat;

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Secret. Sent for action. Haig initialed the memorandum.

² Attached but not printed at Tab A is a December 17 memorandum from Eliot to Kissinger. (Ibid.)

—To insure that the Chilean Government receives the minimum possible relief from its economic problems;

—To protect the large exposure of the Export-Import Bank and the Overseas Private Investment Corporation, and to use maximum feasible leverage on behalf of the expropriated U.S. copper companies.

There are additional remaining issues to be resolved before the U.S. position in these negotiations is determined, and an options paper on these issues will be submitted to the SRG next week.³ For the moment, however, we believe that informing Chile and the other creditors that we will participate in a multilateral rescheduling exercise, while committing us to nothing, avoids the possibility of Chile singling us out as being the only country opposed to participation in such an exercise. State, accordingly, wishes to inform Chile as soon as possible, but is anxious to have your approval before doing so.

Recommendations

That you approve USG participation in a multilateral negotiation for the rescheduling of Chilean debts.⁴

³ The paper was submitted on January 12, 1972. See Document 286.

⁴ Kissinger initialed the Approve option. The first Paris Club meeting on Chilean debt was on February 17.

281. Memorandum From the Under Secretary of State (Irwin) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, December 22, 1971.

SUBJECT

Considerations Affecting Next Steps Options for Chile

NSDM 93² established the following basic policy objectives in our relations with Chile: to prevent the consolidation of the Allende regime and to limit the ability of the Allende regime to carry out policies contrary to U.S. and hemisphere interests. To achieve these objectives,

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-220, NSDM 93. Secret; Sensitive; Nodis.

² Document 175.

NSDM 93 calls for maximizing pressure on the Allende government while maintaining a correct but cool public posture. Thus pressure is to be balanced by a restrained public posture so that measures intended to weaken the Allende regime do not contribute to its consolidation of power or its ability to rally external support.

Although the process of appeal to a Special Tribunal remains to be concluded, there appears to be little prospect that the Allende regime will provide any significant compensation for the equity interests in the major U.S. copper properties expropriated by Chile in July, 1971. Thus, some form of a confrontation seems unavoidable. It remains to be determined how a confrontation would come about and how far it would go.

The Allende government is in considerable internal difficulty. Nationalization and other economic policies have been costly. Production and food shortages, labor indiscipline, an inflation rate of about 20 percent despite rigid price controls, sharply depleted reserves and sagging copper prices are creating increasing political as well as economic difficulties. The violence and repressive measures set off by the December 1 women's march protesting food shortages are evidences of growing popular discontent.

While President Allende's personal popularity is still considerable there are signs it is declining. Government candidates lost in a series of recent labor union and university elections, as well as in the July 1971 by-election for a deputy in Valparaiso, the nation's second largest urban center.

Allende could use a foreign scapegoat to take Chileans' minds off their internal problems and to rally them to his side. The question is not whether in our actions toward Chile we take a "hard" line or a "soft" line but rather whether we take the necessary measures quietly or contribute to a strident confrontation.

Our basic position on the copper compensation issue in Chile already has been stated publicly by Secretary Rogers.³ A broader statement of our position on expropriation in general will publicly establish what we need to say on this issue without singling out the Chilean situation.

Our efforts to keep the onus for our worsening relations on Allende have proven reasonably successful to date and have been so acknowledged by our friends in Chile and elsewhere in the world. The unvarying advice we continue to receive from Allende's opponents and those who wish us well is to continue to avoid playing into Allende's hands.

³ See Document 266.

The advantages of not giving Allende gratuitous alibis to explain away his own bad performance outweigh, in our judgment, any possible risk involved via the “model effect” of such a policy on other countries. We would in any case undertake to explain our strategy to other countries, where appropriate, making clear that our actions, far from reflecting indifference to or acquiescence in Chilean policies adverse to our interests, are designed to maintain pressures while minimizing Allende’s opportunities to exploit those pressures.

It has been our assessment during the past year that while our economic pressures can exacerbate the difficulties of the Chilean economy, the present downward course of the Chilean economy is so well defined that the economic pressures available to us will add only marginally to its deterioration. The element in doubt here is not what will happen but rather who will be blamed.

Any assessment of the effectiveness of economic sanctions against Chile should also take into account the vulnerability of the \$1.4 billion which represents Chile’s debt to the U.S., plus the OPIC exposure plus the remaining uninsured U.S. private investment in that country, which in a real sense are hostage against our actions. In this respect, it may be noted that negotiations are continuing with IT&T, and that the GOC continues to maintain the position that it will pay the debts of the mixed copper companies to third parties.

As regards our policies before international lending institutions, we should seek to obstruct and delay Chilean loan applications before the IBRD and IDB using technical and procedural reasons to the maximum feasible extent. Our objective would be to avoid as long as we could an unnecessary confrontation, the likely adverse repercussions stemming from Chilean charges of U.S. economic retaliation, and the negative effects on our other financial interests and on our relations with the multilateral institutions. It is quite conceivable, however, that after having exhausted available delaying tactics, we may have to face up to this dilemma. Should the issue then be posed in stark terms of voting for or against a loan to Chile, we would vote against loans.

The course of action which best corresponds to the guidelines established by NSDM 93 is to allow the dynamics of Chile’s economic failures to achieve their full effect while contributing to their momentum in ways which do not permit the onus to fall upon us. Provocative actions or visible harassments on our part would only insure that we receive the blame for a confrontation and offer Allende the opportunity to shift to us the responsibility for his economic failures. In such circumstances, we also would run the serious risk of pushing Allende into closer Soviet relations and possibly large-scale economic and military assistance. With regard to the latter contingency, we share the De-

fense Department's concern for retaining our traditionally close and friendly relations with the Chilean military.

Though hard pressed, the basic elements of democratic choice in Chile are still intact. The outcome of the political struggle in Chile is still uncertain and Allende's revolution has not reached the point of irreversibility. We should therefore avoid, as best we can, prejudicing the survival of democratic alternatives in Chile.

We believe that selective suspension of assistance to Chile, without a formal invocation of the Hickenlooper amendment (so long as plausible grounds can be found to avoid the application of the amendment) and with the exact timing of our actions to be left flexible, would best serve the basic policy objectives indicated above while also defending the principle of just compensation for expropriated property. We therefore recommend the adoption of timing option Y and the following mix of key points from options C and D (see paper entitled "CHILE: Next Steps" dated November 23, 1971):⁴

- Continue military assistance and people-to-people activities.
- Continue to withhold new AID or ExIm Bank loans. Continue suspension of ExIm loan disbursements, guarantees and insurance operations as made effective by the Bank on December 6.
- Slow down AID loan pipeline disbursements. (We could eventually deobligate funds whenever plausible technical grounds can be used, but since this would require formal notice we suggest holding off on actual deobligation for the time being.)
- Delay and discourage consideration of loans to Chile in the IDB and IBRD; as necessary vote against them in both institutions.

A detailed paper on the issue of debt renegotiation is in the process of preparation on an interagency basis and will be forwarded to you shortly.⁵

John N. Irwin II

⁴ See *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 92.

⁵ Attachment to Document 286.

282. Memorandum From Acting Secretary of the Treasury Volcker to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, December 23, 1971.

SUBJECT

Chile

Secretary Connally believes it would be useful to sort out as soon as possible the various financial issues involved with the proposed renegotiation of the Chilean foreign debt to the United States.

On November 12, the Chileans stopped payment on their debt and have approached us for a stretch-out of the next three years' debt service over thirteen years. Other creditor nations, which have also been approached, do not have an expropriation problem with Chile and have tentatively agreed to renegotiate in the Paris Club under the chairmanship of France, now scheduled to meet at the end of January.

A U.S. Government position on renegotiation is needed in order to advise the other creditors and to serve as the basis for the next National Advisory Council (NAC) report on foreign debt arrearages to Congress. In order to facilitate the sorting out of the various financial issues, I have asked that an NAC Alternates level (Assistant Secretaries) meeting be convened to discuss the financial aspects of renegotiation, focusing inter alia on those issues listed below. This will be closely coordinated with the NSC.

Issues

(1) What economic and financial pre-conditions for renegotiation should we discuss with other creditors?

(2) Should an IMF standby agreement be a part of any stretch-out?

(3) What should the U.S. Government position be on the make-up of the debt to be rescheduled. Should it be all public, public without international financial institutions, or public plus guaranteed private debt (including copper notes)?

(4) Assuming a renegotiation takes place, what formula for dividing up the rescheduled debt among USG creditor agencies should be used? What are the terms and conditions we would insist on?

Paul A. Volcker

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-220, NSDM 93. Confidential.

283. **Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, December 29, 1971.

SUBJECT

Chile

Secretary Laird has written a letter to you (Tab B)² referring to a message from Ambassador Davis (Tab C)³ on policy toward Chile. (We briefed Davis' message for you on December 16.) Secretary Laird refers to a previous letter to you from Deputy Secretary Packard (Tab D)⁴ and particularly calls attention to paragraph 16 of Davis' cable, which suggests that if we need top flight people or sophisticated equipment for programs deemed of high priority "we had better not long delay in implementing our plans. Not only may time come when we need to be well prepared, but introduction of men and matériel may become increasingly difficult."

In his letter, Packard noted that increasing dissent in Chile may provide us with new opportunities for both overt and covert action, and suggested that the 40 Committee be alert to any opportunities or options that could further our objectives. Secretary Laird, however, recommends that "the 40 Committee undertake as a matter of top priority the preparation of an action plan with special attention to the Ambassador's recommendations for both overt and covert courses of action."

Coincidentally, Admiral Zumwalt called General Haig last week to draw his attention to the same paragraph in Ambassador Davis' cable.

As you know, the SRG and 40 Committee have maintained a continuous review of our policies and programs with regard to Chile. The ad hoc Group has prepared a Next Steps Options Paper on the copper situation for SRG consideration,⁵ and expects shortly to have an options paper with regard to Chilean debt rescheduling.⁶ These will be circu-

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72. Secret; Sensitive; Eyes Only. Sent for action.

² Attached but not printed at Tab B is a December 23 letter from Laird to Kissinger, reiterating Packard's view that "we be alert to any opportunities or options that could further our objectives in Chile."

³ Tab C is Document 279.

⁴ For Tab D, see footnote 3, Document 278.

⁵ *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 92.

⁶ See Document 286.

lated to the SRG members and agency views on the options will be solicited, as soon as the debt rescheduling paper is available. We can then decide whether to staff these issues to the President or hold a SRG meeting—which may not be necessary if there is little agency disagreement. You will recall, of course, that the 40 Committee has had Chile under consideration quite recently.

Neither Laird nor Packard's letter offers any specific recommendations. Paragraph 16 of the Davis cable is similarly a general plea that the agencies assign top-flight people and sophisticated equipment so that we can be "prepared" for the tests ahead. Obviously, if someone has specific recommendations for action, the SRG or 40 Committee, as appropriate, should consider them.

I suggest that you thank Laird for his letter, note that the SRG and 40 Committee are keeping continuing watch over Chile policy in accordance with NSDM 93, and suggest that any specific proposals would be given prompt and full consideration by the appropriate committee. A suggested reply to Laird is at Tab A.⁷

Recommendation

That you sign the reply to Laird at Tab A.

⁷ Attached but not printed at Tab A is a January 5, 1972, draft letter from Kissinger to Laird that states that "any specific proposals [on U.S.-Chile policy] which are made will be given prompt and full consideration."

284. Telegram From the Department of State to the Embassy in Chile¹

Washington, January 6, 1972.

4069. Subject: Chile Copper/Debt Rescheduling. Ref: State 1716.²

1. After Jan. 5 meeting at which Ambassador Letelier was advised of USG decision to participate in multilateral debt renegotiation (reftel), Letelier was told informally by DeptOff that USG decision to participate was taken before announcement of GOC action suspending pay-

¹ Source: National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE. Secret; Priority; Exdis. Drafted by Feldman; cleared by Hunt, Weintraub, Fisher, and Holly; and approved by Crimmins.

² Telegram 1716 was not found.

ment on OPIC-insured Braden notes;³ that this was fortunate since GOC action had caused strong reaction in Washington.

2. You are requested to seek an appointment with Allende ASAP to express USG concern over recent actions taken by GOC on the copper front. You may cite USG decision to participate in Paris talks as concrete evidence of continuing US interest in maintaining normal relations between our two governments and reiterate our desire to find a pragmatic basis for living with the serious problems that divide us consistent with the interests of each side. Allende is well aware of the USG's disappointment over his excess profits determination, as reflected in the statement made by the Secretary of State. However, we recognize that the GOC compensation process is not completed and that a reasonable solution might yet be found. Further, we had taken note of the repeated public statements by the President that Chile will honor the obligations of the mixed mining companies assumed by the state by virtue of the nationalization. We had also noted with interest the President's private statement to Ambassador Korry indicating that payment of the Codelco notes to Anaconda, might be accomplished through litigation brought in foreign courts, (Santiago 5189)⁴ and we understand that the President had led the executives of Kennecott to believe that the El Teniente notes to Braden would be paid. (State 196895)⁵

3. The USG however is concerned that the recent actions taken by the GOC suspending payment of both the Anaconda and Braden notes represent a further movement away from a reasonable settlement. There appears to us a great risk that these recent actions will further tie the President's hands in working out an understanding with the US on the copper question, if that is his objective. The US position, which has been expressed to the GOC numerous times, has not changed. We cannot accept the repudiation of solemn international financial commitments. The Anaconda notes are a direct obligation of a GOC agency, and the Braden notes are unconditionally guaranteed by the Republic of Chile.

4. You should ask the President the following questions:

(a) Recognizing that the constitutional amendment does not require that any debt of the mixed mining companies be repudiated, what is the President's intention with respect to the Braden notes? Has he changed his mind concerning their payment? In this connection, you should note that the views of Codelco on the expansion program at El

³ See Document 239.

⁴ Dated October 11, 1971. (National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE)

⁵ Dated October 27, 1971. (Ibid.)

Teniente are a matter of public record, as is the fact that the Contraloria took a more objective view of these matters. You should also make it clear to him that international law would not support, and the US cannot accept, the repudiation of international obligations incurred by a state on the basis of a subsequent unilateral judgment by the debtor state that the funds received from foreign creditors were not usefully invested. In the case of El Teniente, this contention is particularly hollow inasmuch as the loans were made to a mixed mining company 51% owned by the GOC and the investments were approved by the Board of Directors including its Chilean majority.

(b) How does the GOC justify suspending payments to Braden while it continues to permit payment to other creditors who made funds available for the expansion of El Teniente? Isn't this action discriminatory?

(c) Para 7 of Decree 124 appears to question the payment of the other creditors of the mixed mining companies.⁶ It had been our understanding based on numerous statements by the GOC in Santiago and Washington that these debts had been assumed by the GOC by virtue of the nationalization amendment and would be paid. For example, MinFin Zorillas in August 4 letter to Exim Pres. Kearns stated GOC intended fulfill Exim copper expansion loan obligations and obligations to "all sources of international financing."⁷ Does this decree mean that the creditors will have to await a formal determination by the President in order to be sure that these debts will be respected? If so, when would the President expect to make these determinations?

(d) The GOC has asked the Tribunal to declare void the provision of the Codelco notes to Anaconda providing for application of New York law. Does this mean that the President has reconsidered his thoughts previously expressed to Ambassador Korry in this regard?

5. In the course of this discussion you should reiterate to Allende the desirability of retaining maximum flexibility for reaching a solution to this problem and invite him to consider with us the possibilities for a pragmatic solution. You should also point out, unless the course of conversation makes it clearly inappropriate, that the US looks forward to constructive discussion of these debt questions with the GOC during the process of debt renegotiation soon to begin in Paris.

Irwin

⁶ This decree deferred payments due on both the Anaconda and Braden promissory notes.

⁷ Letelier also made this point in his August 5, 1971, meeting with Kissinger and Nachmanoff. See Document 242.

285. Telegram From the Embassy in Chile to the Department of State¹

Santiago, January 11, 1972, 2235Z.

162. Subject: Chile Copper/Debt Rescheduling. Ref: State 004069.²

1. *Summary:* As instructed, I called on Pres Allende and expressed most serious concern of USG at recent Chilean actions suspending payment Anaconda and Braden notes. Allende said he respected Anaconda's full right of appeal to US courts. If Anaconda should win its case, he presumed some international tribunal would have to decide between Chilean and US jurisdictions. Re Kennecott, Allende said he was appointing committee of Chilean and Finnish experts to advise on investment utilization. He alleged that it was not his desire that determination be punitive or excessive. Re other creditors, Allende said GOC intended to respect obligations. I advised Allende that US looks forward to constructive discussion copper debt questions in Paris. *End summary.*

2. Pres Allende received me privately at his Tomas Moro residence at noon today. Telling the President I was speaking under instructions, I noted that recent GOC actions suspending payments of Anaconda and Braden notes had caused strong reaction in Washington. I said I had been directed to express most serious concern of USG. I added that our decision to participate in Paris talks was evidence of our continuing interest in maintaining normal relations. President interjected that he welcomed USG decision, and interpreted it in same spirit. I went on to cover other points contained para 2 reftel.

3. When I mentioned President's private statement to Ambassador Korry about Anaconda notes, President said he had indeed told my predecessor that he respected Anaconda's full right to appeal its case in US courts. If Anaconda should win its case in New York, while GOC won in Chile, he presumed some international tribunal would have to decide between jurisdictions. (*Comment:* From the way Allende described his conversation with Ambassador Korry, I got impression he regarded his remark as merely expressing recognition that Anaconda could appropriately seek legal remedy in US. Allende gave no indication he regarded GOC as committed to facilitate favorable outcome. I believe we should also avoid conclusion that his reference today to possible appeal to "international tribunal" is commitment to arbitration of

¹ Source: National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE. Secret; Priority; Exdis.

² Document 284.

our differences. Pres made comment in somewhat off-hand way, and I doubt that he was conveying considered GOC position.)

4. When I referred to Kennecott's belief that El Teniente notes would be paid, Allende launched into discussion of Chile's mining problems. He alleged Kennecott management had failed to install adequate water system at El Teniente and had overridden Chilean technical advice on a number of questions. He alleged Kennecott had failed to train Chilean personnel adequately in operation and maintenance of converters.

5. I made points contained para 3 reftel. We had some back-and-forth about need to preserve and widen flexibility on both sides. Pres asserted this was what he desired. When I noted our view of the nature of the Anaconda and Braden obligations Allende acknowledged that Braden notes had originally been unconditionally guaranteed.

6. Allende took issue with me over his constitutional obligation regarding mixed mining companies' debts. He said constitutional commitment was explicit in giving him responsibility in this matter, remarking that Ambassador Korry had once acknowledged in conversation that Allende had been handed "hot potato." Having been given this authority, President had to explain his use of it or failure to use it to his people and nation.

7. With respect to Braden notes, President said his intention was to handle matter as fairly as possible. Considering that French consultants (he was not, he said, acting on basis Soviet advice) had posed question of improper utilization of expansion-program funds, Allende felt he had no alternative but to address this question. He intends to form advisory committee of Chilean and Finnish experts. He does not he said wish determination to be punitive or excessive. (*Comment:* While President Allende may at this moment mean what he says, we must recognize that political pressures on him and Chile's present financial plight make it doubtful that review will come out this way.)

8. I referred to views of Codelco on expansion program at El Teniente and fact they were not altogether sustained by the Contraloria. (I had not received State's 005020³ when conversation took place, but I do not believe I left any implication that USG accepts Contraloria's \$20 million deduction.)

9. I made other points contained para 4 reftel. Allende's reaction to my statement about Chilean majority ownership and majority representation on board of El Teniente was that management remained in Kennecott's hands and it was management that made investment decisions.

³ Dated January 11. (National Archives, RG 59, Central Files 1970-73, INCO 15-2 CHILE)

10. Re question of discriminatory suspension Braden notes, Allende alleged that investments covered by Braden loan were separate from investments made with other loans, and could be segregated from expansion program taken as a whole. Allende went on to say that his committee might well find most of Braden loan properly used, and would deduct only improper investments.

11. Re para 7 of Decree 124, Allende told me he had no intention of reducing payment to other creditors. I asked when and how other creditors might be reassured, in light of Decree 124, that obligations would be respected in full. Allende said he would try to work this out quickly.

12. Re Anaconda, when I made points contained para 4 (d) of reftel, Allende asserted Chilean constitutional amendment was clear, and GOC was obliged to act in accordance with its intent.

13. I reiterated desirability of maintaining maximum flexibility for reaching solution and invited President to consider possibilities. I added that US looks forward to constructive discussion debt questions during Paris talks. Allende asked me: "Are you saying you want to talk with us about copper debts before Paris discussions start?" I said my understanding was that US delegation would go to Paris prepared to hold discussions with Chileans at such time as US and Chilean delegations would mutually arrange.

14. In closing I reiterated concern over unilateral nature recent Chilean actions and expressed hope we could work toward solution both sides could accept. President Allende expressed hope USG would assume flexible and understanding attitude in Paris talks, as our posture would greatly influence attitudes of other creditors.

Davis

286. Memorandum From the Chairman of the Inter-Agency Committee on Debt Renegotiation (Weintraub) to the Senior Review Group¹

Washington, January 12, 1972.

SUBJECT

Proposed U.S. Approach to Debt Renegotiation With Chile

The attached memorandum setting forth the proposed U.S. general approach to debt renegotiation with Chile is submitted for the consideration of the Senior Review Group. It is the result of many weeks consultation among the U.S. Government agencies concerned. As noted in it, various specific financial issues relating to the pursuit of our general objectives in the negotiations have been referred to the National Advisory Council on International Monetary and Financial Policies for continued study and recommendations.

Sidney Weintraub

Attachment

Memorandum for the Senior Review Group²

Washington, undated.

SUBJECT

Proposed U.S. Approach to Debt Renegotiation With Chile

The forthcoming debt renegotiation with Chile requires us to balance several complicated and important issues affecting our interests. While the Chilean request for debt relief is a measure of the serious economic deterioration which has occurred under Allende, it also gives the Government of Chile opportunities to try to make some significant political and economic gains at our expense. We can assume that the Chilean Government would effectively exploit any confrontation which it could lay at our door, rallying domestic and foreign support to consolidate itself in power and shifting the burden of responsibility for

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII. Secret. Sent through Meyer as Chairman of the Ad Hoc Working Group on Chile. Distributed to Kissinger, Irwin, Connally, Nutter, Moorer, and Helms.

² Secret.

Chilean economic failures from itself to us. We can further assume that the Chileans will seize on the first justification which they deem is available to them to separate us from their other creditors and continue in default on their heavy debt to us. The Chilean debt relief issue is also highly sensitive domestically because of uncompensated copper expropriations.

The Chilean purpose thus will be to obtain the most generous possible debt relief from its creditors, among whom the United States is predominant, owning 57% of the total Chilean external public debt; to reestablish a greater degree of creditworthiness in the Western financial community; and at the same time to seek to turn to its advantage any move by the United States which could lead to our isolation from other creditors and our election to the role of Chile's "foreign devil."

Our purpose will be to see that Chile receives the least possible debt relief; that its creditworthiness be an accurate reflection of its own seriously deteriorated economy; and that the Allende regime continue to bear the full responsibility for its own failures without shifting it to us.

Inter-agency consultations carried on since early December have achieved substantial agreement on the recommended general approach to the negotiations. The first issues—whether to enter into negotiations and whether to do so multilaterally—have already been decided in the affirmative, and with the authorization of the Chairman of the Senior Review Group we notified the Chileans and the French on January 5 of our willingness to participate in the Paris Club creditors' meeting expected to take place in early February. (We expect this first meeting will be limited to collecting information and exchanging preliminary viewpoints.)

The agencies agree that we should take a strong position in the negotiations that Chile must acknowledge official debt to U.S. private as well as official creditors, some of which the Government of Chile has put in question. This debt may be divided into four categories:

- a) Debt unconnected with copper, which will probably offer little difficulty;
- b) Copper debt to third parties, which may be more problematical;
- c) Debt to Kennecott (OPIC-insured and GOC-guaranteed), which has been suspended pending a presidential determination of the usefulness of the investment; and
- d) Copper debt consisting of notes given to Anaconda by the government copper corporation in 1969 in payment for the 51% ownership transferred to the government at that time, which may be most problematical because of its virtual nullification under the constitutional amendment on copper.

We would make known early in our discussions with other creditors and with the Chileans our expectation that Chile would assume all

its debt without distinction, and would vigorously press our position at every suitable opportunity, stopping short of producing a confrontation with Chile (or damaging isolation from the other creditors) which would enhance the ability of Chile to reap benefits at our expense.

The agencies agree that while there is a reasonable chance that we can use our leverage in the negotiations to obtain Chilean assurances regarding much of the debt, there is no real possibility that the talks can be successfully exploited to obtain compensation for expropriated U.S. companies. They agree that the question of compensation should be raised at the discretion of our negotiators when they see suitable opportunities for injecting the issue into the talks, but that it would be futile and disrupting to attempt to make adequate compensation a condition for agreement on debt rescheduling and would simply lead to a breakdown.

An analysis of the Chilean request for debt rescheduling is attached.³

The agencies have referred to the National Advisory Council on International Monetary and Financial Policies a series of questions on which our delegation will require additional advice as we get into the negotiations. These include the following:

a) Whether the international financial institutions (IBRD and IDB in this case) should participate in rescheduling of debt. The institutions have customarily not participated in rescheduling, and Chile has not requested them to do so.

b) The manner of handling the problems of assumption of debt, Eximbank debt payment acceleration clauses, and the subordination of various other copper debts to debts owed to Eximbank.

c) The manner in which we should press for strong substantive participation of the IMF in the debt rescheduling operation, possibly through a standby agreement or similar form of discipline.

d) The ranges of debt rescheduling terms, including interest rates, for which our delegation should strive.

The negotiations would proceed in two phases, the first multilateral and then, assuming a memorandum of understanding were reached between the creditors and Chile, bilaterally with Chile to reach agreement putting the new debt schedules into effect on loans due to the United States Government. The question of assurances by Chile on paying its debt to private parties, and that relating to compensation for expropriated property, can be put on the table during the multilateral phase, but will be most relevant before any bilateral agreement is reached. The United States will thus have the option during each of these two phases to make decisions on signing agreements, depending on all circumstances then affecting our relations with Chile.

³ For the attachment, see Document 95 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

In accordance with established practice and with the memorandum to the Secretary of State from Dr. Kissinger dated January 8, 1970,⁴ the Secretary has designated the chairman of the U.S. delegation. This is Sidney Weintraub, Deputy Assistant Secretary for Economic Affairs. The Treasury Department, Eximbank, AID, OPIC and other agencies as needed will provide representatives on the delegation. The Treasury representative will be expected to play a major role in the financial aspects of the negotiations.

Recommendation

That the Senior Review Group approve the approach to the Chilean debt renegotiation as set forth above.

⁴ Not found.

287. Memorandum From Secretary of the Treasury Connally to President Nixon¹

Washington, January 15, 1972.

It is my understanding that you have made it very clear that we should keep maximum pressure on Chile.

They have recently stopped repaying their debts to the U.S. Government and reportedly most other creditors. A meeting of creditor nations has been called for early February in Paris to discuss this.

In my view the U.S. objective at this meeting is to get the other creditors to line up behind the U.S. position. If they were to go off and negotiate with Chile separately our leverage could be reduced substantially.

However, we have good reason to believe that far from keeping the pressure on Chile, they have now been led to believe we have already agreed to a renegotiation of their debts.² (If there is any doubt on this point, I have top secret information to show you.) As I understand

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII. Secret.

² Nixon underlined the last phrase of this sentence and wrote in the margin, "Totally against my instructions."

it, this is not our intention and our principal purpose is to get broad creditor support to isolate Chile.³

Since this matter falls within the Treasury purview, I strongly urge that Treasury be named to head the U.S. delegation to Paris to insure that we fully protect our economic interests and keep the pressure on Chile.⁴

There will be a Senior Review Group meeting of the NSC to discuss this issue shortly.

John Connally

³ Nixon underlined the end of the sentence starting at “our principal” and wrote in the margin, “*This is our policy.*”

⁴ Nixon underlined this sentence and wrote in the margin “*Approved*” and initialed it. Connally and Nixon discussed appointing Treasury to head the U.S. delegation to Paris on Chilean loans in a telephone conversation on January 17. Connally mentioned his memorandum in a meeting with the President on January 17 from 4:05 to 6:23 p.m. in the Oval Office. See Document 97. Nixon then summoned Butterfield at 9:50 a.m. on January 18 and demanded to see the memorandum “within 10 minutes.” Twenty minutes later, Nixon had the document on his desk and by 10:30 had approved its recommendations and instructed that it be returned to Connally immediately and that a copy be delivered to Rogers by hand. (Memorandum from Butterfield to Kissinger, January 18; National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII)

288. Memorandum from Ashley Hewitt and Robert Hormats of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Haig)¹

Washington, January 19, 1972.

SUBJECT

Implications of President's Decision

You asked for an assessment of the political and economic implications of the President's decision regarding Chilean debt rescheduling.² The short answer is that this has no immediate effect on our strategy since we have not agreed to a rescheduling. But following the Paris creditors' meeting in early February, we will have to go back to the President to get a decision on whether, based on the terms agreed upon by the creditor nations, we would agree to a rescheduling at that time. If the creditors' terms are tough enough, we have reasonable assurance from Treasury that Connally will recommend a rescheduling.

Background

Our policy on Chile has been to put as much economic pressure on the Allende government as possible, but in a way which prevents Allende from throwing the blame for his and Chile's economic troubles on us. *This policy has been highly successful.* Allende is in very serious economic difficulties. The fact that Chile must seek debt renegotiations at all is one indication of the success of our policy to date. Another indication is the stunning defeat the Allende government suffered at the polls in two by-elections held last Sunday. The election results were due very largely to the economic failures of the Government.

The President's decision, if it means that we would not reschedule even if a satisfactorily tough agreement were to be reached, would have the following effects:

—put us out in front and allow Allende to throw the blame for his economic problems on us in the eyes of both his own people and other creditors;

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII. Top Secret; Sensitive; Exclusively Eyes Only; Completely Outside the System. Sent for information. The memorandum is addressed to Haig, but Haig wrote *HAK* over his own name, and Kissinger initialed the memorandum. Tab A, entitled "Incoming Correspondence Returned," is attached but not printed.

² See footnote 4, Document 287.

—provide an issue allowing Allende to rally political support and appeal to the opposition and the Armed Forces to show solidarity with the Government out of patriotism;

—allow Chile to repudiate our debt and thus be relieved of having to repay debts to the US which constitute approximately 60% of its total foreign debt;

—deprive US entities and institutions, including agencies of the US Government, of any opportunity of being repaid on substantial debts to them.

Thus, far from protecting our economic interests, such an arrangement would sacrifice them. The way to be tough on Chile and continue our successful policy is to:

—participate in the Paris club talks as the President has approved, using them to get the tough multilateral consensus with respect to Chilean debt renegotiation;

—insist that Chile adhere to the renegotiation formula and use our influence along with that of other creditors to ensure that this solution is carried out.

FYI: Secretary Connally's memorandum to the President is misleading.³ We have *not agreed* to reschedule, although we gather Connally feels that Chile believes otherwise. We have agreed *only* to discuss with other creditors possible arrangements for a multilateral rescheduling. If their terms for rescheduling are not tough enough, we have the option of not participating. However, the Europeans traditionally take a tough line on such matters. All agencies, *including Treasury*, have agreed at the Assistant Secretary level to what has been done so far and the general procedures outlined for the proposed Paris meeting. All believe that a multilateral front, taking a hard line, will serve our economic interests best and will put Chile under more pressure than alternative strategies.

³ Document 287.

289. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, January 20, 1972.

SUBJECT

Allende Suffers Major Defeat in Chilean Elections

President Salvador Allende's Popular Unity (UP) coalition suffered a stunning defeat in two by-elections held on Sunday. In the race for a vacant Senate seat the opposition candidate, a Christian Democrat (PDC), received 77,000 votes or about 53% of the total, as opposed to 68,000 or about 46% for his opponent, a member of the Socialist Party (PS). In another area the Nationalist Party (PN) candidate garnered 30,000 votes or a whopping 58% while defeating the UP candidate, nominally an independent, for a vacant seat in the Chamber of Deputies. The UP candidate got 21,000 votes, or 41%.

Percentages like this are extremely rare in Chile with its multi-party system and middle-of-the-road tendencies. President Allende himself only got 36% of the vote in the 1970 Presidential elections which carried him and the UP to power. The best his leftist coalition has been able to do was slightly more than 50% in last April's municipal elections, which Allende hailed as a major victory for his Government and a popular endorsement of his policies. Right up until election time on Sunday both the Government and the opposition were cautious about making predictions, and neither was willing to describe the elections as a plebiscite. It was generally agreed that whoever won, the results would be close. Hence, the virtual landslide in favor of the opposition comes as a surprise. A major factor in the result was the unity shown by the two opposition parties, which are ancient enemies, in pooling their resources. However this alone cannot explain the proportions of the victory, which must represent some turning away from the Government and its policies.

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII. Secret; Sensitive; Eyes Only; Outside System. Sent for information. A stamped notation on the memorandum indicates the President saw it. Under a January 17 covering memorandum to Kissinger, Hewitt recommended that Kissinger send this memorandum to the President. Hewitt characterized the triumph of the anti-Allende politicians in Chilean congressional elections of January 16: "Their victory arises in part from the unity the opposition parties were able to generate, but must represent some degree of turning away from the Allende government and its policies on the part of the electorate. Your memo notes our contribution to the victory in providing some clandestine support to the opposition parties to assist them with campaign expenses." Hewitt concluded, "it is important that there be no official comment on the Chilean election from the administration. Allende will be looking for a way to explain his defeat and would be delighted to attribute it to our intervention." (Ibid.)

While internal factors were the chief ones in determining the results, we provided [*dollar amount not declassified*] in funding through clandestine channels to the opposition parties to assist with campaign expenses in Sunday's elections.² These funds made it possible for the opposition to bring its message to the voters and offset to some extent the very determined campaign being carried out by the Government.

It is too early to assess the impact of the elections on the public and political parties. It will almost certainly increase the polarization of Chilean society and political life which has been developing quite rapidly in recent months. The outcome will increase the confidence of the opposition parties and should demonstrate to them the benefits of cooperation. The results may also lead to a schism in Allende's UP coalition. The Socialists are likely to insist that the Government turn away from the democratic path it has followed up until now and take the reins of power into its own hands in order to impose a socialist revolution, by force if need be. However, the other two major parties in the UP, the Communists and the Radicals, as well Allende himself, will probably be reluctant to do this out of fear of the Armed Forces, which have remained neutral and apolitical thus far but made clear that they will react sharply to any violation of the Constitution. In any event, Allende's often voiced assertion that it is possible to carry out a socialist revolution by democratic means has been called seriously into question by the outcome of this weekend's elections.

² On December 15, 1971, the 40 Committee approved the request for funds. See Document 278.

290. Memorandum From the Assistant Deputy Director for Coordination, Bureau of Intelligence and Research (McAfee) to the Director of the Bureau of Intelligence and Research (Cline)¹

Washington, February 23, 1972.

SUBJECT

ARA–CIA Meeting, 23 February

PARTICIPANTS

ARA—Messrs. Meyer, Crimmins, Hurwitch, Fisher (Chile), Little (Venezuela);
CIA—Messrs. [names not declassified]; INR/DDC—James R. Gardner

Chile

Mr. [name not declassified] began with a discussion of the debts of *El Mercurio*, the principal PDC newspaper chain. The paper owes to the First National City Bank, a French Bank, and the Bank of Wisconsin a total of some \$400,000. Of these debts, the most pressing seems to be the \$293,000 owed to the Bank of Wisconsin. There is also pending, according to some indications, a government charge for back taxes amounting to about \$250,000. Additionally the paper is losing about \$120,000 a month on its normal operations and, on top of all that, is compiling bills at the rate of \$500,000 a year to the Sun Chemical Company in Philadelphia for ink and chemicals that seem to be relevant to the publication of a newspaper.

Mr. [name not declassified] said that CIA had informed its station in Santiago that it should keep in mind that (1) we believe that Allende can put *El Mercurio* out of business anytime he wanted to; (2) US financial support to *El Mercurio* could provide only temporary relief; and (3) our judgment of the importance of keeping *El Mercurio* alive is to be balanced against the risk to the remaining of our covert enterprises in Santiago that funding of *El Mercurio* on the necessary scale might involve. The consensus of the meeting was that this message to the station had been soundly conceived. Mr. Crimmins said that he had always been one of those who felt that we should do what we could to keep *El Mercurio* afloat, but that the one thing that could lead him to change his mind was the possibility that the infusion of funds in the amounts that seemed required would be so noticeable as to run serious risk of discovery.

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile, Jan–June 1972. Secret. Drafted by Gardner on February 24. Printed from an uninitialed copy.

Mr. Gardner wondered if *El Mercurio*, which is one of Edwards' enterprises, was not being used by Edwards as a means for sucking funds from the US in order to preserve not only *El Mercurio*, but some of the rest of Edwards' ventures. The amounts being requested seemed uncommonly large. Mr. [name not declassified] said that we could not dismiss this possibility, but that he believed that Edwards had given up hope of staying in business at all in Chile and that therefore he did not believe that the Edwards people were playing a game of this sort.

Mr. Gardner recalled that when the question of financing *El Mercurio* had arisen originally last year there had been considerable discussion whether we should keep the paper alive or so manage things that it could go out with a big bang of the sort that would dramatize the Allende regime's hostile attitude toward a free and critical press. Perhaps the time had come to consider the possibility of a big bang. Mr. [name not declassified], responding, expressed his concern that Allende had brought things to a point that a dramatic death spasm of the sort once envisaged was no longer possible.

In response to Mr. Hurwitch's query, Mr. [name not declassified] said that the decision last year to keep *El Mercurio* going had been correct. The paper had been invaluable as the principal press voice opposed to Allende. Mr. Fisher concurred, citing in particular a conversation he had had with a Christian Democrat deputy who had stressed the vital role of *El Mercurio*.

Mr. Hurwitch wondered why we could not get sufficient money to *El Mercurio* to keep it going by operating through US banks.

Mr. [name not declassified] said that a number of questions about *El Mercurio* and about the precise nature of its debts had been sent down to CAS Santiago; it was agreed that we should further discuss what to do about the paper when we had Santiago's reply in hand.

Before moving on from Chile, Mr. Gardner reminded Mr. [name not declassified] that he had inquired last week about the possibility of exploiting the internal fights in the Radical Party which had led a few days ago to the resignation of Radical ministers from the UP Government. He spoke about the upcoming Radical Party conference in April and wondered if the Agency had had an opportunity to consider whether we had a situation we could profitably exploit. Mr. [name not declassified] said that he must confess that the Agency had not had a chance to concentrate on this problem, that they had sent an inquiry to its station in Santiago, but that they had made little advance in considering the matter. They would now do so.

[Omitted here is discussion unrelated to Chile.]

291. Telegram From the Embassy in Chile to the Department of State¹

Santiago, February 28, 1972, 2226Z.

953. Ref: State 032299;² Santiago 6008 and 6082.³ *Summary:*

1. January by elections exposed declining popular support for UP. Results focused opposition hopes on 1973 elections as means of checking Allende's revolution—although possibility of more violent "solution" still exists. Other developments in recent weeks point toward lack of cohesion and control from the top in Allende's coalition. Enhanced prospects for successful political opposition may have slightly strengthened constitutional line in armed forces, while high command continues resist Soviet blandishments.

2. Allende and UP are badly worried that debt renegotiation will produce insufficient relief to avoid heavy political cost here. Judging from course of negotiations so far, there is no foreseeable way to finance satisfactory level of imports. Only chance for GOC to obtain temporary escape would be if U.S. and Europe were to separate on debt question. We believe it most important to work together with Europeans toward best and toughest renegotiation we can pull off. GOC recognition of compensation principle in general terms might be feasible, but we see no present likelihood that Allende will reverse constitutional process on copper. Our pressure for concessions will be effective only as long as GOC believes there is chance for at least marginally beneficial relations with USG.

3. We have no indication yet that Soviets committed to massive aid necessary to reorient Chilean economy. They appear cautious about taking high-profile role here. In event overwhelming economic crisis and full-scale break with U.S., however, they might well reconsider. Within GOC, opposition to over-dependence on USSR persists. Although gradual strengthening of ties with bloc is to be expected. There are no signs to date that Chinese aid or political influence will be of more than secondary importance.

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 2 CHILE–US. Secret; Niact Immediate; Exdis.

² In telegram 32299, February 25, the Department of State requested the Ambassador to update the November 23, 1971, "Next Steps" Options Paper on Chile, with particular regard to "internal political and economic events over the coming year," and Chile's relationship with the Communist bloc powers. (Ibid., POL CHILE–US) The paper is Document 92 in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

³ Documents 276 and 279.

4. Range of acute economic problems—inflation, declining agricultural production, squeeze on imports, difficulties with copper production—will have critical effect on political developments during coming year. Marxists argue that these can be offset through government control of the economy used as a base to change political balance of power. They may be wrong if political system remains intact and if 1973 elections become popular repudiation. Odds favoring such an outcome likely to go on improving as long as process unfolds normally and Allende is unable to unify Chile against credible and emotionally overwhelming foreign threat. Other statements of my colleagues' and my views are contained in Santiago's 6008 and 6082. *End summary.*

January Election Results

2 [1]. January 16 elections confirmed ebbing of UP strength from highwater 50 percent registered in April '71. It is noteworthy that UP vote in each of three disparate provinces was about three percentage points below April. Of course we should be careful—as 53–47 is hardly flood-tide toward the opposition—but virtually all observers expect further UP recession if present conditions and trends continue. Christian Democrats and National Party men who supported alliance strategy feel strengthened and heartened. Plebiscite is increasingly remote, and opposition is taunting Allende—daring him to call one. President virtually admitted UP expects to be minority force in his analysis and proposal for single party in '73 elections.

3 [2]. While I shall not repeat observations made in Dec 7 assessment (Santiago 6008), I continue to see Chilean reality in much those colors. Increased confrontation and polarization remove the prospect, only slightly obscured recently by summer haze. Castro is a bad memory, and Allende still does not appear to be mastering his situation. January elections do seem to have changed political psychology, however, in at least one respect. CD and National successes have encouraged those parties to point more purposefully toward '73 campaign. Politicians never did have much enthusiasm for a golpe—with generals taking over rather than themselves. This is probably more true now than before. Whether trend will continue is hard to say—as summer is ending, tensions in the city are in prospect, and school is starting. We hear reports of vigilante squads of anti-UP small landowners in Cautin Province reoccupying farms from the MIR—and we see a few other signs that both opposition forces and leftists continue to drift toward direct-action armed groups—though still on a relatively small scale.

4 [3]. If request for comment on "January elections" might be broadened to include observations on a few other events of past weeks, I would offer following:

A) Allende tried and failed to avert Senate vote against Toha by blackmailing CD Party over Tomic loan. This has produced stronger CD opposition, more disposition to unite with Nationals and slightly reduced danger of CD split. *Mercurio's* publication of "secret" Communist working-paper helped. Even so, CD left wing remains vulnerable, and Tomic loan episode is not closed.

B) In January Cabinet crisis Allende apparently did want "opening to the center" in terms of new faces (Felipe Herrera, Ambassador Jerez, perhaps a military man) and a somewhat broader appeal. The Communists stonewalled, and the Socialists strong-armed him. Result was that Allende looked weak, with Cabinet as hard as before. Allende reacted by indicating that summer Cabinet would not last long—hardly contributing thereby to effectiveness of Ministerial authority. In both political and economic policy, Allende seems to be temporizing.

C) Only significant product of Cabinet crisis was inclusion in government of non-Marxist radicals (PIR). This in turn caused further disintegration pro-Marxist radicals (PR/CEN). At least there is now semi-independent voice and some beginning of a non-Marxist force in the UP. It also means that Allende's single party for '73 is harder to achieve, and opposition chances of converting their apparent majority into ongoing parliamentary control are enhanced. Possibility of defection reunified fragments of Radical Party from UP prior to March 1973 cannot be entirely discounted, especially if Radicals were offered very favorable commitments by the opposition for the 1973 elections. If this were to come about, the UP might be reduced to traditional percentages of extreme left in 1973 congressional elections.

D) All military arms, including Carabineros, survived year-end command changes with their integrity as non-Marxist professional services intact. I understand Allende hesitated for ten days before appointing service candidate, General Viveros, as Carabinero deputy over pro-UP general who had been angling for the job. But in this case, as in other service arms, he finally went along. Only real casualties have been Col. Labbe (who engaged in flagrant political grandstanding) and uncertain future of General Canales (who has been notoriously indiscreet). Perhaps there has been a slight consolidation in the military of the non-golpista, prudent center. This prudence may come under strain as the tensions rise in Santiago. To the military center's credit, the generals so far appear to be resisting Soviet blandishments—in spite of great temptation. Now would be a particularly useful time for us to demonstrate our continuing relationship in some substantive if modest way.

Foreign Debt and Expropriation

5. Allende and the UP are badly worried about debt renegotiation. GOC is now coming to realize that prospects are poor for sufficient re-

lief to avoid heavy political cost. As we read reports of Paris talks, Europeans are unlikely to go beyond Frei formula—which would leave GOC in precarious situation. There is no foreseeable way in which GOC would be able to finance a level of imports sufficient to fill domestic supply-demand gap. As long as U.S. and Europeans do not pull apart on debt renegotiation, relief will be insufficient to serve Allende's purposes. If such separation occurred, GOC might find temporary escape by entering into agreements with Europeans while achieving moratorium on U.S. debt through standstill with us.

6. Expropriation problem may be obstacle to maintaining united front with Europeans. It might be possible to achieve GOC recognition of compensation principle in general terms. However, success of Braden suit does not mean that chances are now good for effectively linking copper compensation to debt rescheduling. Braden situation was unique in that Allende could dress his concession in guise of action legally required to him under copper-nationalization constitutional amendment. It is not likely that Allende will reverse results of the constitutional process on copper, particularly since he can count on UP and opposition unanimity on this question. In fact, building of national consensus on two issues—Chile's right to own copper companies without substantial equity compensation and its right to relief from its massive foreign debt burden—might be the one way in which Allende could succeed politically.

7. We should not assume that Allende's realization of his dependence on the West means that there is no limit to our ability to push GOC toward more reasonable and forthcoming positions. I believe Braden decision was reached with extreme difficulty by divided and ill-coordinated Chilean leadership. In broader sense Allende has not yet faced up to his basic political and economic alternatives. We must regard Chilean decision making process at present as being in highly unstable condition. Our pressure for concessions will be effective only as long as GOC believes there is channel for at least marginally beneficial relations with USG. Fact we have not closed off that hope and have kept relations in low key correctness probably contributed to decision pay Braden installment.⁴

8. To sum up, we believe it important to stay close to European creditors and work together toward toughest debt renegotiation deal we can achieve and get all parties to sign. A breakdown of agreement—

⁴Chile announced on February 25 that it would make a payment on the loan to Kennecott's subsidiary, the Braden Copper Company, after a U.S. court in New York blocked the bank accounts of Chilean agencies. (Juan de Onis, "Chile Says She Will Pay \$84.6-Million to Kennecott," *New York Times*, February 26, 1972, p. 8)

or a breakdown of U.S. participation—would leave Chile paying us nothing.

Soviet and Chinese Role

9. Kirilenko visit, Gosplan team, and \$50 million hard currency credit are recent manifestations of Soviet commitment. However, we have no indication yet that GOC received assurances of that massive Soviet assistance required to reorient its economy from U.S. and Western Europe. Gosplan team departed without making large public promises. Soviets have been cautious about moving too fast toward high-profile role here.⁵

10. Like Castro Soviets probably do not believe in UP strategy of achieving Socialism in a consumption economy. Soviet and Eastern European Ambassadors make no secret to me of their conviction that “Chileans don’t like to work.” Soviets would probably require much greater austerity than currently prevails before making any massive concessional commitment—with resulting political problems for UP. Nevertheless, Soviet reluctance and caution could change if full-scale economic crisis develops, accompanied by full Chilean break with U.S. In those circumstances, we doubt that Soviets would simply allow Allende to slide under.

11. Within GOC/UP there is persisting opposition to overdependence on USSR. Allende will be strongly inhibited, even in desperation, from taking Cuban route—by his image of his role in history, by his constituency, by internal balance of political power and by public opinion. We believe Chile will not willingly become irrevocably committed to Communist bloc in absence full-scale, nationalistic confrontation with U.S. Chances for limiting growth of Communist countries’ influence will depend to a degree on maintenance normal Chilean-U.S. relations. At same time, argument of some Europeans that large concessions must be made to GOC in order to prevent Cuban repetition is probably false. As economic situation deteriorates, Allende will press harder for large-scale bloc aid. He himself probably does not know how far he would go in desperation and with total break with U.S. In any case, we must expect progressive strengthening of relations with Communist countries.

12. Many of foregoing considerations apply to Chinese as well as Soviets. Principal difference lies in fact Chinese have been and are playing secondary role here. Their recent \$65 million loan apparently includes only about \$13 million of hard currency to be made available

⁵ Politburo member Andrei P. Kirilenko made a visit to Chile in late 1971 and the Soviet Gosplan team visited in January 1972. The \$50 million loan filled a balance-of-payments gap for Chile. (Davis, *Last Two Years*, p. 131)

over an undefined period. They are buying copper, but this assurance-of-market is of only marginal importance. We see no signs that Chinese are preparing to commit massive quantities of their own limited resources and hard currencies to bailing out Chile.

Probable Course of Events Over Coming Year

13. Economics will largely determine politics in Chile during months to come. Magnitude of economic problems Chile struggling with will increase, and capability of GOC to cope with them will become less. Increasing shortages and eventual rationing of selected products are likely. We can expect massive inflation and eventual loss of real income even for lower income groups.

14. Effective demand, already high in 1971, will increase further in 1972. GOC has failed in its attempt to hold 1972 real wage increase to zero. Money wage raises of 40–50 percent are widespread.

15. GOC shows no signs of exerting self-discipline in fiscal and monetary policy. 1972 deficit will be greater than 1971. Central bank is continuing to increase money supply, so that it remains approximately double that of a year earlier. On January 31 it was 116 percent greater than January 31, 1971.

16. Consumers are likely to be less willing to save. Propensity to save in 1971 was reasonably high, in part because prices were relatively stable and most goods in adequate supply. This insulated market-place from significant portion of 1971 wage increase. As shortages spread and inflation sharpens (it may exceed 5 percent in February) consumers will increasingly bid for goods. A decline in liquidity preference would also fuel inflation.

17. Agricultural production, which grew slightly in 1971, will decline in 1972, perhaps as much as 10 percent. Industrial growth will weaken. Past failures to invest will be felt in production problems in the future. This year could be a period of net disinvestment in economy as a whole. Production in many cases depends on availability of foreign exchange to import components, raw materials and capital equipment. Prospects of GOC managing this problem skillfully are not bright.

18. Exports will be disappointing. Serious management, labor and technical problems in Gran Minería production have produced 7 percent drop from 1971 monthly average last December and 12 percent in January. Japanese Ambassador tells me his importers have been advised to expect “up to 50 percent shortfall in February from Chuquicamata” (indicating that deliveries to ships—and foreign exchange income—are beginning seriously to reflect Chuquicamata production troubles). Actual results may not be that bad, and we should bear in mind that Chileans probably have capacity to straighten out many of current troubles in copper industry. Nevertheless, in several months

ahead, copper production will undoubtedly be disappointing to GOC. As copper represents 80 percent of foreign exchange earnings, this will set parameters for overall problem.

19. Relief provided by successful foreign debt rescheduling could fill part of foreign exchange gap, but probably not all of it. Any agreement in Paris remotely in prospect would give Allende some genuine relief in exchange for obtaining assurance of payment, but would not give him enough to save him from situation presently developing.

20. Marxists argue that grim economic scenario need not be decisive if GOC can consolidate its control over the economy and work from that base to change political balance of power. There is no question that continuing nationalization of private firms and other economic measures are eroding economic underpinning of opposition forces—including media and political parties. In some ways we are witnessing a race between the deteriorating Chilean economic situation as a whole and the deteriorating economic situation of opposition forces. Marxists may be wrong in their predictions, however, if political system remains intact and 1973 elections become popular repudiation of Allende govt. In the meantime, there is some slowdown in revolutionary momentum. There will be tightening of pressure on Allende to step outside constitution—as opposition attacks take greater toll, as cohesion of UP coalition loosens, and as critical election test draws nearer. These pressures are balanced, at least in part, by increasing inhibitions—as popular acceptance declines and as risk of military intervention increases, odds in favor of opposition congressional victory in 1973 are steadily improving, and will probably continue to do so as long as process unfolds normally and Allende remains unable to unify Chile against credible and emotionally overwhelming foreign threat.

Davis

292. Memorandum From Secretary of Defense Laird to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, undated.

SUBJECT

Events in Chile

I am sure that you have followed reports on the significant victories by the opposition in the Chilean Congressional by-elections this past January indicating a declining popular support for the Allende government and its programs. Of particular importance is the report that these victories have focused opposition hopes on the 1973 Congressional elections as a way to check Allende in his attempt to bring about a fundamental and far-reaching restructuring of Chile.

While the prospects at present appear encouraging that the opposition in Chile may retain control of the Congress in 1973, such an event is still far from certain. As Ambassador Davis pointed out in his recent general review (Santiago 0953),² the Marxists contend that the growing economic crisis need not be decisive for the Allende government if it can consolidate its control over the economy and work from that base to change the political balance in its favor. In fact, the continuing nationalization of Chilean firms and other economic measures are eroding the underpinnings of the opposition forces, including the news media and the opposition parties. Ambassador Davis' comment that: "In some ways we are witnessing a race between the deteriorating Chilean economic situation as a whole and the deteriorating economic situation of the opposition forces," is of special pertinence.

Because the retention of the democratic system in Chile depends primarily on the survival of an effective Chilean political opposition, we should take every available means to ensure the survivability and mobility of Chilean democratic forces opposing the Marxist socialist programs. This would parallel our overt actions underway to assist the Chilean military as a continuing force to restrain the Allende government. In this context, therefore, I recommend that the 40 Committee

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1971–72. Secret; Sensitive; Eyes Only. Printed from an unsigned copy. A March 8 covering memorandum from the Central Intelligence Agency Representative in the Office of the Secretary of Defense to the Deputy Director for Plans (through EA/DDP), indicates this memorandum was in response to Kissinger's invitation to make specific suggestions about covert actions in Chile. (Ibid.) See footnote 5, Document 283.

² Document 291.

give top priority to the development of an action plan that would provide for covert financial and material support as appropriate and necessary:

- To the key opposition political parties and their leaders.
- To the opposition news media, including radio and television.
- To certain independent publishing firms threatened by economic strangulation.
- To other current and potential foci of opposition, including the Chilean military and Carabineros.
- For accentuating the consequences of the economic crisis in Chile.
- For encouraging certain members of the Allende government to change or disrupt the course of the UP.
- For exposing in appropriate international channels the growing Soviet influence in Chile.
- For dissemination of information within Chile and Latin America on the economic failure caused by the Marxist programs of the Allende government.

293. Central Intelligence Agency Intelligence Information Cable¹

TDCS DB-315/02051-72

Washington, March 10, 1972.

COUNTRY

Chile

DOI

4 March 1972

SUBJECT

Continuing Preparations by General Alfredo Canales for a Military Coup and Canales' Opinion That the Current Controversy Over Constitutional Interpretation Could Provide the Needed Pretext

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII. Secret; Sensitive; Priority; No Foreign Dissem; Controlled Dissem; No Dissem Abroad; This Information Is Not To Be Included in Any Other Document. Although the cable states that it should only be distributed to Kissinger, Cline, and Bennett, a handwritten notation indicates that it was routed within the White House to Latimer, Lynn, and Jorden.

ACQ

Chile, Santiago. (6 March 1972)

SOURCE

[4½ lines not declassified]

Summary: On 4 March 1972 General Alfredo Canales Marquez, Director of Military Instruction, informed another senior Chilean Army officer of his contingency planning for a military coup to overthrow the Government of President Salvador Allende. Canales spoke in general terms of his plans and of the support he enjoys within the Army. He surmised that President Allende might try to exceed his constitutional authority by vetoing certain provisions of the Constitutional reform bill delineating the three areas of the Chilean economy, thus providing the military with the necessary pretext to oust him from power. Canales indicated that he is now thinking in terms of April or May 1972 as a tentative target date for the coup attempt. *End summary.*

1. (*Field comment: [less than 1 line not declassified]* TDCSDB-315/00374-72,² from a source of unknown reliability with good access to certain senior military officers reported General Canales' contention that his coup movement within the military was ready to undertake action at any time, provided a valid reason could be found to justify intervention. This report confirms previous reporting on his plans and indications that he is continuing his efforts and widening his support.)

2. During a private conversation with a senior officer of the Chilean Army on 4 March, General Canales spoke in general terms of his preparations for an eventual military coup against the Popular Unity (U.P.) government. Canales made reference to the current controversy between President Allende and the political opposition over the three areas Constitutional reform bill and surmised that this issue could provide him and his associates with the pretext they needed to implement their plans. (*Headquarters comment:* The constitutional amendment passed by the opposition-controlled Congress seeks to block further nationalization of private enterprise. The current heated controversy stems from Allende's threat to veto objectionable provisions and his contention that a two-thirds majority is necessary to override a Presidential veto, in contrast to the opposition's view that only a simple majority is necessary. Allende intends to put the question to the pro-government Constitutional Tribunal for solution, but the opposition insists this would be a violation of the Constitution since the proper course would be a national plebiscite. However, while this issue

² Dated January 15. It is published in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 96.

could result in a major political confrontation, there are some indications that both sides are seeking a compromise.)

3. Canales admitted that the wording of the Constitution was somewhat vague regarding Presidential veto powers and the percentage of the congressional vote needed to override a veto. However, he said that the great majority of army officers were of the opinion that Allende and the U.P. intended to violate the spirit of the Constitution in their quest to achieve political and economic control of the country. He added that he would not make a move until the Army High Command had an opportunity to take a position on any action by Allende that was deemed to exceed his authority. However, if the High Command decides to remain silent while the opposition political parties and most of the army officers agreed that Allende had acted unconstitutionally, Canales said he would have to give orders for a move to the many officers who had pledged to support him in a coup attempt.

4. Canales explained that if the Army failed to move after a Constitutional violation by the President, it could be the last opportunity to eradicate the Marxist threat in Chile. He described the danger of inaction as twofold: on the one-hand the Chilean people would lose all hope in the willingness of the Army to protect them against illegal government machinations. On the other hand the young officers of the Army would feel that Army prestige had been irreparably damaged and their morale and discipline would be adversely affected. (*Headquarters comment: [less than 1 line not declassified]* whose reliability has not been fully established reported recently in some detail on the distrust between the High Command and the lower ranking Army officers. See CS-311/01014-72.)³

5. (*Source comment:* While it is clear that Canales has not yet commenced precise planning for his coup attempt, at least in terms of what officers will have which responsibility during a military takeover, it is nevertheless apparent that he is serious about laying the groundwork for such an eventuality and is thinking of late April or early May 1972 as a tentative target date. Further, Canales estimated that 80 per cent of the Armed Forces would support him in a coup against the government if the President violated the Constitution, and this is probably accurate. However, the Constitutional issue itself is so complex that it is impossible to predict at what moment or over what aspect of the issue the Army, or Canales, will decide that Allende has overstepped his bounds. Also, the President is fully aware of the threat which the military represents to him and will probably make every effort to avoid a clear violation of the Constitution.) (*Headquarters comment:* Regarding

³ Not found.

Canales' claim of 80 per cent support by the Armed Forces, it is noted that in the previous report on his plans mentioned in paragraph 1 above, Canales told the source of the report that he had the unconditional loyalty of about 80 middle-grade officers as the result of his two years at the War Academy, and also the loyalty of the faculty members who served with him.)

6. (*Headquarters comment: [less than 1 line not declassified]*) whose reliability is not proved reported in February on the transfers of officers distrusted by the regime and in particular on the distrust of Canales. See TDCS-314/01037-72. Later, the source of this report said the Army Commander-in-Chief, General Carlos Prats, had tried to force Canales' retirement. See TDCS-314/01318-72.)⁴

7. Field Dissem: Embassy (Ambassador only) at Santiago.

⁴ Neither TDCS was found.

294. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, April 10, 1972.

SUBJECT

SRG Meeting (April 11)—Chile

PURPOSE OF MEETING

- 1) Review of recent developments in Chile and their implications for U.S. policy;
- 2) Specifically, what has release of the Jack Anderson-ITT papers done to our position in Chile? In the rest of Latin America?
- 3) What stance do we take in the next round of the "Paris Club" (April 17-18) regarding rescheduling of Chile's debt and the compensation issue?

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-64, SRG Meeting, Chile, 4/11/72. Secret; Sensitive; Nodis. Sent for information. Concurred in by Hormats and Kennedy. Kissinger wrote at the top of the page, "Mexico—Where do we stand?" Attached are five documents: Kissinger's talking points for the SRG meeting on Chile; an analysis of the Chilean economy; a State Options Paper with attachments (telegram 1466 from Santiago, March 28, on the Chilean economy; background data on Chilean debt; telegram 1536 from Santiago, April 1, on debt rescheduling and ITT/Anderson); the April 4 paper "Next Steps Options on Chile" (see *Foreign Relations, 1969-1976*, vol. E-16, Documents on Chile, 1969-1973, Document 106); and a November 23, 1971, State Option's Paper (*ibid.*, Document 92).

This meeting provides an opportunity for a thorough-going review of our policy toward Chile. Has it worked? Are the assumptions behind it still valid? Is time working for us or for Allende? Have we reached a point where our goals are incompatible? If so, what are our priorities? It is especially pertinent to raise these questions at this time because:

—The OAS General Assembly is meeting in Washington this week;

—UNCTAD III begins in Santiago this week and will continue for the next few weeks (Jack Irwin will head the US delegation);

—the next round of the Paris talks on Chile's debt will resume on April 17.

—the OAS sessions will offer an opportunity for numerous bilateral talks between high US officials and Latin Americans.

In all of the above fora, the question of US-Chile relations will figure to a greater or lesser extent. So it is a good time to get our ducks in a row.

Our *basic policy on Chile* has been to put maximum pressure on the Allende government to prevent it from consolidating itself. At the same time, we have carefully avoided actions that would allow Allende to rally support domestically or internationally, or to put the blame for his troubles on the United States.

The consensus around this town and the hemisphere appears to be that our policy has been highly successful. Allende certainly is in deep economic trouble (see Analysis paper). There is a strong feeling that Chile faces economic collapse, sooner or later, regardless of the outcome of the Paris talks on debt re-scheduling. Allende has also been under considerable political pressure. The opposition has grown and become increasingly vocal. Both economic and political unrest have caused the military to grow increasingly restive and uneasy (though there is *no* sign that they are prepared to unseat Allende or involve themselves directly in the political process at this point).

One still unassessed development has been the ITT/CIA affair, the Jack Anderson columns and the release of the ITT memoranda.² This has been played to the hilt by the leftist press in Chile and elsewhere in the hemisphere. Marxist parties forming the Popular Unity (UP) coalition have been exploiting the affair. Thus far, however, President Allende has been fairly cautious about exploiting the matter. (In a major speech the other day, he made only a few passing references to the ITT affair.) The Government *has* translated the ITT memoranda into

² See Document 296.

Spanish and made them available to the public in a cheap paperback edition.

There is no doubt that the Anderson revelations have hurt the opposition, especially former President Frei (who is named in several of the memoranda and is alleged to have been a central figure in ITT's block-Allende maneuvering. There are also signs that the Anderson revelations have stirred new concern among the military, but we have seen no careful estimate of this aspect.

Although hurt, the opposition has not run for cover over the Anderson/ITT scandal. They have managed to turn a government-sponsored investigation of the Anderson allegations against ITT into a broader investigation into *all* foreign influence (meaning especially Cuban support of subversion).

Our policy toward Chile has been a compromise among goals that are only partly compatible:

—We have wished to maximize the chances for favorable internal change in Chile while at the same time not giving Allende a chance to make us the scapegoat for his failures. This has meant adopting a cool but correct stance.

—We have sought to isolate Chile as much as possible politically and economically, while avoiding actions that would support the charge we are acting out of simple anti-Allende spite.

—We have been working hard to get prompt and fair compensation for and debt repayment to American companies, and to protect the principle of the inviolability of repayment of just debts and compensation for nationalized properties.

So far, we have been able to pursue these goals simultaneously. However, the Anderson affair has raised our posture and brought into question our political motivation. More important, the Paris talks on renegotiation of Chile's debts force us to decide what blend we wish to make of "maximum pressure" and a "correct outward posture".

Ever since Allende's election (in October 1970), a central problem has been whether time was on his side or on ours. There was some feeling during the first six months of his rule that time was working for him. But over the past year, that estimate has changed and our specialists have assumed that, in the long run, time was working against Allende. Developments inside Chile, especially the defeat of Allende's coalition in Congressional by-elections earlier this year, support that conclusion.

The question now is: will the Anderson affair, or the outcome of the Paris talks, materially affect the assumption that time is on our side?

You will wish to get the assessment of State, CIA and others on the Anderson matter. My own judgment is that this has been a temporary

setback. It does give Allende a breather. But it does *not* provide him with a solution to his problems. These things do tend to blow over after the first sensational impact. It is not, of course, going to make Chile's settlement with ITT anything but tough and probably confiscatory.

Similarly, it seems unlikely that Allende will be able to avoid for long the consequences of the economic situation he has created in Chile. Regardless of the settlement arrived at by the Paris Club, Allende faces likely economic disaster in another 12 to 18 months—unless, of course, the Russians and Chinese undertake a massive bail-out operation.

They seem reluctant to move in that direction. Moscow certainly does not want another Cuban rat-hole. A very tough settlement at Paris—along the lines we originally sought—would maximize the pressure on Allende and hasten economic collapse. A “soft” settlement—with generous terms for rescheduling and the offering of new lines of credit—would delay the day of reckoning. In fact, something between these extremes is the likely outcome at Paris.

My own conclusion is: we should continue our present policy of keeping pressure on Allende but avoid giving him a chance to blame the US for his troubles. That is going to mean compromising somewhat our strictly financial objectives. At Paris, we should:

- work for the toughest rescheduling formula we can get;
- but in doing so, avoid at all costs getting isolated from the other principal creditors (especially the British and Germans);³
- keep pressure on Allende by preventing debt relief through simple repudiation, forcing him to resume payments to us and to the other creditors as early as possible, and seeking to restrict the flow of new credits to Chile from the US and other non-communist sources.

On strictly *financial questions*, there are *three issues*:

- How strongly do we insist that Chile repay *all* the *debts* owed to US companies?
- How strongly do we demand that Chile pay all we feel she owes in *compensation* for expropriated US companies?
- If other creditors refuse to go along with our position, to what extent do we modify our position to get a unified stand, at least among major creditors? Or do we allow the others to enter into a rescheduling agreement without us?

³ Kissinger wrote “Why?” at this point in the margin.

US Objective

We want:

- 1) a rescheduling agreement that gives Chile the *least possible debt relief*;
- 2) one that forces the Allende regime to bear full responsibility for its own failures;
- 3) the largest repayment possible of debts owed to US companies;
- 4) a commitment that will give the best chance that our companies will receive adequate repayment for seized properties;
- 5) an agreement that avoids lengthy default or possible repudiation of debts to US official and private creditors.

However, while working for an agreement that would contain as much of the above elements as possible, we should find a position that is both acceptable to us and to enough of the other creditors that they will stand firm if Chile rejects the offer. At all costs, we must avoid a situation in which creditors peel off one by one leaving us isolated. This would allow Chile to continue its present default indefinitely and deprive the US Government and companies of repayment.

Chile's Objective

Chile's major motive is to get relief from external debt burdens and thus avoid an imminent foreign exchange crisis.

Chile's internal and external economic positions are deteriorating seriously. A year ago, its foreign reserves were \$365 million. Now, they are less than \$100 million. Chile's debt for the 1972–74 period is \$974 million (37% of her over-all debt of \$2.6 billion). She wants to re-schedule 85% of her debt for the next three years.

(Breakdown of the terms Chile wants and what the creditors have thus far been willing to offer is on page 4 of the Analysis paper.)

The Issues

Debt: The issue is whether the US should countenance the unilateral repudiation of debt undertaken by a sovereign government. There are two particularly tough problems. Chile has passed a constitutional amendment that:

—allows its President to determine that loans made to Chile by the copper companies will not be repaid if they were not “usefully invested.” (Allende has ruled that \$8.1 million of the \$92 million owed to Braden (Kennecott) should not be repaid on these grounds.)

—provides that Chilean government promissory notes to Anaconda (\$152 million)—arising from the 1969 partial nationalization of mines—will be paid only to the extent that a positive compensation award is made by the courts. (Allende has determined that Anaconda is *not* entitled to compensation because it allegedly took *excess profits* over a number of years.)

State's paper lists *three options*:

1) insist that Chile acknowledge the obligation to pay *in full* all government and government-guaranteed obligations, specifically including Braden and Anaconda;

2) require Chile to acknowledge the above obligation; *however*, in the event of differences after Chile's courts have acted, both parties would agree to *binding* arbitration under international law;

3) a statement in the overall agreement recognizing Chile's obligation to honor all debts and requiring Chile to meet this obligation through *bilateral negotiations or arbitration*.

Treasury and State believe we can probably get agreement from the other creditors somewhere between Options 2 and 3. The major difference between the agencies is: Treasury thinks Chile, and perhaps some of the creditors, would be willing to submit the debt dispute to binding arbitration in order to prolong discussions concerning the forum and parameters of such arbitration—in other words, to stall. Treasury also thinks the arbitration process could be prolonged indefinitely, during which time Chile would claim that—having entered into arbitration—she should be given new international credits. Treasury also thinks we could exert more leverage on Chile in negotiation than would be possible in arbitration. Specifically, we could put pressure on Chile to make adjustments in the judicial process now underway which will affect the Anaconda debts.

State, while it has not yet taken an official position, most likely will favor going along with arbitration. By doing so, they feel we would not be compromising our insistence that Chile pay its debts and that agreeing to this compromise formula would probably assure creditor unity and avoid a direct confrontation with Chile.

Our view is that we should not let Chile off the hook by agreeing to arbitration which could be prolonged. If, however, we are forced to fall back to arbitration we should insist that in the Paris Club Minutes of Understanding, the arbitration forum and the time frame should be agreed in advance, thereby preventing Chile from using arbitration as a dilatory tactic.

Compensation

The gap between the US and Chile on compensation is great. The Paris Club has indicated willingness to include a clause in any multi-lateral rescheduling agreement covering the compensation issue. However, there is likely to be a difference between the US and Chile and the US and other creditors, concerning the content of such a clause. The State paper lists the options as:

1) Require Chile to agree to pay prompt, adequate and effective compensation for expropriated properties. Differences would be sub-

mitted to *binding arbitration under international law* after a reasonable period of time for the Chilean judicial process to work.

2) Require a statement in which Chile would recognize its obligation to pay just compensation and a clause calling on Chile to meet its obligations through *bilateral negotiations or arbitration*.

These options somewhat confuse the issue. The essential point is whether we agree to arbitration *or* negotiation. Chile has recently indicated that she might submit to arbitration, but also at times has taken the position that determinations of compensation, including deduction for excess profits, are *entirely domestic matters* subject to final jurisdiction by the Chilean courts. Our agreeing to arbitrate would limit Allende's capacity to exploit the matter domestically—since a precedent was set in the case of the 1964 rescheduling for Brazil. But it would not necessarily improve our prospects for obtaining acceptable compensation and could delay resolution of the question indefinitely.

Here again there is a *difference between State and Treasury*. The latter believe that *negotiations* would be *preferable* in that progress in negotiations can be measured more easily than in arbitration, which can be drawn out in debate over forum and scope. They attach substantial importance to avoiding prolonged arbitration, although they may be more inclined to agree to this on the issue of expropriation compensation than debt. *State's position* is as yet *unclear*, although they will probably favor arbitration as a way to hold open the chances of getting compensation while avoiding a direct confrontation with Chile.

In *our view*, because the hope of getting any repayment at all is quite small, arbitration—even if prolonged—*would probably give us a better opportunity to receive some payment* and would, if conducted under international auspices, have an international sanction. However, it admittedly would allow Chile to delay the process if it so desired. Neither alternative sanctions Chile's failure to compensate for expropriation. Domestically we could indicate that we had agreed to negotiate or arbitrate because the compensation issue was still pending in the Chilean courts. And—because the rescheduling only applies to debts over a 12–14 month period—if compensation is not forthcoming we would have another crack at the Chileans at the end of this year. In this connection, the terms (length of consolidation, interest rate and percentage of debt rescheduled) are important. The less debt relief Chile gets now, the sooner she will have to apply for another rescheduling. If at that time she has not lived up to her obligations on debt and compensation, we can take a tougher line—and be in a much stronger international position to do so.

[NB: Secretary Connally feels quite strongly that he has a mandate from the President to handle the Paris negotiations. Treasury has been informed that the SRG meeting is designed to put these negotiations in context of our *overall relations* with Chile. They accept this premise but

clearly wish not to be instructed on such matters as a fallback position in an open meeting where the existence of a fallback, or our desire to be flexible, could be leaked to the Chileans and thereby weaken our negotiating position. We suggest, therefore, that after the meeting—if you feel it necessary—you take Volcker and Hennessy aside for a few minutes to indicate that while you agree that we should not compromise our principles on debt and compensation, you are pleased that there is some flexibility in their position and that they are interested in assuring creditor unity and avoiding a confrontation with Chile if possible. You might indicate that *from a foreign policy point of view this is desirable.*⁴

⁴ Brackets in the original.

295. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, April 10, 1972.

SUBJECT

40 Committee Meeting—CHILE [April 11, 1972]

CIA has come up with a new proposal for additional support for *El Mercurio*, the largest newspaper—and loudest opposition voice—in Santiago. The new tranche would be for \$965,000.00. It breaks down as follows:

[*dollar amount not declassified*]¹—to pay off a bank loan that may be called for payment any day;

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 40 Committee Minutes, 1972. Secret; Sensitive; Eyes Only; Outside System. Sent for action. All brackets with the exception of those indicating omitted material are in the original. This memorandum was sent to Kissinger by Jessup under an April 10 covering memorandum. (Ibid.) Also attached to Jessup's memorandum are an April 10 memorandum from Kennedy to Kissinger, with "WJJ" (William J. Jorden) initialed at the top indicating Jorden saw it, and an April 11 memorandum from Kennedy to Kissinger, which Jorden suggested Kissinger approve. Haig signed approval for Kissinger authorizing covert support of the *El Mercurio* project. Another attached memorandum, a memorandum for the record by Jessup, indicates that the 40 Committee principals (Rush, Irwin, Knowles, Kissinger, and Helms) approved the \$965,000 in funding for *El Mercurio*.

[*dollar amount not declassified*]*—to cover El Mercurio's monthly operating deficit through the March 1973 election (Congressional);*

[*dollar amount not declassified*]*—collateral to underwrite [1½ lines not declassified] processing materials;*

[*dollar amount not declassified*]*—a contingency fund to help meet bank debts, new taxes and other emergencies (these payments would be made on the basis of documented need, endorsed by the Ambassador).*

Background

In September 1971, we decided to support *El Mercurio* in the amount of \$700,000. We provided an additional \$300,000 between October and December.

Discussion

You are aware—probably painfully—of the background on this one. We seem to get a large bill every few months to keep *El Mercurio* afloat. I asked at the pre-40 Committee Meeting if there was any evidence of any siphoning off of funds into other Edwards enterprises. CIA claims to have looked very hard at this, and found no such leakage.

The heart of the argument for continuing support is the following from the CIA paper:²

“The Ambassador and the Chief of Station indicate that *El Mercurio* is a significant element in promoting the opposition cause. In our view *El Mercurio's* continued existence as an independent voice, highly respected both inside and outside Chile, is deemed essential in the forthcoming period leading up to the Congressional elections which, if Allende wins, will permit him to govern on his terms. . . .”

CIA and State favor the proposal. The general feeling appears to be that we have little choice. *El Mercurio* is important. It is a thorn in Allende's side. It does help give heart to the opposition forces. Without it, the Allende government would have much clearer sailing. And if it goes down the drain because of government pressure—as opposed to financial failure—we have an excellent “freedom of the press” issue to use there and in the Hemisphere.

Thus, *I reluctantly conclude* that we should go along with this. But before casting a final vote, I would like to hear a thorough rundown on what *El Mercurio* has done for us recently. In other words, are we getting a reasonable return on the investment?

There is one discrepancy in the paper. On page 12, it says Ambassador Davis thinks we could get by with \$756,000. It is not clear where

² For the text of the September 8 memorandum for the 40 Committee, see *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 82.

the difference is. CIA believes Davis thinks we can hold off [*less than 1 line not declassified*]. But I understand that *El Mercurio* is about to run out of credit. And without ink, a newspaper is not a newspaper—it is just paper.

Talking Points (attached) follow above general line.³

³ Attached but not printed.

296. Editorial Note

On April 18, 1972, Chile expropriated International Telephone and Telegraph's (ITT) assets, valued at approximately \$170 million. This took place following a string of revelations by *Washington Post* columnist Jack Anderson, beginning on March 21, concerning ITT's attempts to influence Chilean politics in the tumultuous period between September and November 1970. ("Memos Bare ITT Try for Chile Coup," *New York Times*, March 21, 1972, p. B13) Documentation on U.S. reaction to the ITT expropriation is in National Archives, RG 59, Central Files 1970–73, INCO 15–2; specifically telegram 1829 from Santiago, April 18, and telegrams 2361 and 2362, both May 12. Regarding ITT's contacts with CIA officials, see *Foreign Relations*, 1969–1976, vol. E–16, Documents on Chile, 1969–1973, Document 104.

Beginning in March 1972, the U.S. Senate, under the chairmanship of Idaho Democrat Frank Church, investigated ITT's activities in the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee. Among the witnesses called to testify by the Subcommittee was Ambassador Edward Korry whose term as Ambassador to Chile had ended in October 1971. In a March 23, 1972, Oval Office conversation about Korry's testimony, Ziegler stated that "Korry said that he had received instructions to do anything short of a Dominican type [of operation]." "He was. He was instructed to," Nixon explained. "But he just failed, the son of a bitch. That is his main problem. He should have kept Allende from getting in." (National Archives, Nixon Presidential Materials, White House Tapes, Conversation 22–6)

297. Editorial Note

The February–April 1972 Paris Club meetings to reschedule Chile’s debt demonstrated differences between different groups of U.S. policymakers. President Richard M. Nixon and the Treasury Department (Assistant Secretary of the Treasury John M. Hennessy led the U.S. delegation) initially called for a hard-line approach, specifically bilateral negotiations where presumably the United States would have more leverage over Chile (for Nixon’s perspective, see Document 287 and the footnotes thereto). Accordingly, Treasury at first opposed the signing of the Paris agreement. Department of State officials, however, called for multilateral arbitration to reschedule Chile’s debt. They feared that if the United States rejected such arbitration at the Paris Club meetings, Allende would portray North American inflexibility as an example of a U.S. attempt to undermine his regime and would then whip up anti-United States, nationalistic fervor (especially after the International Telephone and Telegraph revelations). (Telegram 1536 from Santiago, April 1; National Archives, RG 59, Executive Secretariat, Briefing Books, 1958–1976, Lot 72D30, U.S.-Chile Background Papers, April 1972; see also Document 298) Ambassador Nathaniel M. Davis made the point that State’s view concurred with NSDM 93 (Document 175) and cautioned against giving Allende a foreign target he could use to rally support. Treasury dropped its opposition to signing and the United States signed the multilateral debt rescheduling agreement on April 20. At first, Allende demurred from signing, citing Chilean internal politics. However, in the end, Allende signed the agreement and received approximately \$250 million in debt relief.

298. Minutes of a Meeting of the Senior Review Group¹

Washington, April 11, 1972, 4:08–5:15 p.m.

SUBJECT

Chile

PARTICIPATION

Chairman—Henry A. Kissinger

State

Mr. John N. Irwin, II

Mr. John Crimmins

Mr. Sidney E. Weintraub

Mr. Samuel Eaton

Defense

Mr. Kenneth Rush

Mr. G. Warren Nutter

Mr. Raymond G. Leddy

JCS

Lt. Gen. Richard T. Knowles

Brig. Gen. Richard Hartman

CIA

Mr. Richard Helms

[*name not declassified*]*Treasury*

Mr. Paul Volcker

Mr. John Hennessy

CIEP

Mr. Peter Flanigan

NSC Staff

Mr. Richard T. Kennedy

Mr. William J. Jordan

Mr. Robert Hormats

Mr. James T. Hackett

SUMMARY OF CONCLUSIONS

It was agreed that:

—Our negotiator will encourage the Paris Club to issue a statement acceptable to us on expropriations. If such a statement is issued, he is authorized to sign the agreement the group produces, but must check with Secretary Connally before doing so. If an acceptable statement on expropriations is not issued, our negotiator must check with Secretary Connally for guidance on whether to break with the rest of the group.

—We will not propose arbitration at the Paris Club meeting but will accept it if it is raised by others and the Chileans agree to it.

—An FMS credit of \$10 million will be authorized for Chile after the conclusion of the Paris Club meeting, if the situation then prevailing justifies it.

Mr. Kissinger: Dick (Helms), would you give us a brief estimate of the current situation in Chile?

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-64, SRG Meeting, Chile, 4/11/72. Secret. The meeting took place in the White House Situation Room. Davis sent the minutes to Kissinger under an April 13 covering memorandum. A copy of the memorandum was sent to Kennedy, Jordan, and Hormats. (Ibid.)

Mr. Helms: Well, I would like to refer you to our memo of April 4 entitled “Chile: Conciliation, Confrontation or Coup,” which I believe most of you have received (Copy attached).² It’s a complicated situation and there is no simple solution. There is an increasing polarization of Chilean society, which is something new. Nevertheless, Chile has had problems in the past and has always managed to muddle through; there is a great deal of resiliency in the society. It is possible that the system of accommodation now operating will persist for some time, but I do want to stress that conditions in Chile are now different than they have ever been before and this makes predictions more difficult than usual. We do plan to do a complete National Estimate in May, when we know the results of the Paris Club meetings.

Mr. Kissinger: What is your estimate of the effect of the ITT disclosures?³

Mr. Helms: The major effect is that they gave Allende a breather, but the outcome has not been nearly as bad as we thought it would be. When the story first broke I thought we were really in the soup, but everyone, including Castro, has acknowledged that we were not involved. Allende himself said that ITT had its hand in the cookie jar but that the U.S. did not. So it has been a plus for Allende, there is no question about that, but his bacon has not been saved by it. The opposition hasn’t been too put down by the affair and are continuing their efforts against Allende.

Mr. Irwin: Actually, we came out pretty well.

Mr. Hennessy: Can’t Allende use it against us by invoking the foreign devil theory?

Mr. Helms: Yes, perhaps.

Mr. Crimmins: It’s clearly a net plus for Allende, and I want to stress that the episode is not played out yet. It will be exploited by Allende in the General Assembly, the OAS, UNCTAD, in every forum and at every opportunity.

Mr. Helms: I agree, but at the beginning we thought we’d really had it on this one and it hasn’t turned out so bad after all. The discontent of the Chilean military is unchanged, for example.

(Mr. Flanigan arrived).

Mr. Kissinger: What’s triggering the discontent in the military?

² Not attached. A copy is in Central Intelligence Agency, Executive Registry, Job 80B01086A, Box 12, Subject Files, Chile, Office of National Estimates. The text of the memorandum is *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 105.

³ See Document 296.

Mr. Helms: The Russians want to give them a lot of money; they are offering military equipment for re-equipping the Chilean Army and Allende wants to take it. However, the Chilean military leaders are conservative. They don't like dealing with the Russians and don't want to become dependent on them for their military supplies and equipment. They are also reluctant about changing the equipment they have.

Mr. Irwin: And now they have a military man in the cabinet.

Mr. Crimmins: They had one in the previous cabinet; they've had military men in the cabinet before, but not very many. The new one is the Minister of Mines and he is essentially a technician. The military aren't very happy about it because it cuts both ways. They may have some increased influence, but they also share the responsibility of government actions.

Mr. Leddy: The Defense Attaché reports that the military are unhappy about accusations that they have been involved in coup plots. By making frequent allegations against them, the Ministry of Justice is keeping the military on the defensive.

Mr. Crimmins: We were in pretty good shape in Chile prior to the ITT problem. The economy was going to pot and the problems were clearly of Allende's own making. He wasn't able to blame any foreign devils until the ITT affair.

Mr. Leddy: We have a very serious problem with foreign military credits. The Russians have offered \$300 million and we haven't been able to offer anything to counter it. We have requested an increase in our FMS credit from \$5 million to \$10 million, but we haven't been able to get it approved. The Chilean military need that small amount badly. If they can get it, they will be able to use it to argue against the Russian offer. If they get nothing, it will be very difficult for them to turn down the Russians.

Mr. Kissinger: Who is holding it up?

Mr. Leddy: Treasury won't approve it.

Mr. Crimmins: Let me explain this matter. The SRG reserved judgment on the amount of FMS credits to Chile, then State and Defense got together at the Assistant Secretary level and agreed to a figure of \$10 million. However, we were concerned about going to the Hill and asking for an increase of 100% in the FMS credits for Chile at a time when they are nationalizing U.S. companies, so we agreed that it would be presented to the Senior Review Group for decision before anything is done.

Mr. Kissinger: Will you tell me what the purpose of an SRG meeting is if you get together at State and Defense and make the decision before the meeting?

Mr. Crimmins: We were acting in the proper role of assistant secretaries; consulting at that level and then presenting our conclusions to the SRG for decision.

Mr. Kissinger: Then if we had to turn you down I would be the SOB again.

Mr. Crimmins: I think it would be a serious mistake to refuse to do it.

Mr. Kissinger: I think I'll write a book on bureaucratic methods.

Mr. Crimmins: It was all perfectly proper.

Mr. Hennessy: We (Treasury) have a problem with this, but it is primarily one of timing. It would have been bad to increase FMS credits to Chile before the Paris meeting. The Paris meeting is supposed to end next Tuesday⁴ and we would like to make a decision on the FMS credits on Wednesday. We expect to approve it.

Mr. Leddy: We want to get something approved so we can assure the Chilean military we plan to stay with them, and to keep them from accepting the \$300 million the Soviets are offering.

Mr. Irwin: We'd like to move on this after the Paris meeting.

Mr. Rush: The Chileans are paying their military equipment debts; those are not involved at all in the debt extensions being requested at Paris.

Mr. Kissinger: Let's discuss the debt rescheduling issues. The State paper⁵ suggests three options: 1) to insist that Chile acknowledge the obligation to pay in full all government and government-guaranteed obligations, including Braden and Anaconda; 2) to require Chile to acknowledge the obligations, but in the event of differences after Chile's courts have acted, both parties would agree to binding arbitration under international law; or 3) to insist on a statement recognizing Chile's obligation to honor all debts and requiring Chile to meet this obligation through either bilateral negotiations or arbitration. Chile, I am sure, would not accept number 1. So the question is which would we prefer, negotiation or arbitration?

Mr. Irwin: I would like to ask Mr. Hennessy how far he thinks we should fall back from our position if it looks as though we are going to be isolated at Paris and at what point we should break completely with the other members of the Paris Club.

⁴ April 17.

⁵ Presumably the State Options Paper attached to Document 294.

Mr. Hennessy: That's the key issue. The question of arbitration has not yet come up at Paris. We've been reluctant to introduce the idea of arbitration because we at Treasury feel that we're likely to get less than a satisfactory agreement with eleven other countries involved. We prefer to negotiate an agreement bilaterally that is acceptable to us and to the Congress. We have not mentioned arbitration in any of our discussions at Paris or with the Chileans; we don't want to introduce the principle.

Mr. Irwin: On the other hand, we don't want to get ourselves too closely tied to bilateral negotiations, because the Latins don't care much for the concept of arbitration and they aren't likely to start out on a bilateral basis and then switch in midstream to arbitration.

Mr. Rush: Our position in Chile is a strong one. They have expropriated our property without adequate compensation. It is a position we can justify before world opinion. We can put it to the World Court and win.

Mr. Hennessy: I don't believe we can use that kind of forum to achieve a settlement. We are interested in getting a settlement. The Chileans have to come to a decision to settle before we can make any progress with them. Once they have made that decision, the forum is irrelevant. If we sign some agreement to go to arbitration, they will then start delaying and at the same time will apply to the IFIs for a series of new loans.

Mr. Kissinger: Then you (Treasury) are against arbitration?

Mr. Hennessy: No, we are against proposing arbitration at this time.

Mr. Crimmins: Our (State) lawyers think it would be a very significant advance in international law to get an agreement on arbitration in such a significant case as Chilean copper. If arbitration were agreed to, would the international financial institutions be all that agreeable to new loans for Chile? I'm doubtful about that.

Mr. Hennessy: We (Treasury and State) disagree basically on the issue of arbitration.

Mr. Rush: In bilateral talks, it is difficult to break off discussion if things are going badly without being accused of bad faith. In arbitration, it is difficult either to break off or to be blamed for it.

Mr. Hennessy: We see arbitration as a face-saving device for Allende, which will permit him to go out and solicit new loans.

(Mr. Volcker arrived)

Mr. Kissinger: So you don't want anyone to suggest arbitration because it may be a face-saving device for the Chileans; but it would not be a way out of their economic problems for them, would it?

Mr. Hennessy: No, no one suggests that it would be a solution to their economic problems.

Mr. Irwin: They say they have not yet completed the constitutional process involved in the expropriations.

Mr. Volcker: They have severe psychological problems to contend with.

Mr. Kissinger: I am trying to determine your (Treasury's) position. If you don't want arbitration, then you want bilateral negotiations, is that correct?

Mr. Hennessy: That's right.

Mr. Kissinger: You don't want arbitration but will accept it, which means that we can't suggest arbitration to move the negotiations along.

Mr. Crimmins: I think it's quite likely that the Chileans will raise the issue on their own. I suspect that they will cite their readiness to go to arbitration on some narrow issue to demonstrate that they are trying to be conciliatory. In our opinion, their readiness to go to arbitration is not mere face-saving. It would be an important step for the Latins. Historically, they have been opposed to arbitration in principle and if we could get the Chileans to agree to it in a major case it would be a very important precedent for future compensation cases in Latin America.

Mr. Hennessy: But before any arbitration can begin you have to exhaust all local remedies and that may be forever when you get into local courts. It's now been four years in the IPC case in Peru.

Mr. Crimmins: Well, we're not pushing on IPC.

Mr. Irwin: And there is the Hickenlooper Amendment, too.

Mr. Hennessy: Hickenlooper doesn't apply here.

Mr. Kissinger: Just what is it that the President is supposed to decide?

Mr. Hennessy: Arbitration or no arbitration.

Mr. Kissinger: If arbitration is being discussed as a possibility around town I'm sure it's already been dropped to the Chileans.

Mr. Flanigan: If the Chileans say they want to go to arbitration, is there any reason our delegation can't request instructions?

Mr. Hennessy: We don't want to pin down our negotiator that way and tie his hands.

Mr. Kissinger: Who is our negotiator?

Mr. Hennessy: I am.

Mr. Kissinger: Now it is all perfectly clear.

Mr. Hennessy: We want to keep the pressure on Allende to settle, that's the key point.

Mr. Flanigan: Does it really keep the pressure on him if he gets an agreement with the other members of the Paris Club?

Mr. Irwin: That's what we want to avoid at all costs.

Mr. Rush: That would be the worst of all worlds.

Mr. Irwin: We would like to see some form of statement come out of the Paris meeting that recognizes the principle of compensation. If we don't get that, wouldn't it be better simply to walk away? State prefers that we stay with the Paris group, if we get a statement, even a statement in principle.

Mr. Kissinger: (to Hennessy) As I understand your view, you will accept arbitration but don't want to introduce it. You would like to stay with the group, but would leave if necessary. That seems quite clear; now why are we all here?

Mr. Flanigan: Is there a chance the Paris Group will have an acceptable statement on expropriations for consideration?

Mr. Hennessy: Yes, I think they will. There are several drafts around. There is a Spanish proposal and the French have a draft position that looks pretty good, so the question of our walking out may be a non-starter.

Mr. Rush: We should have our own draft and go in with a firm position, not wait around to see what is proposed by someone else.

Mr. Hennessy: The Chileans have never been pinned down before on the expropriation issue.

Mr. Kissinger: Will they be pinned down now?

Mr. Hennessy: Definitely.

Mr. Kissinger: If an unacceptable position is presented at Paris will it be referred here?

Mr. Volcker: It will be presented ad referendum.

Mr. Kissinger: Can you get a recess while you seek instructions?

Mr. Irwin: We will follow it carefully and seek a recess if necessary.

Mr. Kissinger: We here shouldn't get into the question of how arbitration is to be raised, but before we get into a position that isolates us from the other countries, can we be informed?

Mr. Hennessy: It would be very difficult. Things move very fast at these meetings and they can't always be stopped for one delegate to send a cable.

Mr. Kissinger: Why not place a telephone call?

Mr. Irwin: The time difference is advantageous.

Mr. Hennessy: I just don't know if it will be physically possible.

Mr. Helms: Mr. Hennessy is being broken to the saddle.

Mr. Volcker: Instead of tying him down like this, let's just say that he's not authorized to sign anything without approval from here.

Mr. Irwin: Is it agreed that if you get no acceptable language on expropriation you will break off?

Mr. Hennessy: Yes, if there is no language.

Mr. Irwin: Or if it is clearly unacceptable?

Mr. Hennessy: Yes, but the French proposal looks pretty good.

Mr. Crimmins: Our lawyers don't like the French language.

Mr. Kissinger: We need a chance to go it alone if things are not going well for us.

Mr. Irwin: I think we should decide these matters now. We will have a tough time making decisions at the last minute if we are not agreed in advance.

Mr. Hennessy: If it is necessary, we will separate from the other countries. I can see a possible announcement that we have so many bilateral problems with Chile that we plan to go to bilateral negotiations with them. That would not be seen as breaking off, but switching from multi-lateral to bilateral discussions.

Mr. Kissinger: I have to go to a meeting with the President. Pete (Flanigan), would you take over?

Mr. Crimmins: The best possible outcome for the Chileans would be for them to reach agreement with the other creditors, isolating us. So we feel that our isolation, resulting from a breakoff, would be the least desirable result for us and the best for them.

Mr. Hennessy: This matter has been brought up before in the Paris Club. We don't expect to settle it there, but we want to get a principle established on expropriation. The Paris Club has been much stronger on the issue of non-repayment of debt than on expropriation.

Mr. Crimmins: The odds are pretty good that there will be a statement on expropriation that is acceptable to us.

Mr. Hennessy: That is our judgment, too.

Mr. Flanigan: I see two basic alternatives here: 1) we don't know what is going to develop at Paris, so we give Hennessy the option to use his judgment and knowledge of the situation, and to act accordingly, or 2) we could have him keep in touch with Secretary Connally and seek guidance on what to do as the situation develops. I think the second alternative is preferable.

Mr. Irwin: Certainly the second one is preferable, but Hennessy has a time problem and I am not sure he can do it.

Mr. Volcker: We can tell him that he can't sign anything without checking.

Mr. Flanigan: Or that he can't sign without specific authorization. You're saying it's easier for him to check with Treasury and therefore Treasury should make the decisions.

Mr. Hennessy: As I say, the prospects for an acceptable statement look good, but there could be a combination of factors or wording that won't look good here domestically or in the Congress.⁶

Mr. Flanigan: (to Mr. Hennessy) Do you feel that you understand the mind of this group?

Mr. Hennessy: Do I have the authorization to sign or to break off? I need the authority to sign if we get what we want.

Mr. Flanigan: I have no problem with your signing if we get what we want, but you should check before breaking off.

Mr. Volcker: Should he check with Connally?

Mr. Flanigan: I don't think that authority can be delegated to Connally without a decision. In any event you (Hennessy) will be checking with Secretary Connally either way?

Mr. Hennessy: Yes.

⁶ The memorandum of understanding issued after the final Paris Club meeting on April 20 included the statement that Chilean negotiators "confirmed their policies of recognition and of all foreign debt and their acceptance of the principles of payment of a just compensation for all the nationalizations in conformity with Chilean and international law," (Jonathan C. Randal, "Chile and Creditors Agree on Rescheduling of Debts," *Washington Post*, April 20, 1972, p. A8)

299. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, April 28, 1972.

SUBJECT

Chile Financial Issues

Two significant events affecting our political and financial relations with Chile have occurred:

—President Allende announced before a large political rally of his supporters on April 18 that he would send legislation to the Chilean Congress for expropriation of all ITT holdings in Chile.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII. Confidential. Sent for information. A stamped notation on the memorandum indicates the President saw it.

—Chile's foreign creditors meeting in Paris have reached agreement first with each other and then with Chile on a multilateral debt rescheduling agreement.² The agreement was ad referendum but it will probably be acceptable to us.³

There is apparently no causal connection between these two events. In announcing the ITT expropriation, Allende was probably reacting to domestic political pressures, especially a massive march and rally staged last week by the opposition parties in which as many as half-a-million people may have participated. The Popular Unity forces (UP) supporting the government staged a counter-rally on April 18 and the government pulled out all the stops to at least equal the show put on by the opposition. Allende presumably had to make a major gesture to satisfy the appetites of his supporters which had been aroused for the occasion. There is every indication he was prepared to accept certain costs, including increased difficulty in reaching agreement with Chile's creditors at Paris. On April 18 he called in our Ambassador and informed him that a major policy shift on ITT was in the offing. He also made a clear distinction between ITT and the U.S. Government, saying he understood the U.S. Government was not involved in ITT's plotting against his Government. He has since told our Ambassador that he intends to compensate ITT and will not resort to complex legal devices to reduce compensation (as in the case of the copper companies).

The Paris club members, including ourselves, had already reached substantial accord on a debt rescheduling agreement before Allende's announcement of the ITT expropriation. The terms included:

—a single year consolidation period, giving us an opportunity to reopen the issue at the end of this year if we wish to do so;

—agreement by Chile to pay all external public debt whether owed to governments or private corporations;

—agreement by Chile to provide just compensation for all nationalized property.

These terms were accepted by the Chilean delegation. After news of the ITT expropriation reached Paris, however, the Paris club members called in the Chilean delegate and asked him if ITT would be included under the terms of the agreement. He declared that the ITT nationalization announcement was a coincidence and that compensation would be paid in accordance with domestic and international law.

Holdings of ITT in Chile include: The Chilean Telephone Company, a telephone equipment manufacturing concern, two hotels and a

² Nixon circled the last phrase of this sentence and wrote in the margin, "note next page."

³ Nixon wrote in the margin, referring to this paragraph, "check with Connally." In addition, he underlined the phrase "acceptable to us," and wrote, "not to me."

minor publishing firm. The total value of its holdings is approximately \$170 million, of which \$150 million is invested in the Chilean Telephone Company. Approximately \$100 million is covered by OPIC insurance. The Chilean Government intervened in the telephone company assuming direct control of its management last year. Under Chilean law the act did not constitute expropriation, but OPIC concluded that it was sufficient to justify payment of an insurance claim if ITT chose to file one. ITT has not done so in the hopes of reaching some kind of negotiated agreement with the Government of Chile.

We can expect proceedings to be protracted in the cases of both ITT and the copper companies, and we can expect that the Allende government will continue to avoid payment of either debts or compensation to major American companies. Nevertheless, its acceptance of a commitment to pay debts and make compensation in the international context of the Paris club is a major step forward.⁴

⁴ Nixon wrote at the end of the memorandum, "K[issinger]—Submit this to RN for decision."

300. Editorial Note

On Tuesday, May 16, 1972, the Chilean Foreign Ministry announced that its Embassy in Washington, D.C. had been burglarized over the previous weekend. A Foreign Ministry spokesman described the incident as a "serious matter"; an Embassy press attaché reported that "so far nothing important is missing," other than "four or five transistor radios," as well as an unspecified number of books and documents. The Department of State, nonetheless, released a statement of regret over the incident. ("Chile Embassy Burglarized," *Washington Post*, May 17, 1972, p. B3) Although the D.C. Metropolitan Police Department and the Federal Bureau of Investigation subsequently abandoned the case as unresolved and unimportant, other investigators—including newspaper reporters, congressional staff, and federal prosecutors—began by January 1973 to explore a possible connection between the break-in at the Chilean Embassy and the break-in one month later at Democratic National Committee headquarters in the Watergate Office Building, in particular, allegations that the burglars in both cases had been associated with the so-called "Plumbers," the White House Special Investigations Unit.

The Senate Subcommittee on Multinational Corporations, chaired by Frank Church (D-Idaho), also investigated the break-in at the Chilean Embassy. The subcommittee staff examined, in particular, whether International Telegraph and Telephone (ITT)—which, due to allegations of improper involvement in Chilean political affairs, was already a primary subject of its investigation—had been involved. In a memorandum to Church and other members of the subcommittee on February 28, Jerry Levinson, the chief counsel, outlined his initial findings:

“The present line of inquiry began several months ago when we learned that the Chilean Embassy had been broken into in May 1972, several weeks before the Watergate affair. The staff interviewed the D.C. Police and the FBI who investigated. Both dismissed the break as a routine break-in by a juvenile offender. Careful investigation of the circumstances leads us to the conclusion that it was not routine. Valuable office equipment and cash were left untouched. The Ambassador’s office and the office of the First Secretary were both searched and files were inspected. The thieves walked past several more attractive offices to get to the First Secretary’s office, suggesting they knew where they were going.

“At the same time, a source with excellent contacts in the Cuban community told the Subcommittee staff that Frank Sturgis had told other people that he and [Eugenio] Martinez and [Virgilio] Gonzalez, two other Watergate defendants, had broken into the Embassy to photograph documents.”

Levinson emphasized, however, that the case was “circumstantial” and without “hard evidence of ITT involvement.” (Memorandum from Levinson to Church, February 28, 1973; Digital National Security Archives)

Although preoccupied with Watergate, the White House also followed developments in the Chilean Embassy case. During a meeting with J. Fred Buzhardt, Jr., Counsel to the President, in the Oval Office on May 16, 1973—one year after the burglary at the Chilean Embassy and one day before the Senate Watergate Committee began televised hearings—President Richard Nixon suggested not only that there was a connection between the two break-ins but also that Buzhardt’s predecessor, John Dean, was responsible.

Nixon: “Well, when you get down, for example, to the break-in at the Chilean Embassy. That thing was part of the burglars’ plan—”

Buzhardt: “That’s right.”

Nixon: “—as a cover.”

Buzhardt: “That’s true.”

Nixon: “Those assholes are trying to have a cover—or a CIA cover. I don’t know. I think Dean concocted that.” (National Archives, Nixon Presidential Materials, White House Tapes, Conversation 920–9)

Nixon's comments came two weeks after he had fired Dean and six weeks before Dean began to testify against Nixon before the Senate Watergate Committee. In 1999, Dean addressed Nixon's accusation, remarking, "This stuff is laughable; it's unbelievable." (George Lardner and Walter Pincus, "Washington Burglars Broke Into Chilean Embassy as Cover, Tapes Show," *Washington Post*, February 26, 1999)

Two days after the meeting between Nixon and Buzhardt, Acting Attorney General Elliot Richardson announced the appointment of Archibald Cox as Watergate Special Prosecutor. On the basis of information collected over the next two months, including grand jury testimony, police reports, and newspaper accounts, the Watergate Special Prosecution Force decided to investigate allegations that several of the burglars who had broken into Democratic National Committee Headquarters may have also broken into the Chilean Embassy. In a memorandum to the files on June 17, 1975—exactly three years after the break-in at Watergate—Nick Akerman, the Assistant Special Prosecutor assigned to the case, summarized his investigation. Despite lacking direct evidence that the Watergate burglars were involved in the Chilean Embassy break-in, Akerman concluded that there were "four circumstantial factors which strongly indicate that they were."

"First are Sturgis' admissions of his involvement to reporters. Second is the fact that on June 21, 1973, four days after the arrests at the Watergate, the FBI received information that Barker's men had broken into the Chilean Embassy in mid-May. Third is the information from former CIA Director Schlesinger that someone in the CIA told him that Hunt had been involved in this burglary. Fourth, there is nothing to disprove that Barker or any members of his group were not in Washington, D.C. when the burglary occurred." (National Archives, RG 460, Plumbers Task Force, Investigations of Alleged Illegal Activities, Box 5, Chilean Embassy Burglary, 6, Recommendations)

301. Memorandum of Conversation¹

Santiago, July 9, 1972.

PARTICIPANTS

[*name not declassified*]

[*name not declassified*]

[*name not declassified*]

[*name not declassified*]

Daniel N. Arzac, Jr., Political Counselor

SUBJECT

Political Situation

1. [*name not declassified*] did most of the talking, the others inserting themselves from time to time to reinforce a point. [*name not declassified*] said he had invited me to meet informally with the leaders of the 35 PDC parliamentarians (probably Deputies), who are not entirely happy with the way the PDC is going under its present leadership. They were dissatisfied with the assistance in effect given by the U.S. to Allende such as in the debt renegotiation, and they hoped that, with the U.S. elections out of the way, the next sessions in December would find the U.S. taking a stronger line.

2. [*name not declassified*] main pitch, presented persuasively and eloquently, was that the present assistance being provided to the PDC from U.S. sources should not be put in the hands of the present leadership of the party. We were thereby playing into the hands of those who want to cooperate with Allende. Fuentealba's group in the party is fundamentally the same in its philosophy as those who left the party, and the links with those who went to the UP remain. Fuentealba's basic ambition is to be Chile's next president, and he will cooperate with Allende in pursuit of this goal. The Fuentealba group uses the funds received from the U.S. and elsewhere abroad as a weapon to keep the more level-headed Frei-liners under control. Examples were given of the heavy expenses a Deputy has to meet, which would be impossible without the help of the party. Indeed, there were 20 members of the group of 35 [*name not declassified*] had mentioned who literally were unable to go to Coquimbo to campaign.

¹ Source: National Archives, RG 84, Santiago Embassy Files, Box 17, Allende Government, July–August, 1972, NND 989625. Secret. Drafted on July 10 by Arzac. The meeting was held at the apartment of [*name not declassified*]. Arzac wrote on the upper right-hand corner of the page, "SENSITIVE. If discussion necessary, go to 'tank' for it. Do not discuss with other Sections' officers without clearance from me." He initialed his comment.

3. [name not declassified] mused that given their philosophy, it was understandable that the European Christian Democrats, [less than 1 line not declassified] should be assisting the Fuentealba faction. American firms operating in Chile had unaccountably taken a similar view, perhaps feeling that the harder-line PDC majority was in any case sympathetic and that they should look to Chilean sources for help. The latter had in fact mostly helped the PN, and those still in a position to contribute understandably continue to help the PN. [name not declassified] said Eduardo Frei had telephoned from Europe that he would withdraw from the PDC should it reach an agreement with the UP on the "three areas."

4. Through [name not declassified] I would be introduced in the near future to the career official in charge of narcotics work who was fired by the present authorities. I would learn from him in detail how the Allende officials are personally involved.

5. The Deputies were highly complimentary about the July 4 reception, remarking that the Soviet Embassy is the only other mission which invites all members of Congress to its National Day celebration.

6. [name not declassified] expects to become President of the Chamber of Deputies in the near future.

7. [name not declassified] remarked early in the conversation that what is significant in the present political situation is that the UP has managed to consolidate a solid 40 percent support from the Chilean electorate and that this development had serious political implications for the future. [name not declassified] in particular denied that the UP had gained so high a figure, arguing that 35 percent was probably more accurate, but he and the others agreed that even at this lower figure the picture was not good. The four Deputies were gloomy about the prospects in the Coquimbo by-election scheduled for July 16.²

² The UP won this election. See *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 117.

302. Information Memorandum From the Acting Assistant Secretary of State for Inter-American Affairs (Crimmins) to Secretary of State Rogers¹

Washington, July 25, 1972.

Chile: Recent Developments

Political Developments

The Allende government is nearing the end of its second year in power beset by deepening political and economic problems. While it has accomplished much of its revolutionary program, its popularity has slipped steadily from its high point of 50 percent in municipal elections in January 1971, compounding its problem of dealing with an opposition-controlled Congress. The governing Popular Unity coalition (UP) itself is divided on tactics, with the Socialists generally pressing for acceleration of the revolution and the Communists for its consolidation. The opposition has capitalized on the government's poor economic performance and a series of political mistakes, and is beginning to concentrate energies on the March 1973 Congressional elections. The current outlook is that it stands a good chance to retain, if not increase, its appreciable majority in the Congress. It takes comfort in the demonstrated inability of the UP to win a popular vote majority in the various municipal elections, Congressional by-elections and university elections which have been held up to mid-July. The UP won the July 16 Congressional by-election in Coquimbo, but the opposition emphasizes the six percent decline in the UP vote from the April 1971 municipal elections in this traditional UP stronghold. In recent elections within the CUT (National Labor Confederation), long dominated by the Communists, the opposition Christian Democrats made impressive gains.

Following a breakdown in talks between the Christian Democrats (PDC) and the UP on a proposed constitutional amendment restructuring the economy, PDC Senators on July 7 joined other opposition forces in rejecting Allende's veto of the PDC-sponsored version of the bill. The bill now goes to the Chamber of Deputies. The opposition claims only a simple majority is needed to override the veto; the UP contends that a two-thirds vote is required. In another manifestation of the virtual political impasse now prevailing between the UP and the opposition, the Chamber of Deputies on July 5 approved impeachment

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 15 CHILE. Secret. Drafted by Fisher.

charges against Socialist Interior Minister Del Canto, resulting in his automatic suspension from office.

Allende and the UP are approaching a political crisis, aggravated by the intractability and seriousness of the country's economic problems (see below). In May a small ultra-leftist faction (MIR) demonstrated in the streets of Concepcion against what it considered the excessively slow pace of the revolution. The resulting disorders led to exposure of serious differences within the UP on how to deal with basic political and economic problems. A top-level UP conclave lasting about three weeks failed to reconcile the differences, and a major speech by Allende which was to define a newly agreed policy was delayed until July 24 and still failed to set forth any new departures. The speech nevertheless is one of the government's frankest admissions thus far of the seriousness of its economic problems. It reiterates vague accusations of external pressures, including an allegedly deliberate reduction in lines of credit from the United States. It exhorts Chilean workers to prepare themselves for austerity.

There are indications that Allende will soon announce specific new economic measures tightening the squeeze on the middle and upper classes, and requiring the workers to produce more without expectation of continued increases in their standard of living. There are reports that he may also announce new social measures, which could provide clues on the direction the acceleration vs. consolidation conflict within the UP might be taking.

For a thorough discussion of the outlook in Chile as of the end of June, see NIE 94-72 entitled "Chile: The Alternatives Facing the Allende Regime", at Tab A.²

Economic Developments

As Allende stated in his July 24 speech, the Chilean workers income increased 55 percent during 1971 while prices increased 22.9 percent. This significant increase in working class consumption required massive food and other consumer item imports which, together with other changes in capital flows resulting from UP policies, virtually used up the nearly \$400 million foreign exchange cushion which Allende inherited from the Frei government.

Low productivity in the mining sector and continued low copper prices have limited Chile's exchange earnings from its principal export—copper accounts for 75 to 80 percent of the total. Despite the partial rescheduling of foreign debt repayments falling due during the 14 months ending December 30, 1972, and despite claims of new credits

² Tab A, the June 29 NIE 94-72, is not attached. See *Foreign Relations, 1969-1976*, vol. E-16, Documents on Chile, 1969-1973, Document 116.

totaling \$400 million from the socialist world, including \$260 million from the USSR announced in mid-July, Chile faces a grave balance of payments deficit in 1972, possibly as much as \$300 million.

Inflationary pressures built up by the GOC's decision to raise worker consumption levels have begun to force the inflation rate into a steep upward spiral from the relatively stable and moderate (for Chile) figure of about 25 percent per year which has prevailed during the past year or so. GOC policies produced in 1971 a negative investment rate in the private sector of 16 percent. This, together with a low rate of new investment in the public sector and slack labor discipline and productivity, will make it extremely difficult for the GOC to bring industrial production to its minimum goals. Its agrarian reform program has sowed uncertainty and confusion in the rural sector, with adverse effect on agricultural production. Resulting shortages of consumer goods are day-by-day forcing the GOC closer to unaccustomed rationing. We can expect to see the GOC resort to a variety of measures to reduce the buying power of the middle and upper classes, the most recent sign being an intelligence report on its intent to call in and replace all currency in circulation. Presumed purposes would be to reduce the money supply and to frighten holders of accumulations of currency into forfeiting them rather than risk exposure to charges of illegal or irregular acts.

Status Report on U.S.–Chile Issues

On April 19 we signed the Paris Club Memorandum of Understanding which opened the way to bilateral debt rescheduling negotiations between the GOC and creditor governments. The Memorandum of Understanding contained undertakings by Chile to recognize the validity of, and to repay, all debts contracted or guaranteed by the GOC; and in cases of nationalization, to grant just compensation in accordance with Chilean legislation and international law as reflected in the principles of Resolution 1803 of the UN.³ In entering into preliminary bilateral negotiations with Chile last June, we made it clear that we expected the debt and compensation issues to be dealt with parallel to our talks on debt rescheduling.

Our bilateral debt rescheduling talks have thus far not gone beyond the exchange of technical information.

There has been no progress registered on debt and compensation matters. The Special Copper Tribunal created by the copper expropria-

³ UN General Assembly Resolution 1803, adopted December 14, 1962, states that "The right of peoples and nations to permanent sovereignty over their national wealth and resources must be exercised in the interest of their national development and of the well-being of the people of the State concerned." (UN Document A/5217; Resolution 1803 (XVII), adopted December 14, 1962)

tion amendment to the Constitution reportedly will hand down a decision in August on the appealability of Allende's excess profits rulings. These rulings had the effect of putting Anaconda and Kennecott in a negative compensation position with respect to their expropriated investment in Chile.

For a current status report on Chile debt rescheduling, see the memorandum at Tab B.⁴

⁴ Attached but not printed.

303. Central Intelligence Agency Intelligence Information Cable¹

TDCS DB 315/07314–72

Washington, August 29, 1972.

COUNTRY

Chile

DOI

Late August 1972

SUBJECT

Efforts by Patria y Libertad (P&L) and Business Leaders To Provoke a Coup Within 60 Days; Attempt by Business Leaders To Establish Contact with General Canales

Summary: Patria y Libertad (P&L, an extreme right-wing, anti-government organization) and a substantial portion of the business community are undertaking actions to increase discontent and incidents of violence, especially in the Santiago area, in order to create an atmosphere in Chile which would be propitious for a military coup. The business leaders involved are trying to foment strikes and labor conflicts, while P&L will attempt to provoke incidents of violence. Business leaders are also trying to persuade Congressmen to delay action on the government's bill to increase salaries in order to further public discontent. [*less than 1 line not declassified*] business leaders are also attempting to establish contact with General Alfredo Canales, Di-

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile, July–December 1972. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad; This Information Is Not To Be Included in Any Other Document or Publication.

rector of Army Instruction and a known opponent of the current government, in order to coordinate subversive activities. *End summary.*

1. [1 paragraph (5 lines) not declassified]

2. Patria y Libertad, along with a large segment of the business community, is attempting to provoke the armed forces into a coup within the next 60 days. [name not declassified], one of the principal business leaders in Chile, is working closely with P&L in these efforts. The basic plan of P&L is to foment disorders and discontent wherever possible, but especially in Santiago, in an attempt to build a political atmosphere which would be propitious for a military coup. As part of this plan, P&L is encouraging residents of Santiago to continue the "Banging of Pots" every night at 10:00 p.m. The purpose of this is to attempt to provoke the youth brigades of the Popular Unity (U.P.) government into acts of violence in attempts to silence this form of anti-government expression. ([less than 1 line not declassified] comment: "Pot Banging" at 10:00 p.m. became almost a nightly ritual in some parts of Santiago in the days following the 21 August disturbances.² According to *El Mercurio* of 28 August, groups of U.P. supporters have been using intimidation tactics, including the throwing of rocks at residences, in an effort to discourage widespread participation in this action.)

3. Efforts are also being made by business leaders in Bio-Bio Province to exploit the closure by the government of the Radio Agricultura affiliate in Los Angeles. ([less than 1 line not declassified] comment: The Radio Agricultura affiliate in Los Angeles was closed by the government on 25 August for what was termed its "clear instigation" in connection with the violence which occurred in that city.) Benjamin Matte, President of the National Society of Farmers, who is also cooperating with P&L, will go to Los Angeles to talk with farmers and merchants in the area and attempt to foment strikes of protest in relation to the closing of the radio station. ([less than 1 line not declassified] comment: *El Mercurio* of 29 August reported that the business leaders in Los Angeles had agreed that a "total strike" of commercial establishments, industries, and farms in the province would begin at 8:00 a.m. on 29 August. *El Mercurio* also published a lengthy list of organizations in Bio-Bio Province which had agreed to adhere to the strike.) Matte has also spoken to Deputies Patricio Phillips of the PN and Luis Pareto of

² On August 21 in Santiago, demonstrators were arrested after they tried to stop government officials from opening shops closed for a 24-hour protest strike, and housewives protested by banging pots. Allende declared a state of emergency. ("State of Emergency Declared by Allende," *New York Times*, August 23, 1972, p. 1) The so-called "Banging of Pots" began that night at 10 p.m. as housewives banged empty aluminum pots in protest against economic hardships. (Joseph Novitski, "Allende's Economics Run Afoul of Household Budget," *ibid.*, August 29, 1972, p. 4)

the Christian Democratic Party (PDC), both of whom are members of the Finance Commission in the lower house of Congress, to urge them to delay action on the government's bill to provide salary increases in order to increase public discontent. Phillips and Pareto agreed to do this.

4. P&L claims that its military contacts feel as it does; i.e., that political parties have failed; that a new nationalistic movement is needed in Chile; and that when the military moves, it will do so against all political parties, not merely the leftist ones. (*[less than 1 line not declassified]*) P&L had an internal crisis about a month ago. Some leaders were in favor of legitimate political action to remove President Salvador Allende, but these leaders were either removed from the organization or "reoriented," and the more extreme viewpoint, as espoused by P&L President Pablo Rodriguez, now prevails.)

5. *[1 paragraph (3 lines) not declassified]*

6. *[1½ lines not declassified]*, in representation of the business community, spoke with Lt. Colonel Ramon Letelier, aide to Army General Alfredo Canales, and a personal friend of *[name not declassified]* of long standing. *[name not declassified]* requested that an interview be set up with Canales, when the latter returns to Santiago. The *[less than 1 line not declassified]* leader told Letelier that the business community feels that it cannot rely on the political parties, that time is running out and that coordination is necessary between the business community and General Canales.

7. Letelier told *[name not declassified]* that he would attempt to arrange an appointment with Canales; *[1½ lines not declassified]*. The Army officer then asked *[name not declassified]* what the business community could do for the military. *[name not declassified]* replied that business leaders were attempting to foment conflicts and strikes. He added that the business community does not want a commitment from Canales, it merely wants to coordinate its plans with him and to offer him whatever support he might want, either in provoking incidents or in providing technical assistance to a military government, once it is established.

8. During the conversation, Letelier confided to *[name not declassified]* that a number of key unit commanders stand ready to move whenever they are called upon to do so by General Canales, that the military also feels political parties are not the solution to Chile's problems, and that a new nationalistic approach is needed.

9. (*[less than 1 line not declassified]* comment: *[less than 1 line not declassified]*), TDCSDB-315/06794-72, and *[less than 1 line not declassified]*

TDCSDB–315/07032–72,³ [1½ lines not declassified] are earlier reports on P&L plans to carry out violence in an effort to provoke a coup. Referenced reports alleged that Rodriguez was in contact with Generals Canales, Forrestier, Alvarez and Arturo Vivero Avila, Director of Army Administrative Support, in relation to his plans. While it cannot be ascertained at this time what success P&L and the business leaders will have in their efforts, there appears to be little doubt that political tensions are increasing in Chile. The Movement of the Revolutionary Left (MIR) issued a public statement on 28 August announcing that it and other revolutionary elements would attempt to impede the planned demonstration on 30 August by the opposition parties in Concepcion to protest the price increases of consumer items. According to *El Mercurio* of 29 August, the Socialist Party (PS) has declared itself “in a state of alert.” *El Mercurio* of the same date also provided extensive coverage of the 28 August confrontation between secondary students and national police, which came about as a result of efforts by PDC and PN secondary students to dislodge MIR students from a Santiago high school. Public demonstrations against the government during the next few weeks are expected to continue, as are student protests and probably additional strikes.)

³ None found.

304. Memorandum From the Chief of the Western Hemisphere Division of the Directorate of Plans, Central Intelligence Agency (Shackley) to Director of Central Intelligence Helms¹

Santiago, August 30, 1972.

SUBJECT

The Deteriorating Situation in Chile

1. This memorandum forwards information for the DCI.
2. During August there has been further deterioration in the economic and political situation in Chile. More incidents involving ex-

¹ Source: Central Intelligence Agency, Executive Registry, Job 80B01086A, Box 12, Subject Files, Chile. Secret. Sent through the Acting Deputy Director for Plans. A copy was sent to the DDCI.

treme groups of the left and right can be expected. Still there is no firm indication that the military, the central factor in any realistic coup effort, is preparing to oust Allende.

3. The worsening economic situation is causing increasing polarization between government and opposition forces in Chile. Sharply mounting inflation, growing scarcity of consumer goods, currency devaluation, and acute shortages of foreign exchange are the principal causes of the current unrest. Sudden sharp rises in the prices of food staples decreed by the government in August have intensified opposition feelings and increased popular dissatisfaction. A national shop-owners' strike on 21 August 1972 was followed by a declaration of a state of emergency in Santiago for several days. Attempts by the government to weaken the strike led to incidents that resulted in general strikes in two southern provinces. High school students struck for twenty-four hours on 29 August to protest economic as well as scholastic grievances. The government's promise of substantial wage hikes by 1 October to mitigate price rises may cool passions somewhat during the coming weeks.

4. Antagonistic political groups, which have been attacking each other verbally all year, have lately taken to the streets in demonstrations and counterdemonstrations. Charges by the Popular Unity (U.P.) coalition that the opposition is engaged in "fascist sedition" have been matched by allegations that the government is bent on overthrowing democratic institutions. At the same time, the campaign for the March 1973 congressional elections is gathering steam and cannot be expected to lessen tensions by any reckoning. All 150 seats in the Chamber of Deputies and half of the 50 Senate seats will be contested. The government has no hope of winning control of either house from the opposition, so the issue revolves around which side can score net gains.

5. In the midst of these events, the case of the Argentine hijackers intervened to complicate matters for the government and upset President Allende's carefully contrived *détente* with Argentina.² So far, the Argentine reaction has been limited to the recall of its ambassador, but if President Lanusse decides on a stronger retaliation, such as the curtailment of beef shipments to Chile, Allende's economic troubles will be further exacerbated. On the other hand, if the Argentine reaction becomes too extreme, it will offer Allende an opportunity to turn the problem around to a nationalistic and patriotic aspect and distract the public from its economic woes.

² On August 15, a group of Argentine leftists raided a jail in Argentina, freed several political prisoners, and hijacked a jet that flew to Santiago. Ten days later, ten of the guerrillas were granted asylum by Allende and safe conduct to Havana. ("Argentina Recalls Envoy From Chile," *New York Times*, August 27, 1972, p. 9)

6. Militant right-wing groups, supported by business interests, are now beginning to try to exacerbate tensions in order to provoke the military into action. Leftist forces, led by the Movement of the Revolutionary Left (MIR), will undoubtedly meet the rightist challenge and further incidents in the city streets and rural areas could ensue. Although General Alfredo Canales has an organized coup following amongst key military officers according to past reporting, he has given no sign during the current unrest of feeling the time is ripe for him.

7. In short, numerous Station reports during the past month indicate some rise in political temperature in Chile; however, there is no indication the military is seriously considering a coup move despite increasing speculation on this possibility. It is a fair assumption that the political temperature will continue to be escalated by virtue of further economic deterioration as well as mutually provocative activity on the part of the extreme rightist and leftist political groups. Given the past pattern of the Chileans in similar circumstances, we would expect some action to be taken by the opposition and/or government before the situation becomes uncontrollable and critical.

Theodore G. Shackley³

³ Printed from a copy that indicates Shackley signed the original.

305. Editorial Note

From July to September 1972, U.S. Government officials closely followed the deteriorating political situation in Chile, including monitoring the political parties and private-sector organizations opposed to the Popular Unity (UP) government. Although Department of State policymakers stated that “US interests would ideally be served by a downward trend of UP government and concomitant strengthening of opposition,” they were concerned about the “‘adventurist’ tendencies” of the private sector organizations. As a result, policymakers did not believe the time was right for a coup because they feared that such a coup would not be successful, “in view of other reports of military coolness.” They feared funneling support to the private-sector organizations would send the Chilean opposition a “green light” as “our financial support to elements interested in bringing about a coup now might be, no matter how hedged about with conditions concerning ‘adventurism,’ the final determinant in a decision to go for a coup.” (Mem-

orandum from Assistant Secretary of State for Inter-American Affairs Meyer and Deputy Assistant Secretary of State Crimmins to Ambassador Nathaniel M. Davis, August 30; Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile, July–December 1972)

Department officials, however, kept the idea of funding the organizations on the back burner. Davis identified [*text not declassified*] as an organization “we may want to be able to work with at a later time.” While [*text not declassified*] appeared to be ready to collapse unless it received an immediate infusion of funds, Davis concluded that: “If you can see your way clear to supporting consideration in principle of private sector support in the Forty Committee, we could hold off implementation—including support in funds to [*less than 1 line not declassified*—for as long as possible and recommend it for quick CIA and State clearance only when local conditions make further delay critical to survival.” (Memorandum from Davis to Meyer and Crimmins, August 31; *ibid.*)

Another private sector group, *Patria y Libertad*, a right-wing political-military organization, differed from other groups as it had a specific 60-day timetable for a coup. Although it was not fully trusted by the other organizations, all groups shared information and the common goal to “bring about an extended nationwide strike during September or October.” An extended strike “would produce a national crisis” and as a result, “President Salvador Allende would declare a state of siege. Subsequently, the military would be called in to help run the government.” (CIA Intelligence Information Cable, TDCS DB-315/07400-72, September 1; *ibid.*)

Central Intelligence Agency officials monitored the strike-organization efforts and the plans of General Alfredo Canales to foment a coup. (TDCS DB-315/07455-72, September 5; 315/07480-72, September 8; 315/07572-72, September 8; 315/07724-72, September 14; *ibid.*) The NSC Staff concluded that the time was not right for an overthrow as “the essential condition for a successful coup against Allende would be broad support within the military, tacit support from the police, and fairly strong backing from the people and the political parties of the opposition. These conditions do not appear now to exist.” (Memorandum from Deputy Senior Staff Member of the National Security Council William J. Jorden to Assistant to the President for National Security Affairs Henry A. Kissinger, September 6; National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII)

306. Memorandum From the Chief of the Western Hemisphere Division, Directorate for Plans, Central Intelligence Agency (Shackley) to Director of Central Intelligence Helms¹

Washington, September 13, 1972.

SUBJECT

Chile: Likelihood and Possible Consequences of a Military Coup

1. This memorandum forwards information for the DCI.

2. On 30 August 1972 in a memorandum entitled "The Deteriorating Situation in Chile,"² WH Division indicated that the political temperature in Chile was rising but judged that no military coup was imminent. Since making that appraisal a number of overt events and covert intelligence reports have led us to revise our previous opinion. We now believe that a military attempt to overthrow the Allende government in the immediate future is far more likely than it was on 30 August. The following factors have heavily influenced this judgment.

a. Several intelligence reports have confirmed that Commander in Chief of the Army General Carlos Prats has recently had several clashes with President Allende over the extradition of Argentine terrorists and the declaration of a state of emergency in Santiago on 21 August. On [less than 1 line not declassified] reported that he has now become a forceful opponent of the Popular Unity (UP) government; that Prats is aware that General Alfredo Canales is planning to lead a military coup in mid-September, and that Prats will probably decide to move against the government before Canales can act.

b. Also on [1½ lines not declassified] reported that the Allende government has been warned of a possible coup attempt over the independence day holidays and that the DI and National Police (Carabineros) are reinforcing their personnel in the Santiago area in preparation for such an eventuality.

c. Street demonstrations by the right and the left continue. Although the opposition political parties remain generally opposed to a military coup attempt at this time, some opposition groups, including private sector organizations, are seeking to escalate political tensions in order to encourage military intervention.

¹ Source: Central Intelligence Agency, Executive Registry, Job 80B01086A, Box 12, Subject File, Chile. Secret. Sent through the Acting Deputy Director for Plans. A copy was sent to the DDCI.

² Document 304.

3. The most important of the apparent coup indicators as outlined in paragraph 2 is the reported intention of General Prats to support military action against the government. If Prats remains firm in this intent, then the chances appear to favor early military intervention against Allende.

4. There are, however, several factors which tend to indicate that a coup is still not a certainty. These are:

a. We have no solid information that either General Prats or General Canales are in fact implementing their alleged coup plans. [6 lines not declassified]

b. Public opinion inside Chile does not appear to favor a military move at this time. Opposition political parties apparently are not involved in any coup planning and are believed to feel that military action, if taken, should follow the March 1973 Congressional elections, which they feel will demonstrate that the present government does not represent the mass of the Chilean electorate.

c. Notwithstanding the present crisis, the Chilean people, including the military, are prone to avoid difficult and unconstitutional solutions to their problems and have an outstanding propensity for sticking to the constitutional path, however rocky.

d. Although we are monitoring all developments in Chile very carefully, [2½ lines not declassified], it may be difficult to identify troop movements presaging a coup d'état because of the natural cover provided by military preparations for the independence day celebrations.

5. The following are the principal options now open [less than 1 line not declassified] the U.S. Government:

a. We can continue our present hands-off, monitoring stance.

b. We can pass the word to key military leaders, [less than 1 line not declassified], that we do not consider the time propitious for a coup and that we would be reluctant to provide support to a military government in the likely event that a coup attempt is followed by a bloody civil war.

c. We can provide encouragement to the military, either directly or indirectly [less than 1 line not declassified].

6. Of the three options, the first appears to be the most appropriate at this particular moment. We must, however, be prepared for a coup and should attempt to formulate our response if military intervention should occur. In this connection the following factors need attention: Will the U.S. recognize a military government immediately? Is the U.S. prepared to provide the massive economic support which will be required to ease the country's most immediate economic problems? Will we support the military in case of a civil war?

7. While the temptation to assume a positive role in support of the military is great, the following considerations indicate a need for caution:

a. We do not believe that public opinion, inside Chile or abroad, is yet prepared to accept a military takeover. Popular sentiment is definitely swinging against Allende, both inside Chile and abroad. Thus the Marxist experiment should probably be allowed to run its natural course at least through the March 1973 elections, so that Chileans and others will be convinced that the Allende government was given a fair chance and that his brand of socialism is not the road to true social progress.

b. Although the U.S. (and specifically the CIA) will undoubtedly be accused of engineering the collapse of the Allende government, if and when that occurs, these accusations will be exceptionally strident if a military coup takes place without a dramatic and legitimate pretext (such as a flagrant violation of the constitution) and without massive popular support. Even if a military coup is successful, it will provide fodder for leftist anti-U.S. and anti-administration propaganda which could be exploited effectively in this country as well as abroad.

c. An attempted military coup might fail, thus providing the government with an adequate pretext for cancelling the March 1973 elections and destroying the democratic opposition. An unsuccessful coup would also probably eliminate the military as a barrier to radicalization and consolidation of Allende's revolution. A partially successful coup might plunge the country into a bloody civil war, with unpredictable consequences.

8. The Station has been directed to exercise extreme care in all its dealings with Chileans, particularly the military; to carefully monitor all events, but under no circumstances to attempt to influence them.

Theodore Shackley

307. Central Intelligence Agency Intelligence Information Cable¹

TDCS DB-315/07701-72

Washington, September 14, 1972.

COUNTRY

Chile

DOI

13 September 1972

SUBJECT

Appraisal of Situation. Prospects for a Military Coup in Chile in the Near Future

ACQ

Chile, Santiago

SOURCE

This is a field appraisal. It presents the view of this agency's senior officer on the scene. It is an interpretation based on previously reported information. Prepared primarily for internal agency use, it is disseminated in the belief that it may be useful to intelligence analysts in their own assessment of the situation.

Summary: Numerous reports have been received recently relating to plans for a military coup in the near future. While coup rumors are traditional in Chile around the 18 September holidays, the reports received thus far appear to accurately reflect plotting by General Alfredo Canales and elements of the private sector; the chances of military intervention in the near future are perhaps greater now than at any time since President Allende assumed office. If a military coup is attempted by Canales, it is judged that the attempt would have a fair to good chance to succeed, provided that the majority of key unit commanders responded to the coup move and the other services and Carabineros remained sympathetic even if uncommitted. President Allende and the government parties are aware of the threat of a military coup and are undertaking both political measures and defensive steps to handle the situation. While it is judged that the chances of some type of military coup attempt occurring in the near future may be good, Chileans have a demonstrated propensity for negotiating settlements and surpassing crisis situations. *End summary.*

1. The possibility of military intervention in Chile in the near future is greater now than at any time since President Allende came into power. Discontent among the general population, especially in Santiago, is high as a result of the deteriorating economic situation and

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile, July–December 1972. Secret; No Foreign Dissem; Controlled Dissem.

conflicts between the government and the political opposition. Discontent within all three branches of the Armed Forces and the National Police, especially among the middle and lower grade officers, is high and appears to be increasing. Their discontent is fed by the same basic causes as that of the population as a whole. Elements of the private sector in Chile, which feels itself directly threatened by the policies of the Allende regime, and Patria y Libertad (P&L, a right wing extremist group) are attempting to exploit tensions and to create conflict in order to promote even more discontent. The goal of private sector elements and P&L is to help create the conditions for military intervention.

2. During the past few weeks a number of reports have been received from both military and civilian sources relating to a possible military coup attempt against President Allende and his government. The majority of the information thus far received has dealt with the coup plans of General Alfredo Canales, who has consistently claimed to have sufficient support among Army officers for the successful enactment of his plans. Most information in this regard points to the 18–19 September period (Chilean Independence holidays) as the projected timing, although one source, who is part of General Canales' plotting group, claims that the coup could come about at any time, either before or after the Independence holidays depending upon the circumstances.

3. Canales appears to have the support of a large number of Army unit commanders throughout the country, including most of the principal unit commanders in the Santiago area. Canales reportedly also has fairly rapid coordination and communications with the planning levels of the private sector which has provoked strikes and conflicts throughout the country in recent weeks. As of 12 September the private sector has no provocative actions planned over the independence day holidays but intends to resume such activities as soon as the festivities are over.

4. Recent information indicates that perhaps General Carlos Prats, Army Commander-in-Chief, may now be reconciled to the necessity for a military move against the government. If true, this would be a most significant development and would greatly increase the possibility of a coup, unless, of course, some dramatic change in the present correlation of political forces were to occur, or unless some equally dramatic change in the direction or composition of the government were to take place.

5. Three sources have now reported that Prats and Allende have had two serious disagreements recently, and two sources claim that Prats has adopted a more forceful attitude in defending the integrity of the Army vis-à-vis the government. This we believe is true. Prats is very concerned about Army unity, and is undoubtedly aware of the

coup plans and preparations which are presently being made by General Canales. Thus, it is possible that Prats, who is aware that the majority of Army officers are opposed to the present government and, therefore, might be willing to follow Canales in a coup attempt, may be searching for a means to block Canales, preserve the unity of the Army, and still find a solution to the current political impasse.

6. Rumors of an impending coup are prevalent in Santiago at this time. President Allende and the government are aware of these rumors and it is very likely that they are knowledgeable of the efforts being made by Canales. Both Allende and leaders of the Communist Party of Chile (PCCh) have denounced what they called "a September plan of sedition" and the Party has alerted the workers and its self-defense mechanism to be prepared to take over Chilean industries. While the PCCh is concerned about the threat and is taking defensive actions, it believes that a coup attempt can be blocked. On 11 September the Department of Investigation (DI, Chilean Civil Police) was alerted by the government to a possible military coup attempt over the 18–19 September holidays. The DI contingent in Santiago has reportedly been strengthened with DI personnel from the provinces as a defensive measure.

7. In our view, Allende basically has two options open to him to defuse the situation. One is to undertake actions to appease the Christian Democratic Party (PDC) and the Armed Forces, and the other is to turn to the military as a government participant. A recent report claims that Allende has contacted a PDC leader, pointed out to him that a military coup would also be harmful to the PDC, and requested a six-month "truce" between the government and the PDC. The President told the PDC leader that while the opposition is growing in Chile, it is the rightist National Party, not the PDC, which is reaping the benefits of polarization. Allende also offered political concessions to the PDC in return for the "truce."

8. The PDC leadership is divided over the question of military intervention. While left-wing leaders of the party, such as Radomiro Tomic and Bernardo Leighton, would undoubtedly prefer to reach some accord with the Allende government, there is evidence that supporters of former President Eduardo Frei are inclining more to the conclusion that the Allende regime must be terminated and that military intervention in some form is required. If a coup were to develop, the PDC would be more likely to favor a military move headed by the Army Commander-in-Chief, which would probably have the support of most of the Army Generals as well as the other services, rather than one led by Canales.

9. The second option open to Allende, which is much less likely, would be to invite the military to rule with him. He would grant what-

ever concessions might be necessary to accomplish this, such as the expulsion of some UP parties from the government and bring about a radical change in the political and economic direction of his administration. We believe that such a move would be attractive to those within the military who would like to change the present government, but who would prefer to accomplish this within the framework of constitutional legality.

10. As of this date, the chances are good for some kind of military attempt in the near future. If Canales attempts to lead his forces without the cooperation of the other officers of general rank, but with the support of the majority of Army officers and at least the sympathy of the other two services, the coup attempt would have a fair to good chance to succeed, especially if the other two services moved quickly to support Canales. If the coup movement were to be led by Prats and the Army High Command, it would probably signify that the Commanders-in-Chief of the other services and possibly the majority of the Carabineros were in agreement, and that the effort would be a coordinated one. Under this scenario, the coup attempt would have a very good prospect of success.

11. Notwithstanding recent reporting indicating that a military coup could occur in the near future, there are several factors that augur against a coup at this time. There is the propensity of Chilean political and military leaders for finding political means to defuse highly volatile crisis situations. President Allende has shown himself especially adroit in this type of political maneuvering, and he is apparently working to find a political solution to the present crisis. Last week's high level of public disorder no longer exists. The government has closed the secondary schools in an effort to keep students from demonstrating, and the opposition has suspended its march scheduled for 14 September which could have acted as a spark to set off another round of violence. Additionally, the fact that the government is well aware influential officers within the military are plotting to overthrow the government eliminates the important element of surprise, which could be crucial to any successful coup attempt. Although a coup could occur, it would not be surprising for Chile to get through this crisis, especially considering the Chileans' traditional aversion to violence and their proclivity for negotiating settlements to crisis situations.²

² An unidentified person underlined the last sentence, circled the word "could," and wrote in the margin, "Not for the first time, it is difficult to tell in which way the station is pointing."

308. **Memorandum From the Assistant Secretary of State for Inter-American Affairs (Meyer) to the Under Secretary of State for Political Affairs (Johnson)**¹

Washington, September 18, 1972.

SUBJECT

Covert Aid to Chilean Private Sector

The attached CIA memorandum² together with its later annex,³ proposes adding a new dimension to our efforts to support the Chilean opposition against Allende's Popular Unity (UP) coalition by giving assistance to elements of the Chilean private sector whose sympathies and interests lie with the opposition parties.

The original memorandum proposed assistance to three organizations: [*4½ lines not declassified*]. The proposed assistance is designed fundamentally to strengthen the ability of private sector organizations to contribute to the political strength of the opposition to the government.

ARA and INR favor a program directed to this objective, but we have been concerned from the time the proposal was first made that it not be used to encourage maladroit adventurist elements into rash and indiscreet efforts at a coup. Our concern, which is reflected in two exchanges we have had with Ambassador Davis (attached at Tab A)⁴ and in conversations with him during his recent visit here, has been intensified by a flow of intelligence reportage from Santiago that strongly suggests that elements of two of the organizations originally selected for assistance [*less than 1 line not declassified*] have become actively engaged in plotting an early attempt against the government, and that much of this activity is known or suspected by the government. We are unable to judge whether a coup attempt at this time would be successful; the information we are getting about the attitude of the military, whose support would be essential, is ambiguous and inconclusive. Under these circumstances immediate assistance [*less than 1 line not declassified*] appears pointless and even dangerous. Our financial help would in no substantial way enhance their capability to contribute to a suc-

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile, July–December 1972. Secret. Drafted by Gardner; sent through McAfee for the Director of INR.

² Memorandum for the 40 Committee, August 24, is published in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973, Document 118.

³ Although the annex, dated September 14, was not declassified, see below, including footnote 5.

⁴ The August 30 and 31 backchannel messages between Meyer and Crimmins and Davis are attached but not printed.

cessful coup attempt, and to the extent that it encouraged them to rash action and consequent failure would put us under prohibitively high risk of exposure.

Our growing reservations about getting involved now with [*less than 1 line not declassified*] are shared fully by Ambassador Davis. We have therefore won agreement from CIA that no financial support would be considered for these two until mid-October, and that this will be given then only if the Department and CIA concur with the recommendation of the Ambassador and CAS. The annex to the CIA memorandum that incorporates this agreement requests 40 Committee approval of [*less than 1 line not declassified*] which would not be released without these concurrences.⁵

[1 paragraph (6 lines) not declassified]

We do not expect [*less than 1 line not declassified*] if aid is later given to them, to act simply as conduits to the political parties. At the same time, we would expect the money to be used for purposes directly oriented toward energizing these parties, and not for the organizations' own institutional objectives, which might have only an indirect relationship with our political aims in Chile. To the extent our assistance would enable these organizations to contribute to the political strength of the opposition, we could expect the development of other by-product effects, important in themselves but essentially incidental to our main objective. These by-products would include principally an improvement in the ability of these organizations to resist the government drive to weaken further the private sector, and the maintenance of private business, industry, and agriculture as a broad source of funds for the opposition political parties.

Security is a concern for both us and the Agency. We have not yet been in covert financial relations with any of the individuals involved, and the testing period will therefore be one of some delicacy. The Agency assures us that it will be cautious, and estimates the risk as being no higher than the norm for our other covert financing activities in Chile. After considerable discussion with the Agency of the security problem we accept this judgment, recognizing that it can carry no iron-clad assurance. The Agency also states that during this period it will not become so deeply embroiled with the prospective recipients as to make withdrawal difficult or embarrassing. We do not entirely share

⁵ The annex does not state clearly enough that the decision to delay aid to [*less than 1 line not declassified*] arose from concern over reports of their current association with coup plotting. Also we would not wish to associate ourselves unqualifiedly with the statement (Para. 2 of the annex) that the three organizations are a "significant opposition force deserving of financial assistance." It is precisely this point about which we have had the reservations that led to our request to CIA to modify its original proposal. [Footnote is in the original.]

the Agency's confidence that withdrawal would be easy, but our doubts are not sufficiently strong to incline us to oppose the enterprise on this ground.

After careful consideration of the various factors that are involved, we believe the proposal should be approved. ARA and INR will be in close touch with the Agency on the progress of the effort, and there of course will be a report to the Committee at the end of the trial period. It is envisaged that those parts of the project that proved successful would be merged into the overall program which will be launched in preparation for the March 1973 congressional elections, and which we anticipate will be submitted to the Committee for this fall.

Recommendation

That you approve immediate steps to initiate an [*dollar amount not declassified*] subsidy to [*less than 1 line not declassified*] for three months;

That you approve in principle support of up to a total of [*less than 1 line not declassified*] and [*less than 1 line not declassified*] this support not to be initiated until after mid-October and then only on concurrence of the Ambassador and the Department.⁶

⁶ Johnson initialed the Approve option.

309. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 19, 1972.

SUBJECT

Chilean Coup Planner Approaches U.S.

General Alfredo Canales, who has been planning a coup for some time against the Allende government, has made an indirect approach

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII. Secret; Sensitive. Sent for information. The memorandum was sent through Haig. At the top, Kissinger wrote, "Al—Discuss soonest. Davis is an idiot. HK." On a covering memorandum, Haig wrote, "HAK—I've asked Walters to prepare plan—you and Kennedy may wish to talk to him before I return." (Ibid.)

to the U.S. through a CIA contact in Santiago (see attached memo at Tab A).² This information should be read in light of the information (in this morning's brief) that Canales' plotting is rather widely known and he may soon be dismissed from the Chilean Army.

A Chilean officer, who is a friend and supporter of Canales, has told us that if the coup plan succeeded, *Canales would like the U.S.:*

- to recognize his regime as soon as possible;
- send emergency food relief;
- consider granting loans to help Chile weather its dire economic crisis.

As outlined by this officer, the *Canales plan calls for:*

- suspension of civil liberties for three or four months;
- proscription of all political parties for an interim period;
- outlawing the Communist Party;
- termination of extremist groups of left and right.

After the initial suspension of civil liberties, Canales would bring about a "return to order" and gradually reduce restrictions on the public so that the democratic process could begin to function. Canales would then try to change the Constitution to limit the number of parties to two or three. Canales would remain in power until 1976 (date of the next presidential election). Until then, he would establish a government composed of "talented persons, civilian or military, who would renounce party affiliations and agree to work diligently for the government."

Under Canales, the three sectors of the economy (private, public and mixed) would be preserved. But he would encourage private enterprise. He would also keep the agrarian reform program but would try to eliminate its strictly political aspects.

Ambassador Davis is aware of the above message. He has instructed that we make no response. If pressed for an answer, our contact will simply say that the information has been reported and that no response has been received. That seems the right approach under the circumstances—since Canales may soon be in jail and might, if pressed, disclose that he was in touch with the U.S. We should remain at arm's length for the time being.

² Attached but not printed at Tab A is a memorandum from Cord Meyer to Kissinger, which describes the efforts of General Canales to mount a coup and what Canales wanted from the United States if he was successful. Also attached but not printed at Tab B is an undated briefing report that states that General Prats was firmly against a coup. In the margin next to the paragraph that described Prats's opposition, "HAK Only" is written. The memorandum also concluded that Canales might be cashiered because of his plotting.

310. Memorandum From the Executive Secretary of the 40 Committee (Ratliff) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 20, 1972.

SUBJECT

Financial Support to the Chilean Private Sector

CIA has developed access to leaders of several important groups in Chile's private sector and requests authority to contact and provide limited financial assistance to them in order to assess their capabilities to support the over-all covert political action program (TAB A).²

Allende's Popular Unity (UP) government has continued to increase its control of the Chilean economy. The private sector only recently has become alarmed and started to resist in an organized way. CIA thinks that support and encouragement of the politically-oriented activities of the private sector might be a significant adjunct to the current main effort of direct support to opposition political parties.

To explore and develop this potential, CIA proposes working with [number not declassified] private sector organizations of particular capability and potential: [5 lines not declassified].

Recent developments in Chile, including strikes, street demonstrations and coup threats, caused State to request additional review of the original proposal. A compromise position on timing (TAB B) asks approval for *immediate* support of up to [less than 1 line not declassified] which is in danger of collapse due to lack of funds, and up to [dollar amount not declassified] to the other two private sector organizations after *mid-October* (with precise timing to be recommended by the Ambassador and Chief of Station and approved by State and CIA).

State, Defense and JCS concur.

Recommendation

That you approve immediate support to [less than 1 line not declassified] of up to [dollar amount not declassified] and post mid-October assistance to [less than 1 line not declassified] and [less than 1 line not declassified]

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile, July–December 1972. Secret; Eyes Only; Outside System. Sent for action. Concurred in by Jorden and Kennedy. The memorandum was initialed by Haig.

² Tab A is the August 24 memorandum to the 40 Committee and Tab B is its September 14 annex. See Document 308 and footnotes 2 and 3 thereto.

of up to [*dollar amount not declassified*] subject to State–CIA–NSC approval of the precise timing.³

³ Kissinger initialed the Approve option on September 21.

311. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, October 16, 1972.

SUBJECT

Situation in Chile

Situation

Truckers' grievances with the Allende government (over such issues as freight rates and the scarcity of spare parts) formed the ostensible basis of the trucking strike which began last week in southern Chile and has spread to the more populous central zone.² Government moves to counteract the strike by jailing key union leaders, impounding trucks and declaring zones of emergency appeared to stiffen resistance and gain sympathy from other groups. Shopkeepers and small businesses joined the strike with at least 65 percent effectiveness, and some other professional groups (including engineers and doctors) have publicly indicated they might follow suit. The opposition political parties have announced their support of the strike.

While Allende has called for moderation, he has also extended the zones of emergency, which inter alia place the military in charge of law enforcement, to seventeen of Chile's twenty-five provinces including almost three-quarters of the national population. The strike has had a

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII. Secret.

² A nationwide truckers' strike began on October 10 and grew into a protest against the UP government. According to the report of the Senate Select Committee to Study Government Operations with Respect to Intelligence Activities (Church Committee), "anti-government strikers were actively supported by several of the private sector groups which received CIA funds." When the CIA learned that one private sector group had broken the Agency's ground rules and passed \$2,800 directly to the strikers, the Agency protested, but continued passing money to the group. (*Covert Action in Chile*, p. 31)

noticeable effect on the distribution of food, especially bread, and fuel. Violence has been kept to a minimum, and as of Sunday, October 15, activities in Santiago appeared to be generally normal. The next day or two may tell whether the momentum generated by the strikes will grow or dissipate, and whether the outlines of some accommodation will begin to appear.

Assessment

We believe that the chances are about 60–40 in favor of an accommodation between the opposition and the government that will avoid a confrontation so acute as to bring about a military take over.

The current crisis has proceeded toward confrontation as far as it has in spite of general expectations that the relaxation of the tensions which had peaked in mid-September might prevail until the final moments of preparation for the March 1973 Congressional elections. The accumulation of pressure on the government through the truck owners' strike and the businessmen's sympathy strikes occurred with a spontaneity which left the opposition parties being towed along in the wake of events.

The military, which witnessed without any particular reaction the September ouster of the plotting General Canales,³ has no discernible desire for a confrontation which could force it into taking control of the government. Under the often-used provisions of the state of emergency laws, now extended to the unprecedented number of 17 of Chile's 25 departments, the military has responsibility for maintaining law and order and vital services. We believe that the paramount objective of the military will be to discharge its emergency responsibilities with minimum trouble and turn the situation back to constituted civil authority. In order to do this it will exercise its considerable power of persuasion on both sides to moderate their positions, and to the extent possible will limit its physical repression to the small minority of extremists at each end of the spectrum.

The opposition is not, and probably cannot quickly become, organized in any systematic way to seize power from the government on its own, but can only hope that its manifestations of massive protest will oblige the military to take over and dictate a turn-around in the government's political-economic program.

The government must take care that its handling of the protests does not provoke such widespread and energetic reaction as to justify a military take-over.

³ Canales resigned on September 21.

Thus, the outcome rests on a three-way test of nerves, with the government and the opposition respectively seeking to engage the military institution's preference for accommodation in such a way as to produce the appearance of a victory for itself.

The mere fact that opposition protest has come to this point counts against the government, and the vigor of the opposition protest and the reluctance of the military to see a showdown may oblige the government to make some significant concessions. It is possible, however, that the government and its backers, carefully but significantly brandishing their traditional threat of civil war, may exhaust the endurance of the opposition and bring the country back to a semblance of normality, enabling it to claim victory over the strongest pressure the opposition has yet mustered.

The matter of contingencies which could arise in conceivable post-coup situations and which could call for U.S. policy decisions is under examination and will be taken up in the Ad Hoc Inter-Agency Working Group on Chile.

Theodore L. Eliot, Jr.⁴

⁴ Miller signed for Eliot above Eliot's typed signature.

312. Memorandum for the Record¹

Washington, October 17, 1972.

SUBJECT

Meeting on Current Chilean Situation at Department of State, 1630–1830, 17 October 1972

ATTENDEES

Assistant Secretary of State for Inter-American Affairs Charles A. Meyer
Deputy Assistant Secretary of State for Inter-American Affairs John H. Crimmins
Mr. William J. Jorden, Senior Staff Member of the National Security Council
Mr. John W. Fisher, Director of Bolivian/Chilean Affairs, Department of State
Mr. James R. Gardner, Chief, Operations Policy Staff, Department of State
Mr. Theodore G. Shackley, Chief, WH Division
Mr. [name not declassified]

¹ Source: Central Intelligence Agency, Executive Registry, Job 80B01086A, Box 12, Subject File, Chile. Secret; Sensitive. Drafted on October 18.

1. Mr. Meyer's purpose in calling the meeting was to consider as a contingency, what the U.S. Government's response should be if the opposition to Allende were to approach the Embassy or Station in Santiago with a request for (a) support in toppling the Allende government, or (b) an assurance of post-coup support as a prior condition for undertaking a coup, or, (c) U.S. Government commitment to post-coup support for a coup already arranged and decided upon. Since time would probably be a factor in responding to any such request, the Department of State felt it was necessary to have at least some preliminary discussion of the problems and options involved in this type of contingency.

2. Mr. Shackley noted that, earlier in the day, appropriate CIA elements had brainstormed the current Chilean situation from every conceivable angle. This had resulted in the conclusion that the most likely outcome in the current crisis was that a coup would not develop within the next few days. This conclusion was based on the estimate that the country would have to suffer a little more under Allende before the kind of consensus which would provoke the military into deciding on a coup would be reached among the main elements of the opposition—that is, the military, the political parties, and the private sector. It was stressed that up to 17 October, there had been absolutely no indication that General Carlos Prats, the Chilean Army Commander-in-Chief, was ready to do anything except maintain law and order and, in the process, support the constitutional Allende government. The point was also made that it was fairly obvious that the opposition political parties were reluctantly caught up in this wave of strikes and other actions against the government; essentially they started out supporting the strikes in order to preserve their credentials in the opposition. The private sector, in instigating the strikes which led to the current situation, had, and have, no clear goals but felt this was the only way to create a situation in which the military and the political sectors would be forced to consider a coup against the Allende regime. Mr. Shackley concluded his assessment by stating that it is, of course, always possible that some action which could not be reasonably anticipated might take place and act as a catalyst for moving the military into a coup effort. As an example of this type of unforeseen occurrence he mentioned a clash between the security forces and students in which a number of students were killed. Short of that, however, the coup probabilities seemed quite low at this juncture. Mr. Shackley noted that in the course of the CIA brainstorming session, various courses of action had been examined to see if it were in the net interests of the United States to accelerate current Chilean events leading toward a coup. The conclusion was that no course of action which could be taken would help in a decisive manner to achieve the objective of removing Allende from power.

3. It was conceded by all that, in the final analysis, the Chilean military were the key to any coup that might develop now or in the future. Mr. Meyer dwelled on the question of what should the U.S. Government's reaction be to a query from the Chilean military on support under any of the possible coup-related circumstances in which this issue might be raised. Mr. Shackley indicated that, basically, what he felt the military would probably want in the aftermath of a coup would be: first, military hardware in order to sustain the takeover and maintain law and order in the face of reaction on the part of the radical UP supporters; secondly, financial assistance to achieve a level of liquidity which would permit the new government to function effectively; and, thirdly, the more traditional forms of aid in terms of food, loans, and so on, but on an accelerated basis. There was considerable discussion with Mr. Crimmins on the order of priority of the first two items listed by Mr. Shackley. In this connection, Mr. Shackley indicated that one of the prime military concerns would be what the MIR and radical wing of the PS have in the way of arms and, on that basis, their capability to generate a troublesome guerrilla situation in the rural areas, particularly in southern Chile. In the face of this concern, the current and increasingly critical shortage of spare parts, for such basics as tanks and communications, as well as the need for transportation to shift units around rapidly, could well be one of the early things to come up in any discussions with the military on post-coup support. In this connection, Mr. Shackley asked Mr. Crimmins if the Department would consider it appropriate to give a new military government the names and addresses of MIR and radical wing PS members in order to assist them in rolling up these elements as quickly and thoroughly as possible. Mr. Crimmins indicated that he would definitely be against that kind of U.S. Government support to a military junta.

5. The possibility of assistance being provided by countries other than the United States was discussed at some length. Several participants, including Mr. Shackley, felt Brazil would be willing to help the Chilean military in a post-coup situation, but Mr. Crimmins tended to discount Brazil's willingness to do so because of its political sensitivity to possible charges of having sponsored the coup. The possibility of various Western European countries or Japan assisting the Chilean military in this type of situation was also discussed and discounted. In the end it was the consensus that it would probably be most prudent to assume that the U.S. Government would have to shoulder the immediate support of a new Chilean government on its own and without collateral assistance.

6. The group finally did agree on the following:

a. If and when the Chilean military decided to undertake a coup, they would not need U.S. Government assistance or support to do so

successfully nor are they likely to seek such support. Further, given the Chilean military capabilities for an unaided coup, any U.S. intervention or assistance in the coup per se should be avoided.

b. The Chilean military are more likely to seek advance assurance on the type of assistance the U.S. Government is prepared to provide for a new government in the post-coup era. In considering this latter possibility the Department of State representatives were ambivalent and concerned about the degree of complicity the U.S. Government might assume for the coup under such circumstances (particularly, if assurance of post-coup support were an implied or specific condition for the military to undertake the coup). The White House and CIA representatives had a more positive outlook on this point than did the Department of State since, among other things, a degree of complicity is already inherent in the support presently being given the political opposition in Chile. (Mr. Jordan felt that the White House reaction to a Chilean request for assistance would be quite “forward-leaning.”) The Department of State felt it could probably support a statement to the military which would indicate that the U.S. Government bases its recognition policy on governments as they are and that, if the Chilean military had power, the U.S. Government would be helpful. Mr. Shackley said that CIA’s reading of the Chilean psychology was that they want to know in advance that they are operating with a sure thing and, on that basis, the Chilean military very probably would want reasonably specific and definite assurances of the type of support they could expect from the U.S. Government in the post-coup era. The discussion on this point ended inconclusively, but it was agreed that the group would take it up again at a later date.

6. Assuming a coup under any circumstances, there was a long discussion on what kind of support and assistance could be provided a Chilean military government, given the legal and other constraints facing the administration. Copper and other nationalization programs of the Allende government (which it was generally agreed that a new military government could not easily disavow) would be particularly troublesome since they generate all sorts of technical and legal inhibitions under the Hickenlooper and Gonzalez Amendments.² It was agreed that even with the best of will and support on the part of the White House, Department of State, Department of Defense, and other

² The Gonzalez Amendment placed additional restrictions on the amount of foreign aid dispersed to nations responsible for expropriation. This amendment, passed in March 1972, required the President to instruct representatives to vote against the dispersal of all foreign loans to nations in violation of the Hickenlooper Amendment and substituted a series of more specific requirements in place of the more vague “appropriate steps” outlined in that amendment. (See *Foreign Relations, 1969–1976*, vol. IV, Foreign Assistance; International Development; Trade Policies, 1969–1972, Document 148.)

interested agencies, real difficulties would be encountered in providing the range and tempo of assistance needed by, and possibly promised to, the new government. Mr. Meyer indicated that, in order to establish precisely what technical difficulties would be encountered and how they might be overcome, he had convoked on 17 October the working level members of the Ad Hoc Committee on Chile. He indicated that the Ad Hoc Committee on Chile would remain in session until it had examined all possibilities for assisting a post-coup Chilean government in the wider and less sensitive context of any type of government which might succeed Allende under any type of circumstances.

Theodore G. Shackley³
Chief
Western Hemisphere Division

³ Printed from a copy that bears this stamped signature.

313. Memorandum From William J. Jorden of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Haig)¹

Washington, October 17, 1972.

SUBJECT

Contingencies in Chile

We had an ad hoc meeting this afternoon (Charlie Meyer, ARA types, INR, CIA) to discuss developments in Chile.² CIA has studied all incoming reports and concludes that the chances are 60–40 against military intervention or a coup. (My experience is that 60–40 means you are certain something won't happen, but you don't want to be too wrong if it does.)

The specialists believe that things will have to go considerably more sour, or that there would have to be much loss of life and vio-

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII. Secret; Sensitive; Outside System. Sent for information. A copy was sent to Kennedy. Across the first page of the memorandum, Haig wrote, "Bill shouldn't we consider *WSAG now* to be sure we're on top of this—what does Kennedy think?"

² See Document 312.

lence, before the Chilean military felt compelled to intervene. It is also widely believed that they will not move against the government itself unless there is some flagrant violation of constitutional norms. The time frame for the above estimate is the next week or so.

However, if things continue to go downhill, or if there were a “wild card” event (massive violence, bombings, etc.), the military might reach the conclusion that only by acting could they save their country or prevent total disruption or massive loss of life. In that case—if they decide to intervene *or* to carry out a coup—the estimate is that they would *not* seek or direct assistance in that action. It was also the consensus that it would not be in their interest, or in ours, to have any direct U.S. participation or complicity.

Other possible contingencies are:

—if they decide that action is required, the military might well simply assume that they could count on U.S. friendship and cooperation *after* the fact;

—they might decide to act, but come to us first to inquire what our policy would be if they took power;

—or they might come to us, say they were ready to act, but felt they could not do so without having assurances of help from us. (We think that any request for help would focus first of all on: food, loans, arms, especially spare parts and transport.)

It was agreed to do more thinking on these and other possibilities. It was agreed that an early SRG meeting might be useful for all concerned.

Meantime, we should be aware that there are limitations on what we could do to help Chile under the above circumstances. There are heavy demands on our grain supplies. We have limits on funds for *all* purposes. Moreover, there are restrictions—in the form of the Hickenlooper and Gonzalez amendments—because Chile has not made any payments for nationalized properties (especially copper).³ Also, there is no provision for grant military aid to Chile.

A group of specialists from State, Defense and other agencies began work today surveying just what we could and could *not* do to help Chile if there were a sudden change of government and a policy decision here to do all we could to help.

That is the current state of play. I am following it closely.

³ See footnote 2, Document 312.

314. Memorandum From Secretary of State Rogers to President Nixon¹

Washington, November 15, 1972.

SUBJECT

Allende's Visit to the United Nations

Through press leaks and indirect feelers in Santiago and from information obtained from a member of the Chilean delegation to the United Nations, it seems clear that the Government of Chile is fishing for an invitation for Chilean President Salvador Allende to meet with you during his intended visit to the United Nations General Assembly, probably in early December. The Chilean U.N. delegation source said that the real purpose of Allende's trip was to meet with you to discuss serious bilateral problems at the highest level, and that the tenor of Allende's speech at the U.N. would reflect the way in which the U.S. Government responded to his request for a meeting.²

The central bilateral problem between the United States and Chile is Chile's uncompensated expropriation of large U.S.-owned investments. The Chilean Government has taken the position that international law does not regulate the payment of compensation and that controversies relating to compensation are subject exclusively to its internal jurisdiction. Despite a commitment by Chile in the Paris Club Memorandum of Understanding of April 1972 to enter into direct negotiations to determine appropriate financial arrangements for the payment of all debts of the Government of Chile and to find a prompt solution to problems which may arise as regards payments of compensation between the Government of Chile and the governments of interested countries or their nationals, the Chilean Government has been equivocal in its response to our urgings to comply with the Paris Club commitment. The Chilean Government, whose credit-worthiness in Western financial sources is virtually nil because of its own economic and financial policies, has accused "United States imperialism" of deliberately withholding resources to which Chile is entitled. It has charged the Kennecott Copper Corporation with waging "illegal economic aggression" against Chile, for having begun litigation in European courts on Chilean Government copper shipments in an effort to recover compensation for its expropriated properties. (Decisions by the

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 CHILE. Secret. A typed notation on the top of the page reads, "Per call [illegible] Amb. Bush is to call on Allende while in N.Y.; courtesy call only. 11/25/72."

² As reported in telegram 4686 from USUN, November 15. (Ibid.)

Chilean special copper tribunal have denied Kennecott any effective judicial remedy in Chile against a presidential finding on excess profits which eliminated any possibility of compensation.)³

We believe that Allende's purpose in seeking a presidential meeting in the United States is to elevate his own prestige at home and abroad, thereby strengthening his government and weakening his domestic opposition.⁴

There is no evidence on which to base any expectation that Allende is prepared to offer meaningful concessions with respect to his government's position against compensating the major expropriated U.S. investors in Chile, nor any strong reason to believe that he could deliver on such concessions as he might promise, over the resistance of powerful hardline elements in his coalition. We expect that he would plead for termination of the Kennecott litigation on the Chilean copper shipments and for new flows of resources from international financial institutions in which the U.S. Government has influence.

The benefit of a presidential meeting would go to Allende in heightened prestige at home and elsewhere, with little or no concrete progress likely on the central issue of compensation or on Allende's policies.

Therefore, we believe that, if we receive a concrete inquiry from the Chilean Government about a presidential meeting, our position should be that it is impossible for scheduling reasons for you to receive Allende. We might suggest as an alternative that Ambassador Bush or a Departmental official meet with Allende in New York.⁵ Ambassador Davis concurs in this view.

William P. Rogers

³ On August 11, the Special Copper Tribunal released its decision denying Kennecott's appeal of Allende's ruling on Kennecott's "excess profits." The tribunal denied Anconda's appeal on September 8.

⁴ In a November 23 meeting with Davis in Santiago, Letelier made a strong appeal for an invitation to Allende to visit Washington or to meet Rogers or Kissinger in New York. Letelier described the Allende trip as a "crossroads," a critical opportunity that the United States should take to preserve its relations with Chile from serious damage. Telegram 5921 from Santiago, November 23, is *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 125.

⁵ On November 17, Kissinger approved a meeting between a U.S. official and Allende. On a memorandum from Jorden that was forwarded to Haig, Kissinger wrote, "Make sure Pres. recommendation for approval is no one above Asst. Sect." In an attached memorandum to the President, Kissinger recommended Ambassador to the United Nations George H.W. Bush, "or an official of the State Department." (Memorandum from Jorden to Kissinger, November 17; National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII; and memorandum from Kissinger to Nixon, undated; *ibid.*) A December 4 telegraphic report of Bush's discussion with Allende is Document 315.

315. Telegram From the Department of State to the Deputy Secretary of State (Irwin) in Paris¹

Washington, December 4, 1972, 2250Z.

Todep 3/219389. Subject: Conversation with President Allende.

Following is a memorandum of conversation between President Allende and Ambassador Bush, USUN:

Quote: I met with President Allende, Amb Santa Cruz and Amb Diaz Casanueva and one interpreter for about 40 minutes on December 3. Amb Diaz Casanueva called me at 10:25 p.m. and said that the President would be willing to receive me "now". I had no time to get an interpreter or notetaker.

We met in the small sitting room at the end of the 26th floor of the Waldorf at 10:30 p.m. President Allende, speaking through an interpreter, appeared relaxed. We exchanged pleasantries. He commented that he could not stay longer in our country because of the law in Chile, stating that a chief executive officer must have permission of the Senate to be out of the country more than 15 days, and that he himself was leader of the Senate when President Frei was turned down on a request to be away more than 15 days. He mentioned that he would go to Algeria. I asked about his itinerary, saying I understood it was "Algeria, Moscow and home." He said, "No, Algeria, Moscow, Cuba, probably Venezuela, and then home."

He said he would like to have a frank discussion and he then mentioned several of the difficulties between us. One was the "Easter Island incident." He said that four days before he took over as President certain instruments important to Chile were removed from the weather station. He felt this was an unfriendly act. He mentioned the *Enterprise* incident stating that the Admiral had said that a visit would be in order and that it would have been good for the *Enterprise* to stop in Chile; but then the plans had been cancelled.²

The 3rd incident he mentioned involved statements by certain government officials. He said that those officials would not go to Chile because the Government of Chile would fall within six months.

I asked him if it would be all right to talk frankly, recognizing that I was an Ambassador and he was a Chief of State. The President explained that he would like to have a frank dialogue between equals. He was direct and quite persuasive on this point. I said that since he had

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 15–1 CHILE. Confidential; Immediate. Drafted by Fisher. Repeated immediate to Santiago.

² See Documents 160 and 207.

mentioned the difficulties as he saw them between the United States and Chile that I would like to mention one principal difference. I told him that I had lived in various parts of the United States, that I found an affection for Chile on the part of our people all over the country and a desire for more friendly relations. I told him that we did not consider ourselves "imperialists," that we did not recognize that people were correctly identifying us when we were termed imperialists, and that we still had a deep conviction that our free enterprise system was not selfish but was the best system—certainly for us, though we had no intention to insist on it for others. And when it went abroad it did not "bleed" other people. I said there may have been excesses from time to time but basically the American people believe deeply in free enterprise and in capitalism and in investment, not in a selfish sense but because we felt that it was the best way to provide a better standard of living for all. Thus we felt that, though any country was free to have whatever kind of system it wanted, in my opinion the main stumbling block between our countries was the question of just compensation for expropriated properties.

The President did not seem irritated. He said—I would like to take exception to what you have said, and he said I would like to refer you to Senate hearings held by a Senate Subcommittee which indicated that what you have said is not correct. I asked him who the chairman of this Senate Subcommittee was and he said these hearings were held in 1952.

He also mentioned that he had a letter from Nelson Rockefeller giving him credit for a health plan for all of South America. (I was not quite sure what this had to do with anything.)

During our talk there was no mention of any specific company. The President did say that the government was one thing, the people were one thing and the corporations were something else. He never used the word "multinational" but it was clear that he was differentiating between the Government of the United States, the people of the United States and the multinational companies. I told him that because of our deep conviction in the free enterprise system, the people, the government and the system were all interlocked, and that in my own personal opinion it was impossible to separate them out because of our conviction that our system was right for us.

Ambassador Casanueva interpreted and asked me to repeat to President Allende the toast he, the Ambassador, had given to me at a dinner given by Ambassador Vinci in which he had called me his "favorite imperialist." (The Spanish at the time was "sympatico imperialista.")

I repeated this to the President and at the same time said that as long as he permitted me to be frank, I should tell him that one of the most difficult parts of my job since coming to the UN had been recog-

nizing that it was our country people were talking about when they talked about “imperialists.” We did not want to impose our system on others. I made clear that I was flattered by Ambassador Casanueva’s toast which he had delivered in a friendly vein, but at the same time I told the President that many countries labeled us imperialists and we Americans did not accept this definition of ourselves. Casanueva then made some reference to Abraham Lincoln whom he was going to quote tomorrow before the General Assembly.

The President again encouraged me to speak frankly and I told him in my judgment one of the main irritants was the question of compensation for properties expropriated. I told him that I thought the question of expropriation was one thing, but that the main irritant was the question of failure to compensate promptly and fairly. President Allende did not reply to this nor did he want to go deeper into the question of multilateral corporations. I told him I was honored to be received by him and that I wished him a good stay in our country. He thanked me for the arrangements and for the details on the visit.

During the walk down the hallway, there was some reference to his speech tomorrow in a conversation between him and his Ambassadors. One of the Ambassadors said to me: “Are you going to have a right of reply?” This was then taken up by President Allende. I said there had been precedence for rights of reply to Chiefs of State, but they were exercised under most unusual circumstances. The President said jokingly, “I will send you a copy of my speech tonight. Then you can prepare your right of reply.” I indicated that I hoped his speech would not require a right of reply on the floor. There seemed to be a nodding of heads and an agreement of Ambassadors on this point.³

At that minute the interpreter started to translate, but Santa Cruz interrupted and translated instead. The interpreter told me that Santa Cruz said that he is familiar with this and therefore he would translate. The President rather notably did not make any comment about the forthcoming bilateral talks at all. During part of the conversation when the President referred to the difficulties and mentioned Easter Island, the carrier *Enterprise* and statements by government officials, Amb. Santa Cruz or Amb. Casanueva (I can’t remember which) mentioned the word “Herrera,” presumably referring to the unacceptability of Herrera as a candidate for Secretary General. Even though it was mentioned to the President by the Ambassador, the President did not choose to raise this matter with me.

³ In his December 4 speech before the General Assembly, Allende charged that Chile was the victim of “serious aggression” by U.S. corporations and by the U.S. Government. Bush held a press conference immediately after the speech. (Robert Alden, “Allende, at U.N., Charges Assault by U.S. Interests,” *New York Times*, December 5, 1972, p. 1)

Allende gave me several very firm handshakes, looked me directly in the eye, seemed to go out of his way to be warm and friendly.

I particularly think back now to his discussion of dialogue between men, that he liked frank discussion and that he wanted me to be very frank with him. I made the obvious disclaimers about being a mere Ambassador while he was a Chief of State, at which point both Ambs. Santa Cruz and Diaz Casanueva gave me quite a build-up. Allende then replied that he knew a good deal about me, how old I was, etc., etc. I am sure this reflects somewhat on their briefing process.

The President wore a “quasi-Mao” jacket. As soon as we sat down, somebody passed out scotch. The President took a scotch on the rocks with a little bit of water. He did not smoke during the interview. He looked well, and mentioned with some satisfaction his hectic, but I gather satisfying, trip to Mexico.

In the beginning of the conversation I made some opening comments about friendship of the American people for Chile, wanting better relations, and the hope that this would result in better times ahead. I mentioned specifically the upcoming December bilateral talks, saying I was not up to date on the details of all the issues involved between our countries, and that, like Amb. Diaz Casanueva, we concentrated on UN matters.⁴

⁴ Printed from an unsigned copy.

316. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, December 15, 1972.

SUBJECT

US/Chilean Bilateral Talks

Bilateral talks between the U.S. and Chile are to be held at the Department of State beginning December 20. The U.S. delegation will be

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VII. Secret. Sent for information.

headed by Assistant Secretary of State for Inter-American Affairs Charles A. Meyer.

Background: Following a unilateral moratorium on its external debt payments by Chile in November 1971, Chile's 12 major creditor nations met in Paris in April 1972 and agreed to reschedule approximately \$160 million of debt owed them by Chile from November 1971 through December 1972.

After strenuous negotiations the U.S. succeeded at Paris in having the multilateral agreement include clauses in which the Government of Chile agreed to recognize and pay its debts, "to carry out direct negotiations for the purpose of finding a prompt solution" to problems involving compensation for expropriated properties, and "to grant just compensation in accordance with Chilean legislation and international law."

The refusal of the special Chilean Copper Tribunal to review President Allende's findings against Kennecott and Anaconda's alleged excess profits effectively foreclosed any local Chilean resolution of the problem of compensation for the major copper investments. Following this, the USG in a note of September 15 asked the Government of Chile to enter into direct negotiations with the companies on copper compensation in accordance with its Paris Club commitment. The Chilean reply of October 18 was polemical in tone and indicated that the GOC considered that its domestic legal processes conformed with international law. Nevertheless, the Government of Chile offered to enter into "wide ranging discussions in Washington, through its Ambassador, on the questions affecting relations between the two countries." In our response of November 22 we proposed that such talks begin during the week of December 11. These are the talks which are now to begin on December 20. Our note outlined, in a firm but unpolemical tone, the U.S. position on obligations under international law on compensation for expropriated investment and made it plain that we intend to discuss the copper expropriation in the proposed talks. In reply, Chilean Foreign Minister Almeyda told Ambassador Davis that the GOC is prepared to make a "strong effort to achieve an understanding" at these meetings.

The USG Purpose and Objectives in the Upcoming Talks: Our purpose in these talks is to establish a forum for frank discussions on the implementation of Article 4 of the Paris Club Agreement calling for direct negotiation in regard to payment of compensation and to keep the door open to dialogue, while the cumulative effect of various pressures on the Government of Chile has a chance to influence Chilean actions. We will deal with the larger questions of expropriation and compensation while recognizing that these relate to the question of bilateral debt rescheduling which is being dealt with in other channels.

In pursuit of our objectives, we intend to indicate our willingness to discuss any issue that the Chileans might raise in these talks without compromising our basic principles or allowing the talks to bog down in matters not related to the central issues of debt and compensation. We plan to emphasize the need for progress on concrete issues which the USG cannot ignore or abandon: (a) acknowledgement of all contractual debt obligations, including the balance of \$8.1 million owed Kennecott and the \$150 million in CODELCO notes owed Anaconda; (b) some formula for arriving at a positive compensation figure for the expropriated equity in the three larger mines.

“That Chilean Guy May Have Some Problems”: The Downfall of Salvador Allende, January–September 1973

317. Memorandum¹

Washington, January 11, 1973.

SUBJECT

Approval to Expend [*dollar amount not declassified*] Set Aside by the 40 Committee for Support of [1 *line not declassified*] During January and February 1973

1. On 26 October 1972 the 40 Committee approved a memorandum authorizing the expenditure of \$1,427,666 to support four political parties and three private sector organizations during the period preceding the 4 March 1973 congressional elections in Chile.² This approval was granted with the provision that the precise timing of assistance [1 *line not declassified*] be subject to Department of State and National Security Council concurrence.

2. It is proposed that the [*dollar amount not declassified*] approved by the 40 Committee for [*less than 1 line not declassified*] be used during January and February 1973 to help the [1 *line not declassified*] mount a get-out-the-vote campaign. These organizations have already voted to undertake such a campaign, but need funds to pay for publicity, transportation and other costs incidental to this effort.

3. Funds to support this get-out-the-vote campaign would be channeled through a trusted [*less than 1 line not declassified*] asset [5 *lines not declassified*]. Use of this asset as a cut-out would effectively conceal any U.S. Government sponsorship of this effort.

4. [9 *lines not declassified*]

5. [*name not declassified*] will be unwitting of the ultimate source of the funds, and will be told by our asset that those contributing to this

¹ Source: National Security Council, Nixon Intelligence Files, Subject File, Chile 1973. Secret; Sensitive; Eyes Only. This summarizes a more detailed January 11 memorandum from the Chief of Station to Davis. See Document 129 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973. A January 11 covering memorandum from Shackley to Meyer, requested Meyer’s and Davis’s concurrence with passing [*text not declassified*] for a get-out-the-vote campaign. A January 11 memorandum from Shackley to Jorden requested Jorden’s support to spend the money. Jorden concurred in an attached January 19 memorandum to Shackley. (Both in the National Security Council, Nixon Intelligence Files, Subject File, Chile 1973)

² The memorandum for the record is Document 121 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

campaign desire to remain anonymous in order to avoid any possibility of government reprisal. [*name not declassified*] will be asked for regular accountings to insure that funds are being provided only to those [*less than 1 line not declassified*] organizations which are actively and effectively supporting the get-out-the-vote campaign.

6. The above proposal has the concurrence of Ambassador Davis and his Deputy Chief of Mission, Harry Shlaudeman, who commented that the proposal appears to have adequate security safeguards and could be helpful in reaching voters who are normally inaccessible to political parties.³

³ On a January 15 memorandum from Meyer, Johnson initialed his approval on January 18 for the passing of the funds. (Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile, 40 Committee Action after September 1970)

318. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, January 15, 1973.

SUBJECT

Bilateral Talks with Chile, December 20–22, 1972

Throughout the talks, we insisted that the fundamental issue between the two governments was payment of the repudiated debt and of just compensation for expropriated property, and we called on the Chileans to present concrete proposals to resolve this issue.

The Chilean delegation raised other issues such as the continued lack of a bilateral debt rescheduling agreement for 1972, the legal actions brought by Kennecott against Chilean copper shipments in third-country courts, and the question of Chilean access to the resources of the international financial institutions. They contended that any solution on compensation must conform with the Chilean constitution and domestic legislation, and flatly rejected any notion of negotiating a pre-conceived compensation agreement, citing domestic legal

¹ Source: National Archives, RG 59, Central Files 1970–73, POL CHILE–US. Confidential. Drafted by Girdler; cleared by Fisher, Meyer, Crimmins, Feldman (draft), and Weintraub (draft). Documentation on the bilateral talks is *ibid.*, INCO 15–2 CHILE.

and political obstacles. They repeatedly stated the GOC's desire to "normalize" bilateral relations and suggested both sides seek a "path" to a solution.

Toward the end of the talks, the Chileans raised the possibility of recourse to a third-party mechanism. In this regard they mentioned the 1914 bilateral Treaty for the Pacific Settlement of Disputes, or "some other" mechanism. To guard against Chile's using some inadequate device as a means of regularizing its situation with other creditors, particularly the international financial institutions, we emphasized the importance of a solution which would provide adequate compensation, and made clear we were not interested in agreeing on a mechanism simply as a "face-saving" device.

The Chilean delegation pointed out that its reference to third-party mechanisms represented a significant and difficult departure from Chile's position that it has exclusive domestic jurisdiction over expropriation. This departure, and the stress placed by the Chilean delegation on "normalization" of relations with us, tend to indicate that the GOC may have reached an internal decision to seek some kind of accommodation with us. Such a decision could have been encouraged by Moscow's reportedly cautious response to Allende's appeal for assistance during his recent visit there. Whether the GOC is really prepared to pay the political and financial costs required for a genuine solution remains to be seen.

We and the Chileans agreed to meet again at a date to be determined. We are currently considering what timing would appear most advantageous to our interests as well as the pace and direction we would want the talks to take in the future.

Theodore L. Eliot, Jr.²

² Miller signed for Eliot above Eliot's typed signature.

319. Memorandum From the Acting Assistant Secretary of State for Inter-American Affairs (Crimmins) to the Under Secretary of State for Political Affairs (Porter)¹

Washington, February 9, 1973.

SUBJECT

Additional Funds for Chilean Opposition for March Elections

In the attached memorandum to the 40 Committee CIA requests an additional [*dollar amount not declassified*] to support the political opposition in Chile in the campaign leading to the 4 March Congressional elections.² Ambassador Davis has endorsed the proposal.

The latest authorization by the 40 Committee for this purpose was in October 1972, when \$1,427,666 was approved.³ The current request is designed to compensate for subsequent adverse developments, principally a sharp rise in prices affecting the cost of such things as campaign material, media advertising, and transportation, coupled with a short-fall in funds that the Christian Democrats had been promised by [*less than 1 line not declassified*].⁴

Of the sum requested, [*dollar amount not declassified*] would go to each of the two leading opposition parties, the Christian Democratic Party (PDC) and the National Party (PN), and [*dollar amount not declassified*] would go into a contingency fund for use with individual candidates of all opposition parties in cases where it appeared that financial help could make a critical difference.

ARA and INR believe the request should be granted. It is of course not possible to state with precision the extent to which our aid to the

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile 1973–. Secret; Sensitive; Eyes Only. Drafted by Gardner and sent through McAfee for the INR Director.

² The attached February 8 memorandum to the 40 Committee is published in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 130.

³ See footnote 3, Document 317.

⁴ Covert USG support for the opposition since Allende took over the Government of Chile has run something over [*dollar amount not declassified*]. Of this sum, over [*dollar amount not declassified*] has been used to support the principal opposition newspaper and the remainder, including [*dollar amount not declassified*] for three congressional by-elections, has been used to help opposition elements maintain their party organizations through such means as support to their radio and press outlets, contributions to individual candidates, advice on political organizing techniques, and provision of the usual campaign paraphernalia such as poster materials, paint, printing facilities and transportation. Some money, about [*dollar amount not declassified*] has gone to private sector organizations to assist their activities in support of opposition political parties. [Footnote in the original.]

opposition has contributed to its viability and to its excellent prospects in the present campaign, but we have no doubt that it has been an important element. As far as we can tell, the money has been used wisely, with a minimum of waste and perceived corruption, and with no security compromise.

The March elections will be the first general test in a vote for national offices that the competing political forces in Chile have undergone since Allende's assumption of office. If the opposition can come within striking distance of the 60% of the vote total that more optimistic predictions accord it, those influences now frustrating the Popular Unity Government's effort to establish an irreversibly Marxist state will be strengthened and toughened. Even a 55% total would provide a healthy base from which to maintain an effective opposition.

We are under no illusions that a successful opposition effort in the election would have as an inevitable consequence the preservation of Chilean democracy; we do believe that an opposition failure could gravely compromise Chile's future.

Recommendation

That you support the proposal for providing an additional [*dollar amount not declassified*] to the Chilean opposition.⁵

⁵ Porter initialed the Approved option. The 40 Committee approved the proposal on February 12, according to a notation on the attached February 8 memorandum to the Committee.

320. **Action Memorandum From the Assistant Secretary of State for Economic and Business Affairs (Armstrong) and the Assistant Secretary of State for Inter-American Affairs (Meyer) to Secretary of State Rogers¹**

Washington, February 28, 1973.

CHILE—Next Steps in Bilateral Talks

Background

The United States and Chile entered into bilateral discussions in December 1972 on a wide range of issues between the two governments, focusing primarily on the question of compensation for expropriated property and debt repudiation under Article IV of the Paris Club Agreed Minute on Chile debt rescheduling. The first round of these discussions produced no substantive movement by the Chileans toward a solution to the compensation issue. However, toward the conclusion of the discussions, the Chilean delegation suggested the invocation of a third party mechanism to deal with the question of just compensation.

This memorandum sets forth a proposed strategy on the next round of talks, now set for March 22–23 in Washington, concentrating on further exploration of the possible use of a third party mechanism.

Chilean Tactics and Objectives

During the first round of bilateral talks, the Chilean delegation stated that because of domestic Chilean legal, constitutional and political constraints, bilateral negotiations could not lead to a solution of the compensation question. The Chilean delegation suggested that the introduction of a third party mechanism into the discussions, coupled with the progress on ancillary issues such as access to the international financial institutions, cessation of Kennecott litigations, and agreement on rescheduling of Chile's 1972 debt service to the United States, might provide a way out of the bilateral impasse. The specific third party mechanism mentioned was the 1914 U.S.–Chile Treaty for the Advancement of Peace, although the door was left open for other devices we might wish to suggest.

The Chilean delegation stated that it was making a great concession in even suggesting it would submit a Chilean act of sovereignty to review by a third party.

¹ Source: National Archives, RG 59, Central Files 1970–73, POL CHILE–US. Secret. Drafted on February 26 by Fisher, Gantz, and Casse; cleared by Weintraub, Benedick, Feldman, and Crimmins. Sent through Under Secretary of State for Economic Affairs William J. Casey.

We believe that Chile's objective in making this suggestion is to improve its position with foreign creditors, including the international financial institutions. The Paris Club and international opinion can be expected to support third party settlement, and the IFIs are likely to argue that if a third party settlement procedure is in process, they can resume lending on the grounds that good faith negotiations are taking place.

U.S. Objectives and Strategy

By the time we resume our bilateral talks the March 4 congressional elections will have taken place and their results can give us a better sense of the political climate in Chile. We will wish in any event not to help Allende and the Popular Unity government to consolidate their position, but at the same time to hold open the longer run possibility of finding an acceptable solution to the compensation question and recovering moneys owed by Chile.

Our primary purposes in the next session of bilateral talks are to continue pressing the GOC for a negotiated solution to the outstanding compensation and the repudiated debt problems; to move the Chilean delegation as far as possible toward the definition of impartial and binding third party procedures the GOC would accept as the means for reaching a solution; and to continue to minimize any propaganda or substantive advantage the GOC may seek to obtain from other creditors or lending institutions as a consequence of the talks.

In seeking to achieve these purposes, we would not at this stage propose binding arbitration under any specific mechanism (such as the 1899 Hague Convention, 1929 Inter-American Arbitration Convention, or an ad hoc agreement), concentrating instead on questions which would draw out the Chilean views:

(a) Can Chilean legal and political restrictions, which apparently preclude achieving a negotiated solution, be overcome so as to permit implementing a solution arrived at by a third party mechanism?

(b) What are the characteristics of a third party mechanism acceptable to Chile?

(c) What specific issues would Chile be willing to submit to arbitration?

(d) Would Chile accept a simplified, expeditious and binding proceeding?

Chilean responses to these questions would indicate the extent of Chilean receptivity to a meaningful third party proceeding, and the likelihood of their accepting a binding as opposed to a non-binding procedure (such as conciliation under the 1914 Treaty). We may wish in later sessions to go beyond this, but we believe such judgments can be deferred until we hear further from the Chileans.

Other Considerations

Submission of the copper dispute to a third party mechanism under mutually acceptable conditions has both advantages and risks (whether the procedure is binding or non-binding). The principal advantages are:

(a) The dispute would be kept open (in contrast with IPC in Peru), and pressure would be kept on the GOC for settlement;

(b) Submission of the dispute to third party settlement by Chile would constitute an implicit repudiation of the Allende government's insistent assertion that such matters are strictly within Chilean sovereignty (as well as a long tradition in Latin America of objection to international adjudication of these kinds of disputes), and would be a significant step in our attempts to gain acceptance in Latin America for viable third party procedures in lieu of unilateral action in investment disputes;

(c) An impartial, objective third party determination could establish the obligation of a host government under international law to compensate for expropriated properties.

Nevertheless, third party settlement offers the following risks for the United States:

(a) During the time (12–18 months) which would be required to complete the process, some of the financial pressures on the GOC (especially through the IFIs) would be loosened;

(b) There exists a risk—in our view acceptable—of an adverse decision on the excess profits or compensation issues which would have an extremely damaging impact going well beyond the copper dispute.

An additional consideration is that if Chile should in the end insist on utilizing the 1914 Treaty, it would be difficult to find legal grounds for refusing. Our failure to accept could result in the breaking off of the discussions, with the GOC in a relatively advantageous position to exploit the situation. Under these circumstances, our interests would be better served by an attempt to so structure the 1914 Treaty procedure as to make it expeditious and binding.

Recommendation

That you authorize further exploration with the Chileans of their receptivity to a mutually acceptable third party mechanism for the settlement of the copper dispute.²

² Rogers initialed the Approve option on March 9.

321. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, March 7, 1973.

SUBJECT

Chilean Congressional Elections

The Chilean parliamentary election of March 4 resulted in practical political terms in a continued stalemate, with both sides claiming "victory." Nevertheless, the better-than-expected showing of the UP represents a psychological assist to Allende.

In the nation-wide vote to elect 150 Deputies, the opposition obtained 54.7 percent of the popular vote to the Government's 43.3 percent. President Allende had claimed that anything over the 36 percent plurality he received in September 1970 would be a "victory." This assertion ignored for obvious reasons the fact that his Popular Unity (UP) candidates had won 49 percent of the vote in the country-wide April 1971 municipal elections. Opposition spokesmen had portrayed the election as a "plebiscite" asserting that anything over 50 percent for their candidates would signify that a majority of Chileans reject Allende's brand of socialism.

Opposition expectation of a 60 percent majority and its outside hopes for an even larger margin that would have given them two-thirds control of the Congress (needed to override Presidential vetoes), did not materialize. The substantial opposition majority in Congress was slightly reduced from 93 to 87 seats in the Chamber (150 total) and from 32 to 30 in the Senate (50 total). The loss in seats was not entirely unexpected nor is it so significant as the lower-than-expected percentage of the total vote because of the opposition's "over-representation" in the Congress dating back to the pre-Allende 1965 and 1969 parliamentary elections, and the fact that UP incumbents occupied only 9 of the 25 Senate seats which were being contested.

While the UP lost electoral support from its April 1971 highpoint, it does appear to have consolidated its strength at the 40 percent level essentially on urban poor and campesino support for the two Marxist parties, Socialist and Communist. The opposition's failure to obtain a wider margin of victory will be disappointing to those who hoped the results would force Allende to modify decisively the pace and direction

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Confidential.

of his “revolution.” The basically inconclusive outcome leaves most participants in the Chilean political scene, including the military, in much the same relative positions as they were in before. Chile’s political impasse will continue with the military still serving as the arbiter of power and guarantor against violence by either side, at least for the immediate future. The results will tend to reduce the prospects for violence from what might have been more frustrated UP extremists or more exuberant opposition rightists. The election results will do nothing to resolve or alter the country’s deepening economic crisis.

Theodore L. Eliot, Jr.²

² Miller signed for Eliot above Eliot’s typed signature.

322. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President’s Assistant for National Security Affairs (Kissinger)¹

Washington, March 16, 1973.

SUBJECT

The Church Subcommittee Hearings on Multinational Corporations: Chile–ITT

The SFRC Subcommittee on Multinational Corporations begins its investigation of ITT and USG activities in Chile with an Executive Session on Friday, March 16 at which Mr. McCone and Mr. Geneen of ITT will testify. The focus of these hearings will be the allegation in the Jack Anderson column in March 1972 that CIA representatives requested ITT to take actions injurious to the Chilean economy as part of a U.S. program to prevent the election of President Allende in 1970.²

Six days of public hearings are scheduled, March 20–22 and 27–29. Secretary Rogers and Charles Meyer have been asked to testify on March 29 and Ambassador Korry will appear on March 27. A number of ITT officials, other U.S. businessmen, Peter Peterson and Jack Hennessey reportedly have also been requested to testify. The Committee staff has further advised that we will receive a request to bring Amba-

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Secret; Exdis.

² See Document 296.

sador Vaky from Costa Rica to testify concerning his contacts with ITT while he was on the NSC Staff and that we will be asked to produce the file of cables between Embassy Santiago and Washington.

Charles Meyer has agreed to appear. It is expected that neither Secretary Rogers nor Ambassador Vaky will testify, and we do not plan to release the cable file to the Committee. Although we will make every effort to avoid confrontation with the Committee, it may well be necessary to request the President to invoke Executive privilege with respect to communications with Embassy Santiago and internal proceedings of the Government, particularly in the Forty Committee. These issues could come to a head during Ambassador Korry's testimony on March 27.

CIA is attempting to work out a procedure with Senator Church to answer written questions in writing.

ITT has requested consultation with the Department with respect to its testimony as to the CIA–ITT conversations. CIA counsel have been in touch with ITT counsel and we have suggested to CIA that they respond to ITT's request for consultation in that channel.

A central question is OPIC's decision whether to pay ITT's \$92.5 million claim for the OPIC insured assets of its Chile Telephone Company taken over by the Allende government. OPIC management proposes to deny the claim on the grounds that ITT activities disclosed by the so-called "Anderson papers" were in breach of its contract and prejudiced OPIC's rights. The company presumably would resist such a finding in arbitration on the theory that it did nothing improper in Chile, that it rejected the suggestions allegedly made to it by USG officials or, alternatively, that anything it did was at the request of the USG. OPIC has scheduled a meeting of its Board of Directors for March 19 to take a final decision on the case.³

Theodore L. Eliot, Jr.⁴

³ The OPIC Board of Directors deferred the decision. (Memorandum from Eliot to Kissinger, March 19; National Archives, RG 59, Central Files 1970–73, INCO 15–2 CHILE) In 1975, however, ITT received the largest indemnification from OPIC in OPIC's history up to that point: \$34,706,917 in cash and \$59,384,697 in OPIC-guaranteed Chilean Government obligations. (Davis, *Last Two Years*, p. 71)

⁴ Miller signed for Eliot above Eliot's typed signature.

323. Telegram From the Embassy in Chile to the Department of State¹

Santiago, March 20, 1973, 2124Z.

1154. Subject: U.S.–Chile Negotiations. Ref: Santiago 1138, 1113² and 1110.³

1. *Summary*: I have had a number of indications recently that GOC is privately projecting optimism over possibility of early agreement with USG on compensation and related issues. Press leaks also indicate apparent build-up of expectations. GOC purpose in creating this atmosphere may be related to General Prats' strong desire for an accommodation with USG and to Allende's belief that at least an appearance of rapprochement is necessary ingredient in "opening" to PDC. Opposition leaders are concerned that USG might somehow be prepared bail out Allende and urge careful middle course. *End summary*.

2. During past several days I have had occasion to talk informally and privately with ten or a dozen Chilean figures active in politics. Subject of U.S.–Chile bilateral talks has almost invariably been raised—always at their initiative. Chileans who have approached me have included: [4 lines not declassified]. Several themes have emerged consistently to merit reporting. These themes are also reflected in a number of our CAS reports.

3. Point widely made is that Chilean Government is projecting tone of optimism about possible U.S.–Chilean agreement on issues which divide us. Apparently, Senator Hugo Miranda (Allende intimate) has been discreetly disseminating reports that the Chilean Government has been engaging in direct, private talks with both Anaconda and Kennecott and has come to essential agreement to compensate these companies by some sort of disguised or under-the-table arrangements. Allegedly the State Department is presently the stumbling block, insisting that arrangements be "above the table" for reasons of world-wide policy. Other allegations are that Chilean Government is disposed to make arrangement with us and is thinking of brief, enabling constitutional amendment to open the way.

¹ Source: National Archives, RG 59, Central Files 1970–73, INCO–COPPER CHILE. Secret; Immediate; Exdis.

² Telegrams 1138 and 1113 from Santiago, March 19. (Ibid., Central Foreign Policy File, [no film number])

³ Not found.

4. Rumors of an impending U.S.–Chilean accommodation have leaked to the press. For example, *La Segunda*'s gossip column, "Top Secret," had this to say on March 13: "Governmental circles are awaiting with great optimism the result of the new conversations with North American authorities regarding the renegotiation of the debt with that country. According to leaks, conditions might perhaps have been worked out already, with amounts, periods and interest rates set." The article goes on to speculate that Maira has been championing a settlement and that Socialist hot-heads continue to be the principal obstacle. According to the article, hopes are high that Uncle Sam will open the sluice gates of credit.

5. The foregoing allegations are reminiscent of the period before Allende's foreign trip and the series of press leaks at that time about an Allende meeting with President Nixon. As in the November–December period, the Chileans have been circumspect in their official contacts with me and other Embassy officers.

6. Two elements connected with Chilean internal politics provide some explanation of the foregoing orchestrated leaks. First, there are reports—which I am prepared to accept as accurate—that General Prats is pushing hard for an accommodation with us as a way out of Chile's present economic-political dilemma. Not only does General Prats appear deeply concerned with the danger of civil strife, economic deterioration and institutional erosion within Chile, but he also fears that Chile's conversion into a distant outpost of the Eastern Bloc would make his country strategically and militarily vulnerable to irredentist neighbors.

7. The second explanation for the insinuations which are circulating may be Allende's interest in an "opening" to the Christian Democratic Party. "Centrist" Govt-UP figures seem to believe that at least the appearance of rapprochement with the United States—coupled with the vision of U.S. credits and economic easement—are crucial ingredients in their effort at blandishment toward the PDC. (It remains to be seen how much there is also an element of "setting the stage" for blaming the U.S. if our talks produce disappointment.)

8. The GOC's leaked optimism about our talks is producing considerable nervousness among opposition leaders. [*name not declassified*] point of view is somewhat representative: "We worry about the United States stepping in to solve Allende's economic dilemma because [garble] has received satisfaction on copper. This does not mean we hope the talks will break down, or that America will not pursue a reasonable and balanced course. We are nervous, however, that this course might result in an outpouring of credits and economic help. We need time, and the March 4 elections have shown that the time frame is longer than some had hoped. In the interim we must hope that the U.S.

will steer the careful and difficult course between unmasked hostility and gratuitous economic rescue.”

Davis

324. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, March 26, 1973.

SUBJECT

Executive Privilege—SFRC Request for Internal Communications on Chile

The Church Subcommittee on Multinational Corporations of the Senate Committee on Foreign Relations is investigating the activities of ITT and its contacts with the USG in relation to the 1970 Presidential election in Chile. One focus of these hearings is the allegation in the ITT memoranda published in the Jack Anderson column in March 1972 that CIA representatives requested ITT to take actions injurious to the Chilean economy as part of a U.S. program to prevent the election of President Allende in 1970. These ITT memoranda include other allegations of U.S. intervention including an alleged instruction to former Ambassador Korry in the name of President Nixon to do “all possible—short of a Dominican Republic-type action—to keep Allende from taking power.”²

Ambassador Korry is scheduled to appear before the Subcommittee on March 27 and former Assistant Secretary Meyer will testify on March 29. The Subcommittee has requested testimony from Secretary Rogers, and also from Ambassador Vaky concerning his duties while assigned to the NSC Staff. At this time, it does not appear that Secretary Rogers will be available to testify, but we have offered to send Acting Assistant Secretary Crimmins to speak for the Department. We

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Secret; Exdis.

² See U.S. Congress, Senate Committee on Foreign Relations, *Multinational Corporations and United States Foreign Policy, Hearings before the Subcommittee on Multinational Corporations on the International Telephone and Telegraph Company and Chile, 1970–1971*, 93rd Congress, Part 2, Appendix I, March 21–22; 27–29, and April 2, 1973, p. 608. See also Document 296.

will try to persuade the Committee to accept information concerning Ambassador Vaky's contacts with ITT without requiring him to appear.

CIA has worked out damage-limiting arrangements with the Subcommittee that reduce its testimony to classified written responses to specific written questions. Public inquiry into State Department contacts with ITT are not expected to create many problems as those contacts were innocuous.

The Subcommittee appears intent on several lines of inquiry which raise serious problems, and the hearings will inevitably produce testimony embarrassing to the administration in Latin America. The most sensitive questions touch upon the privacy of communication between the President (and the Department) and his Ambassador, and the internal deliberations of the USG, including meetings of the 40 Committee. Senator Church has formally requested access to the file of communications between the Department and Embassy Santiago for the period August 1, 1970–January 31, 1971, and it appears highly likely the Subcommittee will ask Ambassador Korry and the Department specific questions based on the ITT memoranda in its possession, e.g.: Did Ambassador Korry receive instructions from the President or the Department to take actions to keep Allende from taking power? Did Ambassador Korry recommend a program of economic pressure on Chile in an effort to block Allende's election? The Subcommittee may also pursue questions as to the consistency of the alleged CIA activity reported in the ITT memoranda with stated U.S. policy; whether the State Department was informed of the Agency's discussions with ITT; and by what authority, and at whose specific direction, Agency representatives undertook those talks. In keeping with Presidential directives, the Department will attempt to comply to the fullest extent possible with Congressional requests for information. We will make every effort to satisfy the needs of the Subcommittee without asking the President to invoke Executive privilege. However, consistent with the policy established by the President, we will not disclose information which would be incompatible with the public interest or would impair the operation of the Executive Branch, but in those cases intend to request the invocation of Executive privilege.

In this regard, we believe that disclosure of the instructions sent to Ambassador Korry and of his recommendations to the President and the Department during the period in question would seriously prejudice the foreign relations interests of the United States. Moreover, the disclosure of these communications would compromise the privacy of deliberation within the Executive Branch which is essential to the effective conduct of Government. In addition, disclosure of the cable traffic requested by the Subcommittee would embarrass Chilean friends of

the United States, and U.S. citizens as well, who provided information and advice to the Government in good faith reliance on the confidentiality of their reports. For all these reasons we believe that Executive privilege should be invoked if necessary to avoid such disclosures. Many of the same considerations apply with even greater force to the records of discussions within the National Security Council system which contributed to the formulation of Presidential policy.

These issues are likely to come to a head first when Ambassador Korry testifies on March 27. We have advised him that the President must make the final decision on the question of Executive privilege but that in our opinion the privilege applies with equal force to testimony of former Ambassadors as to present officers of the Government. Ambassador Korry will endeavor to respond to the Committee's questions as fully as possible without provoking a question of Executive privilege but within the limitations described above. In the event the Committee insists on an answer to a direct question on his instructions or recommendations he will ask to be excused from responding pending determination by the President whether he wishes to invoke Executive privilege in that regard. In view of the special circumstances of this case we believe it appropriate to request guidance from the President on these matters at this time.

The Department of State has consulted with the Office of Legal Counsel, Department of Justice; the Office of Legal Counsel has concluded that as a general matter instructions to and recommendations from an Ambassador and other internal Executive Branch communications fall within the scope of Executive privilege and that its exercise in that respect would be consistent with the President's statement of March 12, 1973, and his memorandum to Cabinet officers of March 24, 1969.³ Therefore, we are requesting authority to invoke Executive privilege, if necessary, to prevent disclosure of these matters.

Theodore L. Eliot, Jr.

³ For President Nixon's statement on Executive privilege issued on March 12 and the attached memorandum of March 24, 1969, which established a procedure for compliance with congressional demands for information, see *Public Papers: Nixon, 1973*, pp. 184–187.

325. Memorandum From the Acting Assistant Secretary of State for Inter-American Affairs (Crimmins) to the Under Secretary of State for Political Affairs (Porter)¹

Washington, May 4, 1973.

SUBJECT

Chilean Congressional Elections

In an information memorandum of 6 April CIA reviewed the role of US covert assistance to opposition parties in the 4 March Chilean Congressional elections.² The Agency noted that of the \$1,627,666 approved by the 40 Committee to help the opposition, all but \$25,000 was spent. The Agency believes that our help was effectively used. The opposition nonetheless did not do as well as had been hoped, losing to the government coalition two Senate seats and four in the Chamber. It did retain a majority in both houses. CIA believes this result did not reflect lack of energy or organization in the opposition, but rather a conviction on the part of lower income groups and younger voters that their interests lie with Allende and his Popular Unity forces. The Agency's view that our aid was effective is based principally on the organizational improvements that it facilitated among the opposition elements, chiefly the Christian Democrats and the Nationalists, which it believes should have long-range value.

In its paper, the Agency states that it may prove desirable in the future to provide additional funds to the Chilean opposition. ARA and INR will submit their recommendations on such a proposal if and when it is made. We have been giving assistance to the opposition since Allende came into power, and we believe that on the whole our help has put the opposition in a substantially better position than it otherwise would be. ARA and INR will nonetheless look with considerable care at any new proposals for aid in the light of conditions in Chile as they have developed since our program of aid first began after Allende's victory.

The Agency memorandum has been submitted for the information of the 40 Committee Principals.

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile, 40 Committee Action after September 1970. Secret. Drafted by Gardner and released by McAfee. Sent through George C. Denney, Deputy Director of the INR, who initialed the memorandum. At the bottom of the page, "Read by Amb Porter—May 8, 73, am," is written in an unknown hand.

² The April 6 memorandum to the 40 Committee is *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 133.

326. **Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, May 24, 1973.

SUBJECT

Possible Coup in Chile

The attached special report from CIA (Tab A)² suggests that the possibility of a coup in Chile has increased. Elements of the Chilean Air Force have worked out a plan to overthrow Allende. It envisions seizure of the Presidential palace by Air Force troops, supported by an armored battalion of the Army plus helicopters. Three commanders of key Army units in or around Santiago are said to be backing this effort. But officers of three other regimental-size units are said to be uncommitted if not opposed to any such action. The Navy and some Air Force units are reportedly in back of the effort.

There is no doubt that Chile's deepening problems have raised the likelihood of a coup. But I believe this report should be read with considerable skepticism. Several factors should be borne in mind:

—The Commander-in-Chief of the Chilean Armed Forces, General Prats, is out of the country and an extreme action in his absence would do violence to the concept of military unity, so traditional in Chile.

—The Chilean military has historically been reluctant to involve itself in political activity in the absence of a clear and serious threat to order and public safety.

—An unsuccessful coup attempt could produce civil war in Chile, something that most if not all Chileans would do anything to avoid.

—It appears that several key elements in a possibly unsuccessful coup are missing from the plans as thus far reported—including the participation of strong Army elements in the Santiago area.

This bears watching carefully, and we will be doing that. But in the meantime, I do not think we should get too excited. Above all, there should be no effort to involve the U.S. in these developments in any way.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Secret; Sensitive. Sent for information. Kissinger initialed the memorandum.

² For the May 24 report, see *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 134.

327. Telegram From the Department of State to the Embassy in Chile¹

Washington, May 29, 1973, 1641Z.

102367. Subject: SecVisit LA—The Secretary's Meeting with President Allende.²

Date: May 25, 1973

Time: 7:30 p.m.

Place: Chilean Embassy, Buenos Aires

Subject: The Secretary's Meeting with President Allende

Participants:

Chile

President Allende
Foreign Minister Letelier

U.S.

The Secretary
Jack B. Kubisch, Assistant Secretary-Designate Inter-American Affairs

Neil Seidenmann, Interpreter (OPR/LS)

1. After brief initial greetings, the Secretary told President Allende that he was having a most useful and successful trip to Latin America, his only regret being that he had not been able to visit more countries, including Chile.

2. President Allende replied that he had earlier sent an oral invitation to the Secretary to visit Chile on the occasion of the presentation of credentials by Ambassador Letelier. The President added, however, that he understood the Secretary's obligations and the demands on his time.

3. The Secretary said that he wished to comment on over-all relations between the US and Chile, about which there was a certain amount of speculation. There were some problems, he said, it was true. The Secretary added, however, that the US wanted to have good relations with all countries in the world, and especially with those countries in Latin America that wished to have good relations with the US. He said he had travelled all over the world and that it had been possible

¹ Source: Department of State, Executive Secretariat, Briefing Books, 1958–1976, Lot 74 D 416, Box 172. Secret; Immediate; Nodis. Drafted by Kubisch; cleared by Pedersen and Barnes; approved in S.

² Rogers and Allende were in Buenos Aires for the inauguration of Argentine President Héctor Cámpora. Rogers visited several countries in Latin America May 12–28.

to improve US relations with almost all countries, with only minor exceptions. The Secretary said that he was very glad to have the opportunity to express these views personally to President Allende.

4. President Allende replied that he sincerely believed the Secretary and that he himself was of the same mind. There had been no deed or word on his part intended to create problems in relations with the US. He had posed certain issues that affected Chile in a clear and respectful manner, and in so doing had been consistently mindful that one must distinguish between the people and Government of the US on the one hand, and other elements. He had been firm in his reference to certain companies that had followed policies in Chile that Chile objected to, specifically ITT. Hence, on the one hand, he saw the people of the US, with their history, their traditions, their struggles, and their government, and, on the other hand, these other troubling matters. As a small country that had its own internal problems, it was certainly not in Chile's interest to have additional problems with the US.

5. Allende pointed out that he had made gestures of his own towards the US that had been friendly and even deferential. An example was the invitation that he had extended to the USS *Enterprise*. He had spoken personally with the Admiral. Also, he said, at no time had he interposed any objections or obstacles to joint naval maneuvers. Some of his compatriots did not particularly wish to go along with these, but President Allende said that he was not interested in deferring to their views. *Unitas*, a yearly event, was another case in point. It was easy for a government to create a climate of opinion against another country, or against an activity of a given country, if it so wished. But in every instance, as in the case of *Unitas*, ships came into the harbor, thousands of American officers and sailors came on shore, and there had never been any problem or serious incident. And, of course, the Chilean Government was interested in preventing incidents.

6. The Secretary stated that there were certain difficulties because sometimes people tended to identify a specific company with the US Government. In the case of ITT, he had learned of the possibility of some kind of interference or involvement in Chile's electoral process, and he had said no, absolutely not. However, there had been a certain amount of publicity regarding conversations that had taken place at lower levels of the US Government. The Secretary said he had stopped this sort of thing from going forward because it simply did not make sense. Further, in regard to the problem of the identification of a company with a country, the fact was that most American companies acted in the right way; and most countries wanted American investment. The US Government certainly would not follow a policy of encouraging investors to go to a country that did not want them. The Secretary pointed out that he had visited some 62 countries, almost every one of

the major countries in the world. In almost all of these countries, their leaders seemed to want to encourage American businessmen to invest in their countries, even in the case of Eastern Europe and the Soviet Union. Of course, the US favored these relationships, because we were in favor of trade, and we believed in interdependence. But such investments depended on the wishes of the other governments. We believed that being pragmatic was the best way to approach these matters. An example was the case of Canada which had more investment per capita in the US than did the US in Canada, a fact which not many people knew. Germany and Japan were also investing substantially in the US now. So there will be growing competition for American capital throughout the world.

7. President Allende said that he had stressed repeatedly that one must distinguish between governments and peoples, particularly governments which were transitory such as in the US which often changed between Democratic and Republican administrations. The same was true in the case of Chile, where in 1976 a different party might come to power. In the recent past, Chile had had administrations under the Independent Party, with Ibanez; the Conservative Party, with Alessandri; and finally Frei.

8. Allende went on to say that as a Socialist and as a man who believed in democratic pluralism and freedom, he wanted to tell the Secretary that he believed there was a definite, palpable feeling running in Latin America, a feeling that there must be change and evolution throughout the continent. What could be worse, he asked than for such a sentiment to be blocked or frustrated by the US?

9. The Secretary replied that he shared Allende's view. He said he felt that what was often lacking in Latin America—and this was what he had in mind when he talked about "paternalism"—was a thrust on the part of the various countries to do things for themselves as individual, sovereign nations. The US welcomed nationalism as long as it was constructive. But if nationalism became negative and was based simply on anti-US policies, what purpose would it serve? On the other hand, if nationalism expressed itself as a desire to bring about a better life for the peoples of Latin America, and if the US could help, then that was our desire. Even so, if countries did not want US assistance, that was all right with us, too.

10. President Allende said he was going to tell the Secretary something that he was sure he would believe, but not without some difficulty. This, he said, was strictly between him and the Secretary. Allende went on to say that he had been a personal friend of Fidel Castro for a long time, some 12 years. And in his conversations, Fidel had said, "Don't get into fights with the US unnecessarily, and watch your dollars!" Allende said that he thought this was very sound advice.

11. Secretary Rogers said that, as they were speaking frankly, he also wanted to comment on criticism leveled at the US for being rich and powerful. Most Americans, he said, started out in life with little or nothing. It was just that the US had a system that worked. The Secretary pointed out that in his travels to different parts of the world, particularly to countries such as Yugoslavia and Romania, the authorities consistently said that they wanted closer ties with the US; they urged the US to have closer relations and for the USA to encourage Americans to go to their countries. They seemed to trust us. They didn't make speeches against the US—in fact, usually the opposite. But this was where problems came up in our desire to be friends with Latin America. We felt there had to be a change in climate. We were not interested in interfering in the affairs of other countries. In fact, there was a trend at present in the US toward a kind of isolationism, where many people in our country took the attitude that they have what they wanted and the US should simply let other countries worry about their own problems.

12. President Allende said that the basic policy was entirely right, namely, the respect for autonomy and non-intervention in the affairs of other countries, which should be the normal basis for relationships on the part of all countries, big or small.

13. The Secretary commented that we were also troubled when we were accused of imperialism. We returned Okinawa to Japan, and there were many, many other examples showing we were not interested in any acquisitions. Whenever countries called upon the US when disaster struck, our country contributed more than any other, as had been the case in Peru, Morocco, Tunisia, and many other countries. That was one of the reasons why Americans objected to polemics vis-à-vis the U.S. This was both unproductive and created problems in getting cooperation.

14. President Allende observed that perhaps there was simply a different approach. He said that what he called economic imperialism was something quite apart from the USG. In the case of Chile, the copper companies had garnered fabulous, almost incredible profits in proportion to their initial investments, and they had never developed manufacturing or processing industries in Chile. As a result, Chile remained simply a producer of raw materials. This could not continue. Chile now had to import its manufactured goods and sell only raw materials. In other words, Chile had to pay American wages for the things it wished to buy.

15. Allende then said that Chile did not “want” an understanding with the US—rather, it “must” have an understanding with the US. But he felt that the US should also try to understand the Chilean situation just as the US expected Chile to understand its situation. Allende went

on to say that in Chile the domestic situation was such that there was a unanimous vote in Congress, where his party did not even have a majority, on the issue of nationalization. Hence, for this reason and on constitutional grounds at this point in time, Allende said he did not have the power to pay any compensation. However, if the way were prepared, and things ran smoothly, a different climate could be created. If Chile's access to credit was blocked with the international financial institutions and American banks, and if Chile could not buy spare parts and acquire needed materials, then this could hardly bring about a good climate. He said he was not against dealing with the US. Very frankly, he said, some of his people were against doing so, just as he understood that many people on the US side must not welcome this course. But Allende had let it be known that he was making the decisions, and he had said that he was going to deal with the US. And Chile had done so. Talks have been held.

16. Inasmuch as these talks have not been fruitful, Allende went on, Chile believed that we should now proceed on the basis of the 1914 Treaty, providing for a commission to study the matter.³ From the standpoint of the Chilean people and Chilean public authorities, this was a valid legal instrumentality. And if this instrumentality did not yield anything useful, it was still better to follow this route than not to make use of available machinery. President Allende went on to confide to the Secretary that some of his people had asked him what would happen if the commission decided that the matter should be referred to an international tribunal? Allende said he had told them that this was what they would have to do, providing the decision were legitimate and properly within the jurisdiction of a tribunal.

17. The Secretary said that he was a lawyer and explained that he liked to stress the law because it was the only thing that worked. If, with each change of government, it were decided that a company had made too much profit in the past or that it had been unfair, this would mean there would be no sense of continuity, and investors would not know what would happen next. They could have their companies expropriated and not compensated every time there was a change of government.

³ The 1914 Treaty of Conciliation and Arbitration, also known as the Treaty for the Advancement of Peace, established a five-person commission, two members appointed by each country and a third-party member appointed by agreement. For the text of the treaty, see *Treaties and Other International Agreements of the United States of America, 1776–1949*, pp. 550–552. When the United States and Chile began bilateral discussions in December 1972, the Chileans wanted to invoke the Treaty (which had never been invoked up to that time) because of the third-party mechanism. See Davis, *Last Two Years*, pp. 103–106, and Documents 318 and 320.

18. He pointed out that investors were presently turning more and more to opportunities available in Europe, Japan and the developed countries. For this reason it was a mistake for developing countries to act as if profits were evil.

President Allende said that not all profits were evil, only “excessive” profits.

19. The Secretary asked who would decide that profits were “excessive?”

20. Allende stated that something must have happened for this welling up of feeling to have come about in Latin America. He said that while Secretary Rogers was a lawyer, he was sure that he was also a good political man and would understand this. He went on to say that this feeling was often expressed awkwardly, but the matter of foreign investments had to be taken most seriously. The Andean Pact⁴ countries studied it, and as a result had established a framework within which investments could be made and periods within which assets stemming from such investments were to revert to the countries themselves. Ten years ago such an agreement would have hardly been imaginable.

21. The Secretary observed that reaching the agreement was not difficult. The difficulty would come when there was an attempt to implement it. The question was, how would the countries arrange for the financing to pay for the properties involved?

22. The Secretary went on to say that he understood the attitude that profits might sometimes seem excessive. The US was not against rules being set up by countries where investments were made. The problem came about with retroactive changes in the rules. Changing the rules prospectively was an act of sovereignty and, obviously, was legitimate. But to say that previous governments were unwise and therefore properties were going to be taken over without reasonable compensation would be disastrous from the standpoint of new investments. People would simply not want to invest further in those countries.

23. The Secretary stressed that he was not pleading the cause of any given company and that he was not in a position to make a judgment about whether profit levels of any given company were excessive or not. A country might say that it did not wish to have investments or say that investors must agree to limit their ownership to a given percentage. But, said the Secretary, he believed it would be difficult to get money from abroad under these conditions.

⁴ The Andean Pact, a South American trade bloc, was formed in 1969 by Bolivia, Colombia, Ecuador, Peru, and Venezuela.

24. Allende said that US copper companies had 50,000 mining properties in Chile of which only 5,000 were being worked. The others simply were not operating and all the companies had to do was pay a license fee. This was harmful to Chile. So one could not fail to criticize previous governments, and call into question their policies in allowing these kinds of things to go on. He pointed out, however, that an agreement had been reached with Bethlehem. Also, Chile was on the verge of reaching an agreement with Cerro. The difference had been narrowed down to a gap of approximately \$3 million. Allende, giving approximate figures, said that Cerro was claiming about \$36 million and the government was talking about \$33 million. Allende said that he had recommended splitting the difference at \$34.5 million. Mr. Kubisch said he understood the figures were considerably higher than this. Allende said he was not sure of the exact figures, but at any rate Chile was "definitely going to reach a settlement with Cerro." There were also four or five smaller mining companies operating in Chile where agreement was being reached. An agreement was also being reached with RCA.

25. The Secretary said that we were looking into such matters very carefully, and at a high level. He indicated that he and Secretary Shultz would be getting together upon his return, and that we would be in touch with the Chilean authorities on this subject by the early part of June. He said he hoped that meetings could be resumed, and at a high level and quietly, so that there would be no undue publicity. He felt that if it were possible to conduct the negotiating privately it would be easier to reach solutions.

26. Allende said that he entirely agreed. Such a format would not be difficult from his standpoint. After all, he pointed out, the Secretary had come to visit him that very evening and there were no photographers and no TV.

27. In taking his leave, the Secretary said he appreciated the meeting with the President. Allende replied he was pleased to have received the Secretary.

Rogers

328. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 30, 1973.

SUBJECT

Chile—Next Steps

The March 22–23 U.S.–Chile bilateral talks concluded in a virtual impasse. The GOC formally proposed application of the non-binding 1914 Treaty procedure (investigation and report) to the copper dispute and requested a U.S. response. We pressed Chile on its commitment under the Paris Club Agreement to have direct negotiations on copper compensation and stressed the need for a substantive rather than cosmetic solution. We suggested that both sides review their positions and consider continuing the talks at a higher level.

Since the 1914 Treaty procedure, in the form proposed by Chile, does not promise a resolution of the problem and would permit delay during which we would be under pressure to restore normal financial relations with Chile, we do not wish to accept it.² However, under its terms, Chile may attempt to invoke the treaty unilaterally; if it does so, unless we have offered a plausible counterproposal, we would be put in the very embarrassing public position of attempting to avoid honoring a treaty obligation which Chile had proposed as the means for resolving the copper dispute. A continuance of our existing policy of insisting on a bilateral settlement could very well result in an erosion of support for our position, strengthen Chile's position at the next Paris Club meeting (July 1973), and encourage the IFIs to proceed with lending to Chile in the light of Chile's reasonable steps offer of conciliation under the 1914 Treaty.

In view of these circumstances, the Departments of State and Treasury believe that the U.S. should counter the Chilean proposal with a formal offer to submit the copper dispute to expeditious and binding arbitration. We are developing a specific proposal that will ensure an impartial tribunal and proper terms of reference and procedural rules.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Secret; Exdis. Drafted by Feldman and Bradfield; cleared by Benedick, Crimmins, and Hennessy. In a June 4 memorandum to Kissinger, Jorden summarized this memorandum and received Kissinger's approval of the State–Treasury proposal for submitting the dispute over copper to arbitration. (Ibid.)

² See footnote 3, Document 327.

Our case on the Chile compensation problem is sufficiently strong to give a good chance of our obtaining an objective third party finding that Chile has an obligation to pay substantial compensation to the expropriated copper companies. Such a result would achieve important long-standing objectives of U.S. foreign policy by establishing that international law requires effective payment of just compensation for expropriated property and that investment disputes should be settled by impartial procedures rather than unilateral imposition. Moreover, an objective third party determination would afford Allende the most credible basis for obtaining domestic support for the payment of compensation. We are not sanguine the GOC will accept arbitration, but such a proposal would strengthen our international position on this issue.

Any third party adjudication, whether binding or not, carries the risk (in our view acceptable) of a ruling favorable to Chile's position on compensation that would have serious implications for the security of all U.S. foreign investment in similar situations. If we accept the risk of recourse to a third party, it would be in our interest to have the outcome binding: in fact, the investors whose cause we would be espousing are unlikely to agree to a non-binding procedure. (We would continue to consult closely with the companies.)

An arbitration proposal raises questions about the consistency of this approach with our objectives as defined in NSDM 93³ (maintaining maximum economic pressure on the GOC) since we believe it would cause some movement in the international financial institutions toward a resumption of lending to Chile. Resumption of lending by the IFIs in the circumstances of submission of outstanding investment disputes to arbitration would be consistent with the President's expropriation policy and with the requirements of the Gonzales and Hickenlooper Amendments. But such movement would offer very little if any short term relief to Chile's serious balance of payments difficulties. Moreover, a flat refusal by the USG to apply the 1914 Treaty, without a counterproposal, would also affect adversely U.S. influence with Chile's creditors and the international financial institutions. Thus, in either case some movement in the IFIs may result. This factor, and the positive results we can expect from an arbitration proposal lead us to the conclusion that the proposal is consistent with the directives contained in NSDM 93.

Thus, Treasury and State believe that an arbitration proposal is essential to maintain a credible posture before the public and other creditor governments in response to the Chilean proposal to use the proce-

³ Document 175.

dures of the 1914 Treaty. We expect the next meeting of the Paris Club to be in early July. Therefore, unless there is objection to this approach, we plan to make this proposal to the GOC in early June.

Theodore L. Eliot, Jr.⁵

⁵ Miller signed for Eliot above Eliot's typed signature.

**329. Memorandum From the Director of Operations Policy,
Bureau of Intelligence and Research (Gardner) to the Deputy
Director for Coordination, Bureau of Intelligence and
Research (McAfee)¹**

Washington, June 14, 1973.

SUBJECT

ARA/CIA Meeting, 11 June 1973

PARTICIPANTS

ARA—Messrs. Kubisch, Hurwitch and Shlaudeman;
CIA—[*name not declassified*]; INR/DDC—James R. Gardner

[Omitted here is discussion unrelated to Chile.]

Chile

After [*name not declassified*] reviewed the financial details of the new proposal for extending the financial assistance to the Chilean opposition, Mr. Kubisch recalled the reservations that he had expressed on 30 May and remarked on the dimensions of the risks in today's atmosphere that we ran were our assistance to become known.²

Mr. Shlaudeman said that the risk of our assistance becoming known centered here rather than in Chile. Neither side in Chile really

¹ Source: National Archives, RG 59, INR Files, Lot 94D565, James Gardner Chronological File. Secret. Printed from an unsigned copy.

² According to a May 31 memorandum from Gardner to McAfee recounting the ARA/CIA meeting, Kubisch questioned if U.S. interests in Chile were critical enough to justify such an extensive and ongoing covert operation; if they justified the dangers involved; if they were effective; if there was a way to accomplish U.S. objectives without covert operations; and whether the program should be ended. The full text of the memorandum is *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973, Document 135.

wanted to raise the matter. The subject of covert foreign assistance had been deprived of much of its credibility because of overplay by Marxist elements in Chile. The secrecy of the operations in Chile have actually been very good, as good as any he had ever seen. The real danger of compromise lay here rather than in Chile; exposure here would receive a far bigger play and far more credence in Chile than anything that could be said there.

Mr. Kubisch remarked that we had been involved in the Chile electoral process for so long that it would take a long clean period before there would be general belief that we were not involved.

Mr. Shlaudeman said we had made considerable progress in the past few years in convincing the Chileans that we were not trying to rig their elections. He noted that it was widely believed that we did not give financial support to Chilean parties during the last congressional elections. To him, the important step was to keep clear of any role in which we were attempting ourselves to engage in operational activities. We could not tell Chileans how to run a campaign. To do so would get us into trouble comparable to that arising out of the 1964 elections.

Mr. Kubisch noted that the CIA paper had pointed up three possible positions.³ One of these, a *golpe*, was not held to be a serious possibility. Why? [*name not declassified*], replying for the Agency, said in effect that the Chilean populace was not geared to thinking in terms of overthrowing their Government. Compromise was to Chileans an essential element of the political process. Furthermore the Chilean military since 1932 had had “constitutionality” drilled into them; it would take a great deal to get it to move. [*name not declassified*] went on that there were a number of preconditions to be met before *golpe* could be seriously considered in Chile. One was mass support, of which there was clearly no evidence. The military would have to be united in their opposition to the present regime; it was not. There would have to be political support from the parties, especially from the PDC; there was no such support. There would also have to be a good constitutional reason for an attempted coup. At the moment there was none. There would have to be a military consensus that a coup was required. There was no prospect that such a consensus could soon emerge.

Mr. Kubisch said that it therefore was clear that a military coup seemed to be a non-starter.

[*name not declassified*] said that the most likely way an overthrow might occur would be through a “constitutional coup,” with the military being brought into all key positions in the government, and in-

³ Presumably the May 24 report; see Document 326.

sisting on a number of requirements or conditions which would give everybody a measure of what he wanted.

Mr. Kubisch wondered if by granting limited assistance to the opposition we were but giving them the means to keep barely alive, encouraging them in an ineffective opposition; it might be better to cut off assistance and let the situation develop to a point that a reaction would be triggered that would produce a “constitutional coup” or some other response more effective than that we were now seeing.

Mr. Shlaudeman said that it was more likely that a cut off of our assistance would work the other way. Opposition in Chile to Allende was a result of party activity. Parties were central in Chile. If the parties faded, opposition influence among the military would tail off. Despite evidence in early 1971 that the heart had gone out of the opposition, it had lately come to show considerable energy. Without our help it could do much less, it would lose heart. The visibility of political activities and media independence was what kept the opposition going.

Mr. Kubisch asked if, in the last analysis, a country didn’t have to save itself.

Mr. Shlaudeman observed that the Chileans were fighting Allende on their own initiative, the decisions were theirs. The little edge that we were giving them with our financial assistance was critical, but we were not and must not get in the position of saving them.

Mr. Kubisch said that he was not persuaded that a vital US interest of the sort that would justify our covert assistance really was involved. Messrs. Shlaudeman and Hurwitch agreed that there was no vital interest, but nonetheless an important one.

Mr. Kubisch agreed with Mr. Hurwitch’s formulation that new sensitivities in the US and in Chile to US covert activities should not necessarily drive us to abandon all these, but that they would make it necessary to analyze in a much more critical way than hitherto the importance of the objectives that we were trying to achieve through them.

Mr. Kubisch said that in this particular instance he did not believe that the benefits outweighed the potential cost.

Mr. Hurwitch said that it would be of inestimable importance to our policy in Chile, in Latin America and in the rest of the world were a free Chilean election to be held in 1976 that would result in a democratic repudiation of a Marxist regime. Such a development would be far better for us than any military coup in Chile could be. He himself believed that a free election in Chile would actually result in the rejection of Allende’s regime. The current covert program kept the hope alive that this result could be won. He therefore thought that the potential benefit outweighed the risk. He would hesitate to narrow the possibility of reaching such an outcome.

Mr. Kubisch said Mr. Hurwitch's position was persuasive. He then sought to advise on how best to bring the considerations that had been surfaced to the attention of the 40 Committee. Positions held two years ago by the Committee members and by the White House were not necessarily ones that would be held today were the Committee brought to focus on the new elements in the situation. He reacted positively to the suggestion that an effective way to insure the necessary reexamination was by persuading Ambassador Porter, our 40 Committee representative, that the situation should be examined *de novo*. It was decided that the text of the CIA-proposed memorandum would state merely that Mr. Kubisch had been consulted on the program, not that he had concurred. He would see to it that the various pro and con arguments were brought to Mr. Porter's attention.

330. Telegram From the Embassy in Chile to the Department of State¹

Santiago, June 21, 1973, 2228Z.

2706. Subj: Chile's Political Crisis.

1. *Summary*: It is increasingly clear that the Chilean Communist Party has passed to a harder line—closer to the Socialists and less compatible with the President. The recent Air Force sit-down probably weakened that institution and its Commander in Chief—and gave the senior officers of other services pause. The military position regarding the present crisis has not yet emerged, however, and it is likely to be some days before terms for a possible military reentry into the Cabinet are clarified on all sides. *End summary*.

2. The present moment may not be ideal for forwarding reflections on Chile's political crisis—minutes after President Allende has finished addressing a massive crowd at the Moneda. Nevertheless, I believe a few observations are worth making. First, it is increasingly clear that the Communists have shifted to a harder line. They have moved closer to the Socialists, MIR, Left Christians and Ulta-MAPU, and have moved away from the President. They demonstrated this publicly last Friday when they joined with the Socialists in openly repudiating the President for having received the El Teniente miners, and their faint,

¹ Source: National Archives, RG 59, Central Files 1970–73, POL CHILE–US. Secret; Immediate. Repeated to USCINCSO, Lima, and Buenos Aires.

subsequent denials have not erased the reality. From clandestine sources our Station is reporting that this Communist shift is deliberate, sharp and real. According to one SRF report,² the Communists and Socialists rammed through the decision for today's shutdown and rally over Pres Allende's opposition. It is significant that Investigaciones would enter and smash the University of Chile's new television studio on the morning of the Christian Democrats' rally this Tuesday. If it is confirmed that the armed infiltrators who shot it out with Air Force guards at Los Cerrillos were young Communists, this too might be indicative of the changed line. During Allende's trip to Rancagua yesterday, UP strike-breaking copper workers reportedly warned the President in strongest terms against conceding, and undercutting them. The President, through his Secretary General, "excommunicated" the National Party last night saying no senior government official should henceforth treat with them. Today he said the government would move "through administrative means" against *Patria y Libertad*. All these actions go in the same direction.

3. Then there is today's shutdown and rally. The object is intimidation—to show the opposition and, even more important, the Armed Forces what the consequences of any *golpe* might be. It might also have been a practice-exercise for G-Day plus one. The crowds were impressive—swelled in part by the fact that the marchers not only are under pressure to attend, but also have to return to their factories and get their time cards punched if they want their day's pay. Regardless of how the workers got there, nobody is contesting UP control of the streets of central Santiago this 21st of June. Prudence tempered valor when the opposition decided to shut down, just as tight as the leftists, and guard their homes.

4. The recent bread-and-butter, sit-down mutiny of Air Force non-coms frightened, shamed and enraged senior officers. It comes on the heels of a similar troubles within the Carabinero corps. It has probably weakened General Ruiz, who is widely considered the strongest bulwark against Marxist advance among the commanders in chief.

5. It seems early to know how Chilean officers will definitely react to the signs that service discipline is eroding. They may add the workers' menacing show of strength to their calculations, and pull in their horns. On the other hand, they may react with a deeper conviction that something must be done before power, discipline and their troops' economic well-being erode and wash away. Somebody forced the CUT to back off on its announced intention to cut off electricity, gas, telephone, water and other essential services, as part of today's planned in-

² Not further identified.

timidation. I have no information, but I would not be surprised if it was the military who put a foot down.

6. The past few days have witnessed further cracking of the veneer of legality on the surface of Chilean political and economic life. The appeals court pronounced the raid on the University of Chile's new television station as illegal. Chilean respect for university autonomy was also affronted, but the court decision has in no way undone the closing. In the truck farming area around Maipu, the MIR has just completed a bold and almost bloodless illegal seizure of a great belt of farms. This event has gone almost unnoticed in the onrush of events. Fresh vegetables are rotting on the ground, and there will be less for eating in the city but the MIR and Socialism have advanced another step.

7. The Cabinet crisis continues, with rumors, reports and formulas of every description—all of them revolving around the terms the military could extract for entering the government. The latest rumors sound closer to the October–March formula, and farther from the real power the military were said to be determined on getting. So far as we know, however, the Council of Generals has yet to hold its crucial meeting. Neither have the Navy or Air Force taken a final position, we believe. My guess is that it will be some days before the question is clarified.

Davis

331. Telegram From the Embassy in Peru to the Department of State¹

Lima, June 25, 1973, 1438Z.

4355. Subj: Chile: Copper Disputes.

Summary: First secret meeting held with Almeyda, Cardemartori and Urrutia at Chilean Embassy residence Sunday morning June 24 consisted principally of detailed exposition by Kubisch and Hennessy of USG reponse to Chilean proposal of March and presentation of U.S. counterproposal. Almeyda acknowledged USG effort to take into account major Chilean concerns in advancing new formula and said Chilean side would ask questions and seek clarification in subsequent

¹ Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Secret; Immediate; Exdis. Repeated immediate to Santiago.

meeting after having had chance study U.S. proposal. Chilean acceptance or suggestions for “additions” to proposal would be made at highest GOC level and no definitive response would be possible for the moment. *End summary.*

1. Asst. Secretary Kubisch and Asst. Secretary Hennessy, accompanied by Raymond Gonzalez (Embassy) met at Chilean residence, Lima, morning June 24 with Clodomiro Almeyda, PC Deputy Cardemartori, and CODELCO New York Rep Javier Urrutia. After brief welcoming and introductory remarks, Almeyda asked Kubisch for USG response to Chilean procedural proposal of using the 1914 Treaty made during bilateral talks this subject last March.

2. Kubisch stressed that his presence in Lima and at meeting reflected strong USG desire reach settlement this problem. He referred to Secretary's meeting in Buenos Aires with President Allende and joint conclusion from that meeting that long tradition of friendship between two countries should not be further damaged by copper problems.² Secretary had made clear USG prepared meet with GOC, on basis full equality and mutual respect, in joint effort to attain common objectives. USG prepared to accept whatever internal political, economic and social policies Chilean people want for themselves and there should be no misunderstanding of USG attitude in this regard.

3. Hennessy then summarized history of previous negotiations which he separated into two stages. First or multilateral phase stemmed from Paris Club meeting in February shortly after Chilean action against companies. Four intensive meetings in which Ambassador Letelier took part led to April 19, 1972 agreement.³ Hennessy stated USG decision to sign agreement represented major demonstration our good will and concrete proof our willingness accept multilateral framework for solution financial and copper questions. He highlighted importance of Art 4 which provided mechanism for carrying out direct bilateral settlement with companies or USG, although he acknowledged there were some differences in interpretation by Chileans on this article. Paris Club agreement was at the time seen by Chileans and urged on US as important because (A) it would provide Chile with time it needed to prepare way for bilateral solution (B) USG signature was positive act which would improve domestic political climate. Hennessy then recounted effects of copper tribunal ruling in September, which after assurances at time of Paris Club signing was a great disappointment as it seemed to close door.

² See Document 327.

³ See Documents 297 and 298.

4. Hennessy then described second or bilateral phase of previous negotiations recounting December 1972 meeting with GOC, alluded briefly to 1914 Treaty as one of several procedures which perhaps might be followed, while USG indicated we had perfectly suitable mechanism in Paris Club agreement. At second formal meeting in March while Chilean side showed disappointment USG not prepared give definitive reply to 1914 Treaty, this was unfounded since GOC had not made any formal presentation of this as a firm offer, but merely a passing reference.⁴ Subsequent conversations between Crimmins, Hennessy, Almeyda–Letelier had suggested advantage of moving away from large, formal bilateral meeting to smaller more practical meeting such as today's in which we could test good will to reach solution.

5. Kubisch then outlined preferred U.S. solutions to copper problems with American companies: (A) GOC settle directly with companies; (B) if this not possible, GOC negotiate bilaterally matter of compensation; (C) if latter not possible, GOC enter into arbitration procedure with companies; e.g. such as provided for in IBRD. GOC has said none of these acceptable and stated it cannot compensate companies now. GOC has manifested more time necessary to work out solution and suggested some third party proceeding might be helpful, proposing 1914 Treaty.

6. Kubisch underscored great importance which USG attaches to GOC undertakings in Paris Club and declared US most reluctant to turn attention away from these commitments for uncertainties of third party procedure. He expressed belief Paris Club members would be surprised at GOC interpretation to effect its obligation to honor debts and make just compensation not applicable to copper problem, which was major issue at Paris. Nevertheless, because of importance we attach to resolution of problem we prepared explore some procedure other than Art 4 that meets our mutual concerns.

7. As we understand it, Kubisch continued, two principal Chilean concerns include (A) need for time to prepare ground for settlement and (B) objective finding by impartial third party. President Allende has also said GOC neither simply trying to delay settlement nor gain time but is prepared seek a true solution. USG willing attempt to use essential elements of Chilean proposal as basis for moving forward. However USG asking for one thing more: that procedure we agree upon resolves problem one way or other and within reasonable time. USG had carefully considered not only GOC proposal use 1914 Treaty but also provisions of 1929 Inter-American Arbitration Treaty and 1899 Hague Convention. Kubisch said USG has prepared proposal which

⁴ See Documents 318 and 328.

carries out objectives these instruments and also meets major concerns of both sides.

8. Kubisch read proposed procedure for settlement of copper disputes as follows: *Begin text:* It is proposed that the United States and Chile submit the question of the compensation to which the U.S. copper companies may be entitled under international law to the decision of an impartial third party. Both governments would agree to accept and carry out the result of that proceeding. The two parties would establish the impartial tribunal by mutual agreement and stipulate appropriate terms of reference and rules of procedure. These rules should include a time limit for the completion of procedures and the rendering of the decision. The panel should have the authority to consider all of the issues necessary to determine whether the copper companies are entitled to payment of compensation and, if so, to establish the amount. It is further proposed that the two governments constitute a panel that would be mutually acceptable and draft the necessary terms of reference and rules of procedure. *End text.*

9. Kubisch then gave copy of text to Almeyda. He stated proposal represents a major concession and substantial risk for U.S. It is concession because it sets aside for present time commitment Chile undertook at Paris and great risk because it makes settlement contingent on judgment of third party, as Chile had suggested. That decision and settlement could have great effect not only on copper companies but on the American companies and on more than \$80 billion of foreign private investment throughout world. He repeated this represents substantial risk but USG makes proposal in good faith and after consideration of all possible solutions. Kubisch offered clarify proposal or answer any questions Chileans might have.

10. Almeyda expressed appreciation for efforts of U.S. reps in proposing procedural formula for solution of problem worrying both sides and one, as stated by Asst. Secretary Kubisch, which takes into account major Chilean concerns. Said they would consider U.S. proposal with greatest attention but naturally decision to accept, or possibly to suggest additions, would have to be taken at highest GOC level. Chilean side would not be in position to give definitive reply at this time. Nevertheless, Chilean side wished to take advantage of presence in Lima of U.S. reps to ask for clarification, explore sense of proposal and its compatibility with political and legal framework. He proposed reconvening meeting after Chilean side had few hours to study proposal. We meeting again at 6:30 p.m. Sunday evening.⁵

⁵ July 1.

11. In slightly polemical terms Almeyda referred to Hennessy's points on Paris Club agreement and reiterated Chilean contention GOC not obligated by Art 4 to negotiate directly a settlement of copper compensation dispute because that would have been legally impossible for negotiators to agree to since it would be contrary to Chilean constitution. Hennessy replied to these points and raised fact that irrespective of GOC interpretations, the other creditors had a clear concept of the meaning of Art 4 and the GOC compliance would be reviewed as first order of business. Mutual benefit of having reached a satisfactory agreement beforehand was clearly evident.

12. *Comment:* While opening session devoted mostly to presenting our proposal and no immediate reaction forthcoming, Chilean attitude appeared relatively open. Believe our detailed review of background and exposition of our preferred positions and willingness accept essentials of earlier Chilean proposal was useful setting of stage for subsequent sessions.

Belcher

332. Message From the Station in Chile to the Central Intelligence Agency¹

Santiago, June 25, 1973.

1. We have not noticed any significant shift in [*less than 1 line not declassified*] views concerning support to the [*less than 1 line not declassified*] private sector. He remains unenthusiastic about supporting this sector because of his concern that our financial aid might enable the [*less than 1 line not declassified*] movement to develop into a parallel political force (with corporate state overtones in economic area) which could compete with existing opposition political parties and conceivably could become a divisive element within the opposition. He is also apprehensive that our support to the [*less than 1 line not declassified*] private sector at the present time could be construed as abetting the coup-minded forces within the opposition and providing tacit [*less than 1 line not declassified*] approval for a coup. In this context it should be

¹Source: Central Intelligence Agency, DDO Registry, DDO Policy and Management Files, 1974, June 25, Job 80–00012A, Box 3, Folder 6. Secret; Priority. The message is printed from a previously redacted copy; the original was examined by the editor but a copy was not provided for inclusion in this volume.

noted that while the majority of opposition leaders apparently favor military intervention, the [less than 1 line not declassified] private sector (which is most immediately threatened by U.P. economic program) is in the vanguard of those elements pushing for a coup. Finally, as a matter of principle [less than 1 line not declassified] is opposed to using our funds to build up [1½ lines not declassified] by using them as conduits to support several organizations. He prefers several independent funding channels to the [less than 1 line not declassified] private sector even though this approach is less efficient. [3½ lines not declassified] in general however, [less than 1 line not declassified] does not seem to be opposed at this time to actions which might intensify or prolong current political crisis so long as carried out through political parties and the media.

2. While we share [less than 1 line not declassified] concern about [less than 1 line not declassified] private sector activities regarding military intervention and are likewise somewhat uneasy about possible competitiveness between political parties (especially PDC) [less than 1 line not declassified] we feel strongly that financial support to the [less than 1 line not declassified] private sector is essential. In the past year the [less than 1 line not declassified] private sector has shown itself to be a powerful force capable of applying pressure on the Allende govt. Moreover it seems to us that this sector has an even greater potential for impeding U.P. attempt to obtain complete political/economic control of Chile. Hence we feel (and have felt for sometime) that it is a grave mistake not to attempt to strengthen this force as an effective instrument of the opposition. If we are to block the U.P. govt, we cannot afford at this time to ignore any viable opposition group capable of applying significant pressure against the Allende govt.

3. We are now in the process of preparing a memo for [less than 1 line not declassified] consideration which will outline how [less than 1 line not declassified] requested for the [less than 1 line not declassified] private sector could be best utilized. [6 lines not declassified]

4. While we expect to encounter difficulties with [less than 1 line not declassified] on issue of support to [less than 1 line not declassified] private sector it may be somewhat easier for us than for HQS to try to convince his counterparts in [less than 1 line not declassified] since Ambassador is closer to the scene and because of the high level of confidence he has in the Station. Hence it is our view that it would be better in HQS presentation to [less than 1 line not declassified] to include support to the [less than 1 line not declassified] private sector in general terms, leaving decision on specific use of these funds to [less than 1 line not declassified] discretion especially since exact use of funds will depend somewhat on local circumstances at any given point in time.

5. [less than 1 line not declassified] was to return Chile 25 June. We expect to be ready by 29 June to review with [less than 1 line not declassified] effort and discuss [less than 1 line not declassified] private sector support. Will advise results soonest.

6. [less than 1 line not declassified]

333. Message From the Station in Chile to the Central Intelligence Agency¹

Santiago, June 26, 1973.

1. For your information, I used the information that we received that the opposition leaders were becoming demoralized by the rumor of a possible deal between Chile and the United States as a peg with [less than 1 line not declassified] to urge approval of our pending proposal to [less than 1 line not declassified] as soon as possible. I said I was concerned that this feeling within the opposition could grow if there were an inordinate delay by [less than 1 line not declassified] in approving the proposal. [less than 1 line not declassified] said he couldn't agree more and said he would raise subject with Assistant Secretary.

2. Upon his return [less than 1 line not declassified] said he had discussed [less than 1 line not declassified] proposal with Assistant Secretary and while he did not want to make any promises to COS, he felt he had been able to convince Assistant Secretary of need for program. [less than 1 line not declassified] volunteered information that Assistant Secretary allowed [less than 1 line not declassified] proposal to be forwarded with indication that he had seen proposal but without his specific endorsement of it. While continuing to express caution against over optimism, [less than 1 line not declassified] said he felt Assistant Secretary probably would now support the proposal.

3. [6 lines not declassified]

4. [less than 1 line not declassified]

¹Source: Central Intelligence Agency, DDO Registry, DDO Policy and Management Files, 1974, June 26, Job 80–00012A, Box 3, Folder 6. Secret; Priority. The message is printed from a previously redacted copy; the original was examined by the editor but a copy was not provided for inclusion in this volume.

334. Editorial Note

On June 29, 1973, a small number of Chilean Army troops under the direction of Colonel Roberto Souper attempted a coup against President Salvador Allende's regime. The troops attacking La Moneda (the Presidential palace) had only four tanks at their disposal. The battle between the Carabinero troops and the rebels lasted only about three hours and the pro-government forces emerged victorious. Assistant to the President for National Security Affairs Henry A. Kissinger informed President Richard M. Nixon of the uprising in two separate memoranda of June 29. The second memorandum concludes: "All indications are that the coup was an isolated and poorly coordinated effort. Most of the military leaders, including the commanders-in-chief of all three branches of the Armed Forces, remained loyal to the government." (National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII)

In an August 1 memorandum to Kissinger, the CIA assessed the ways in which a military coup would affect U.S.-Chilean relations and concluded that a military government would provide additional political and social stability for the following reasons: It would at least try for a "symbolic settlement" of the copper dispute (the memorandum noted it would only be an emblematic effort as Chile lacked the funds to offer a substantial compensation settlement), and it would be more open to private foreign investment than the Allende government had been. The overarching concern expressed by the Agency was that, as the result of ineffective leadership and resistance to the new regime, the new government might have a hard time maintaining public order. Consumed with dealing with resistance to the new regime, the government might not fully reverse Allende's more problematic policies. The August 1 Intelligence Memorandum is Document 139 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

335. Transcript of a Telephone Conversation Between the President's Assistant for National Security Affairs (Kissinger) and President Nixon¹

July 4, 1973, 11 a.m.

K: Hello.

P: Henry.

K: Mr. President.

P: I want you to take the Fourth off now so . . . I just looked over the news thing, nothing new here. It's relatively quiet. The Latin Americans are having their usual—you know I think that Chilean guy may have some problems.

K: Oh, he has massive problems. He has definitely massive problems.

P: If only the Army could get a few people behind them.

K: And that coup last week—we had nothing to do with it but still it came off apparently prematurely.

P: That's right and the fact that he just set up a Cabinet without any military in it is, I think, very significant.

K: It's very significant.

P: Very significant because those military guys are very proud down there and they just may—right?

K: Yes, I think he's definitely in difficulties.

P: Well, we won't have to send the ITT down to help, will we?

K: (Laughs) That's another one of these absurdities. Because whenever the ITT came to us we turned them off. I mean we never did anything for them.

P: I never even knew they came.

K: They came once because Flanigan had set it up. You didn't know it. I didn't tell you because it required no action and I listened to them and said "Thank you very much" and that was that.

P: Frankly you know we left it to Helms and he and the Ambassador and so forth, they screwed it up.

K: Exactly. It's the Ambassador who screwed it up.

P: You remember.

¹Source: Library of Congress, Manuscript Division, Kissinger Papers, Box 378, Telephone Conversations, Chronological File. No classification marking. The President was at the Western White House in San Clemente, California and Kissinger was in Washington.

K: Oh yes, you remember, if we had in '64 they put \$2 million behind Frei.² In that election they had altogether \$400 thousand which they split evenly among the opposing parties.

P: That's a disaster.

K: So it didn't do any good. We might as well have given nothing. [Omitted here is discussion unrelated to Chile.]

² Regarding the 1964 election, see *Foreign Relations, 1964–1968*, vol. XXXI, South and Central America; Mexico, Documents 250, 258, 262, and 267.

336. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, July 10, 1973.

SUBJECT

NIE on Chile

Attached per your request is the NIE on Chile, completed last month before the recent abortive coup.² That uprising *may* have strengthened Allende's position. Any further unsuccessful move by the military would certainly do so. In general, however, I believe the recent events have not substantially altered the conclusions of the NIE.

The NIE focuses on the prospects for consolidation of President Allende's Marxist regime in Chile. It makes the following major points:

—While Allende has made important political gains and has the assets for still further gains, he has not yet consolidated power and is faced with very substantial problems.

—Allende has been particularly effective in controlling his own coalition and in dealing with the military, using their apolitical tradition to his own advantage. He has also been strengthened by divisions among the opposition parties.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Secret; Sensitive. Sent for information. The memorandum was initialed by Kissinger.

² NIE 94-73, "Chile," June 14, is attached but not printed. The NIE is Document 136 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

—As a minority President, Allende faces an opposition which controls Congress and is influential in the judiciary, the news media, the educational system, organized labor and some sectors of the economy.

—He also faces a seriously deteriorating economic situation. His own strategy for consolidating political power creates economic and political tensions which could ultimately undercut his present gains.

—Allende will continue to be unwilling to shore up his economic position at the cost of an austerity program and taking the necessary actions to improve relations with the US in order to increase credits from traditional Western sources. He would probably only agree to pay for expropriated US companies as part of a package deal including debt rescheduling and the opening of new credit lines through international lending agencies. (An early settlement with Cerro may disprove this generalization.)

—Chile is experiencing an erosion of respect for constituted authority and a polarization of society. This will contribute to a continuing series of political crises and confrontations prior to the next elections in 1975 (municipal) and 1976 (presidential).

—While unrest within the military is growing, sufficiently broad military support for a successful coup is unlikely unless there should be: very widespread disorders; complete economic collapse; or a decline in Allende's popular appeal; broad commitment to a coup by the political opposition and intransigence by Allende in the face of demands from the military.

The NIE posits three broad general directions for events in Chile. It concludes that a political standoff between Allende and his opposition is the most likely outcome, with the chances for his consolidating power or for repudiation of his regime by the opposition being about equal. The US lacks powerful or reliable levers for influencing the final outcome. Continued encouragement of constraining forces within Chile and continuing economic pressures could have some limited impact. But a policy of open, all-out economic pressure would help Allende more politically than it could hurt him economically.

337. **Memorandum From the Assistant Secretary of State for Inter-American Affairs (Kubisch) to the Under Secretary of State for Political Affairs (Porter)**¹

Washington, July 25, 1973.

SUBJECT

Covert Assistance to Chilean Opposition

In the attached memorandum to the 40 Committee,² CIA proposes that \$1,000,000 be approved for the support through FY '74 of political parties and private sector organizations opposed to the Popular Unity government of President Allende. Of this sum, [*dollar amount not declassified*] would be for the Christian Democratic Party; [*dollar amount not declassified*] for the National Party; [*dollar amount not declassified*] for two smaller parties; [*dollar amount not declassified*] for private sector organizations for political activity against the UP; and [*dollar amount not declassified*] for contingency purposes.

My initial reactions to this proposal were strongly negative. However, I have since had repeated meetings and discussions with knowledgeable members of CIA and the Department, including Ambassador Davis and Deputy Assistant Secretary Shlaudeman—until recently DCM in Santiago. The firm views of those I have consulted are that this financial help is absolutely critical to the survival of an opposition in Chile—which is highly important to the United States—and that although this opposition may not survive in any event, without our help it will surely vanish from the scene.

Arguments against the proposal are nonetheless sufficiently important that you should be aware of them in making your decision. They are:

1) In my view, and in the last analysis, Chile has to save itself. What help can be given from abroad will only be marginal and, in all probability, temporary. It is even conceivable to me that the Chilean opposition may be encouraged by our assistance to depend too much on us, instead of themselves.

2) The proposal and the amount suggested—which I understand is the maximum that can be safely absorbed under current conditions in

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, 40 Committee Action After September 1970. Secret. Drafted by Gardner; released by McAfee. Sent through Cline.

² Attached but not printed. It is published in *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973, Document 138. See also Document 340.

Chile—seem so small to me that I can hardly see how they will have much effect.

3) Recent disclosures and allegations about U.S. activities in Chile in 1964 and 1970, together with current developments and attitudes in the U.S. towards covert government activities, make the potential damage to the USG from exposure of this program far greater than in the past.

4) The damage could also be telling abroad and especially in Latin America where we are endeavoring to improve our overall relations.

The above considerations have broader implications than just for Chile alone and I would be glad to discuss them with you further.

338. Central Intelligence Agency Information Report¹

Washington, July 25, 1973.

SUBJECT

Counter Insurgency Planning by Military

[4 lines not declassified]

1. ([less than 1 line not declassified] comment: [less than 1 line not declassified]) provided information on a council of five flag-rank officers from each of the three military services which was established in the aftermath of the abortive military uprising of 29 June to discuss military concern over national security.)

2. [less than 1 line not declassified] council of flag-rank officers met to discuss the preparation of a counter-insurgency plan for the Armed Forces. This plan is near completion and lacks only the identification of priority targets and a listing of measures requiring inter-service coordination. Under this plan each of the three branches of the Armed Forces will have its own organization and responsibilities. Nevertheless, there will be inter-service groups set up to coordinate those activities requiring joint efforts. ([less than 1 line not declassified] comment: [less than 1 line not declassified] the council's decision to prepare a counter-insurgency plan.)

¹ Source: Department of State, Virtual Reading Room, Document Collections, CIA Chile Declassification Project. Secret. The report is printed from a previously redacted copy; the original was not found.

3. The plotting officers within the Armed Forces are hoping that the truck owners' strike scheduled for 26 July will be postponed until the council has an opportunity to complete its counter-insurgency plan which could be used as the basis for a coup d'état. For this reason Admiral Patricio Carvajal, Chief of the National Defense staff, tried to persuade Leon Vilarin, President of the Truck Owners' Federation (SIDUCAM), to postpone his strike until the plan has finished. [18 lines not declassified]

4. Although the Air Force is not considering any action in conjunction with the truckers, they plan to remain on alert for a crisis that might develop as a result of the strike. In the meantime, Navy and Air Force plotters continue work closely together on their preparations for a coup d'état and neither is planning a unilateral action. [less than 1 line not declassified] (comment: The plotting officers know of no lower-level officers' plans to undertake independent military action.)

5. [7½ lines not declassified]

339. Editorial Note

During the month of July 1973, President Richard M. Nixon's administration debated whether to re-initiate funding for the Chilean private sector organizations, [text not declassified], as they were an important sector of the opposition to President Salvador Allende's government. The Deputy Director for Operations of the Central Intelligence Agency, William E. Colby, sent a June 29 memorandum to the Chief of the Western Hemisphere Division, arguing that covert funding of private-sector organizations would prove useful if it could support the "necessary network by which the separate organizations interrelate and collaborate." (Central Intelligence Agency, DDO Registry, DDO Policy and Management Files, 1974, Job 80-00197A, Box 2, "WH Division, 1973") Ambassador Nathaniel Davis, however, argued that covert funding would drive a wedge between the political parties and the private sector organizations and that such funding would send a signal to the military to stage a coup. (Message 25376 from the Station in Santiago, June 25; *ibid.*, DO Records [job and volume numbers deleted])

The day after this message was sent to Washington, Ambassador Davis reconsidered his position. He discussed a plan for passing funds [text not declassified] with Assistant Secretary of State for Inter-American Affairs John B. Kubisch during a meeting in Lima, Peru. Although he believed he had convinced the Assistant Secretary of the need for

passing funds, Davis asked the Chief of Station not to send any information on the proposal to Central Intelligence Agency Headquarters until the Ambassador had a firmer commitment from Kubisch. (Message 2539 from the Station in Santiago, June 26; *ibid.*, DDO Registry, DDO Policy and Management Files, 1974, Job 80–00012A, Box 3)

The July 26 inauguration of a strike by the Trucker Owners' Federation forced the issue of U.S. funding [*text not declassified*]. That day, the Station in Chile reported that funds from an unspecified source were passed through intermediaries to [*text not declassified*]. (Message 25763 from the Station in Santiago, July 30; *ibid.*, DO Records, [job and volume numbers deleted]) A July 31 memorandum for the DDO stated that covert funding [*text not declassified*] "could greatly hasten economic disintegration and frustrate government plans to obtain more complete control of the economy before implementing drastic and unpopular reforms." (*Ibid.*, DDO Registry, DDO Policy and Management Files, 1974, Job 80–00197A, Box 2, "WH Division, 1973")

On August 20, the 40 Committee approved funding for the covert operation, if Davis agreed to release the funds [*text not declassified*]. (See Document 342) On August 24, Davis and the Chief of Station decided to pass a portion of these funds [*less than one line not declassified*]. (Message 26108 from the Station in Santiago; Central Intelligence Agency, DO Records [job and volume numbers deleted])

340. Memorandum From the Executive Secretary of the 40 Committee (Ratliff) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, August 10, 1973.

SUBJECT

Covert Political Action in Chile

As a continuation of our covert political action efforts in Chile, CIA proposes that \$1 million be approved for FY 1974 to strengthen opposition political parties and private sector organizations to enable them

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile 1973–. Secret; Sensitive; Eyes Only; Outside System. Sent for action. Concurred in by Jorden and Kennedy.

to combat the Popular Unity (UP) Government of President Allende (TAB A).²

The UP gained confidence and accelerated its programs after demonstrating considerable support among low income groups in the March congressional elections. Allende has survived an abortive military coup, manipulated the armed forces, controlled dissidents among his own supporters, and dealt with civilian opposition. Many Chileans believe the next six months to a year to be especially critical to the survival of Allende/Marxism.

In contrast, opposition groups have lost some of their confidence and the private sector is under heavy pressure. But they have not given up and want to improve their ability to combat Allende/Marxism. Since January 1971 nearly \$6.5 million has been spent in support of the opposition forces, but it is unlikely they could survive without additional financial support. Funds would be used to help maintain organizations and media, improve the opposition's electoral support (especially among low-income groups), and to counter UP efforts to implement its revolutionary program.

The \$1 million total would be divided as follows: [*dollar amount not declassified*] for the Christian Democrats, the only opposition party deemed able to make significant inroads into the UP's electoral strength; [*dollar amount not declassified*] for the National Party, which plans to maintain its inflexible anti-Allende position; [*dollar amount not declassified*] for the two radical splinter parties; [*dollar amount not declassified*] for business, unions and professional groups (under close scrutiny of the Ambassador); and [*dollar amount not declassified*] for contingencies. Funds have not been budgeted and must come from the Agency's reserve.

State, Defense, JCS and CIA 40 Committee principals concur.³

Recommendation

That you approve \$1 million for FY 1974 support of opposition political parties and private sector organizations in Chile.⁴

² Attached but not printed. The July 13 memorandum for the 40 Committee is Document 138 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

³ Johnson approved on August 10; see Document 337.

⁴ Kissinger initialed the Approve option on August 20. The 40 Committee approved the funding on August 21. (Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, 40 Committee Minutes)

341. Memorandum From the Chief of the Western Hemisphere Division of the Directorate of Operations, Central Intelligence Agency (Phillips) to the Deputy Director for Operations, Central Intelligence Agency (Karamessines)¹

Washington, August 13, 1973.

SUBJECT

Recent Visit of [*less than 1 line not declassified*] to Santiago

1. During the period of [*1 line not declassified*] visited the Santiago Station. He came away with the following impressions and information as a result of discussions with the Ambassador, Station personnel and key sources, and other Embassy officers:

a. The Ambassador feels strongly that the U.S. should not take any action to encourage the Chilean military to move against President Allende. He thinks the situation is still most fluid, and given Allende's talents as a politician, he will quite likely finish his term.

b. The Defense Attaché estimates that between 80 and 90 percent of the officer corps of the Army are opposed to Allende. He was also of the opinion that some 75 percent of all Army personnel are very dissatisfied with the present government. He hastened to add, however, that he believed it was highly unlikely that the Army would move against Allende so long as the top leadership such as Generals Prats, Pinochet, Sepulveda, Urbina, Pickering, and Brady remained firm in support of the constitutional regime.

c. [*less than 1 line not declassified*] Station source [*less than 1 line not declassified*] was of the opinion that Allende could not last another six months in view of the rapidly deteriorating economic situation and mounting pressure on him from all sides. He believed the present truckers' strike would continue for several more weeks at least; and added that he and his colleagues in the Private Sector were supporting the truckers in what he termed a last ditch, do-or-die effort against Allende. This source, [*1 line not declassified*], pleaded for U.S. support of the Private Sector stating that if this sector was not bolstered with outside assistance in the immediate future, it would no longer be an important element in the opposition camp. He estimated that some three to four hundred additional private firms were taken over by the Allende government following the 29 June abortive coup and said that this process would continue unless Allende was removed soon. This in-

¹ Source: Central Intelligence Agency, Executive Registry, Job 80M01066A, Box 1, File C-7, Chile 1973. Secret. A copy was sent to the ADDO.

dividual castigated the Christian Democratic Party (PDC) for its indecisiveness and said that if the PDC would solidly line up behind the Private Sector and the military, Allende could be easily removed.

d. Another [*less than 1 line not declassified*] of the Private Sector and [*less than 1 line not declassified*] figure [*less than 1 line not declassified*] stated that the next six months would be critical for Chile and that, if Allende survived this period, he would probably complete his term and stand a very good chance of achieving another election victory for his coalition in 1976. He believed the Army could be pushed into action against Allende if the present strike movement could be sustained and extended and if the PDC would firmly throw its support behind the strikers and the plotting elements in the military.

e. The above [*less than 1 line not declassified*] source also made a strong plea for help for his [*6 lines not declassified*]. We hope to have further information on this matter before considering any final decision.

f. Within the next two weeks the Station will be cabling its ideas on what might be done now to begin laying the groundwork for a major action program looking toward the 1976 presidential election.

g. It would seem the lower classes in Chile are still firmly supporting Allende. While rampant inflation, shortages of all kinds, and government inefficiency have seriously affected the middle and upper classes, somehow the essentials seem to be getting to the lower masses from which Allende draws his principal support. Certainly, the economic situation is going to have to deteriorate far more than at present before any significant number from the lower classes would consider leaving Allende.

[*3 paragraphs (16 lines) not declassified*]

2. [*name not declassified*] did come away with one paramount impression—none of our people in Chile has a clear solution to the Allende problem. All feel a sense of frustration. All continue to be impressed by Allende's ability to manipulate and to survive. All agree the Army is the key piece in the puzzle, but no one knows if and when the Army might see fit to modify its present constitutional stance.

David A. Phillips²

² Printed from a copy that indicates Phillips signed the original.

342. Memorandum From Director of Central Intelligence Colby to the President's Assistant for National Security Affairs (Kissinger) and the Assistant Secretary of State for Inter-American Affairs (Kubisch)¹

Washington, August 25, 1973.

SUBJECT

Proposed Covert Financial Support of Chilean Private Sector

1. On 20 August 1973, the 40 Committee approved the expenditure of [*dollar amount not declassified*] through June 1974 for support to the Chilean opposition political parties and the private sector.² Of this amount, [*dollar amount not declassified*] was allocated to the private sector and [*dollar amount not declassified*] to a contingency fund. The 40 Committee specified in its approval that the contingency fund and the [*dollar amount not declassified*] allocated to the private sector could only be spent with Ambassador Davis' approval.

2. Chile continues in a state of crisis and the pressures on President Allende and his government are increasing. Allende and his forces appear to be on the defensive, fearing a military coup and unsure of their ability to deal effectively with it if it comes. It is a crucial period in the revolutionary process being pursued by the Allende government. While the key to the situation undoubtedly lies with the military, the left and Allende, the opposition pressure is an essential element of the picture and encourages the military in its resistance to Allende and the left.³

3. Given this situation, the CIA Chief of Station in Santiago on 24 August recommended that covert financial support be given to the opposition, beginning with a [*dollar amount not declassified*] payment to the private sector, in order to keep the pressure on Allende [*less than 1 line not declassified*].⁴ The Chief of Station discussed his recommendation with Ambassador Davis with the latter indicating that he could not endorse his proposal, particularly support to the private sector, because such a course of action could lead to a de facto U.S. Government commitment to a coup which was a policy issue that only Washington

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile 1973-. Secret; Sensitive. Sent through Jorden.

² See Document 340.

³ See Document 338 and Document 138 in *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

⁴ Not found.

could decide.⁵ The Ambassador did agree that soundings should be made in Washington on this matter.

4. The Santiago Station would not be working directly with the armed forces in an attempt to bring about a coup nor would its support to the overall opposition forces have this as its objective. Realistically, of course, a coup could result from increased opposition pressure on the Allende government. However, the broad consensus of the opposition appears to have the massive entrance of the military into the Allende government with real power as its present objective.

W.E. Colby

⁵ See Document 341. A later August 27 memorandum from Phillips to Jorden clarified Colby's memorandum. Phillips noted that Ambassador Davis opposed the CIA proposal to funnel money to the [text not declassified]. Phillips stated, "The Ambassador's concern over providing funds to the Private Sector is because the Private Sector has a close relationship with elements of the military who are interested in overthrowing Allende. The Ambassador thus believes that any U.S. support to the Private Sector, and particularly to the [less than 1 line not declassified], could be interpreted as a violation of present U.S. policy towards Chile which he considers to be one of keeping the pressure on Allende, but not one of taking action to overthrow him." (Central Intelligence Agency, Executive Registry, Job 80M01066A, Box 1, File C-7, Chile, 1973-)

343. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, August 29, 1973.

SUBJECT

Covert Support for Chilean Private Sector

As you know, we have been providing support to opposition political parties and [less than 1 line not declassified] elements of the media who oppose Marxist President Allende and his programs. This sustaining action has been highly useful in keeping democratic elements active and effective. In the attached memo, CIA suggests a new program that would expand our support to certain elements of the private

¹ Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 1973-. Secret; Sensitive; Eyes Only; Completely Outside the System. Sent for action. A handwritten notation at the top of the memorandum reads, "OBE?"

sector—[3 lines not declassified].² This would move us into new territory, dealing with untested and much less sophisticated groups than we have been supporting. The purpose of the new program, which would be modest at the outset (*dollar amount not declassified*) is suggested), would be “to keep the pressure on Allende and sustain some of the present strikes.”

Ambassador Davis does not endorse the proposal.³ He believes this course of action could lead to a de facto U.S. commitment to a coup. He thinks the chances of exposure are significant and that those Chileans who learn of what is happening, or even suspect it, will take it as a signal that we want a coup. They will expect “more where that came from.” And, with some military elements with whom they have contacts, be tempted into rash actions on the assumption that they would have quick and effective U.S. support.

The Ambassador believes (correctly) that present U.S. policy is to keep the pressure on, but not to take action in overthrowing Allende. He believes the new proposal would move us toward the latter.

Our present actions are well concealed. I am not persuaded that the newly suggested action would enjoy that same immunity. Moreover, I think there is high risk, not only of exposure, but of triggering events that could be bloody as well as ineffective. That is a bad combination.

It is not going to help us, or the opposition in Chile, if word gets around at this time that the U.S. is backing a coup. It would play into Allende’s hands. One further consideration: a coup against Allende, however immediately attractive to us, will probably make a martyr of him in the eyes of many Chileans and leftists in the hemisphere. Meantime, he is presiding over the gradual but steady deterioration of Chile’s economy and political order. This lesson has not been lost on other governments that, at one time, were inclined to look on the Chilean experience as a likely model for their future development. Now they are disillusioned. That attitude will deepen as Chile’s downward spiral continues.

Thus, I see the issue as: Do we take a rather high-risk move that promises little real success but rather carries the danger of triggering bloodshed through misinterpretation—and may strengthen Allende’s hand?

My recommendation is “no.” But I would hold this proposal in reserve, a time may come when we can do it with less risk of exposure and without signalling “coup.” We have an interest in keeping some of

² Document 342.

³ See Document 341 and footnote 2, Document 342.

the groups concerned alive and well. This might require extending a helping hand between periods of crisis and high tension when their survival is most endangered. We also need better assurances from CIA that working with new and untested individuals and groups can be accomplished with relatively good security.

Thus, I would go back to Santiago with the message: “Not now. But let’s keep the option open. We would be receptive to the Ambassador’s and Mission’s recommendation for implementation when they consider it would be helpful—without giving a misleading signal as to our support for a violent solution.”

Dick Kennedy concurs. Jack Kubisch also supports this course.

Recommendation

That you approve a message to Santiago along the lines of the previous paragraph.⁴

⁴There is no indication that Kissinger approved or disapproved the recommendation.

344. Memorandum From the Deputy Director for Coordination, Bureau of Intelligence and Research (McAfee) to Director of Operations, Bureau of Intelligence and Research (Gardner)¹

Washington, September 7, 1973.

SUBJECT

ARA/CIA Meeting, 7 September 1973, 11:00

PARTICIPANTS

ARA—Messrs. Kubisch, Shlaudeman and Amb. Bowdler;
CIA—[names not declassified]; INR—William McAfee

Chile

Mr. Kubisch said he had met recently with the Acting Secretary for a discussion of Chile, that as the Department now see it our options are: if Allende continues on a hard line, we will continue our current approach; if Allende moderates, we will consider moderating our stance;

¹Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Chile 1973–1975. Secret. Drafted by McAfee on September 11.

if there should be a coup attempt, which appears likely to be successful and satisfactory from our standpoint, we will stand off; if there should be a coup, which might be viewed as favorable but which appears in danger of failure we may want a capability for influencing the situation. Mr. Kubisch asked [*name not declassified*] to give this problem attention and raise it for consideration at a later meeting.

[*name not declassified*] doubted at this point that there would be a military coup but indicated the possibility of a creeping coup. Mr. Shlaudeman for his part did not think a creeping coup [i.e., a constitutional thwarting of UP objectives by military cabinet members]² was too likely and felt that if circumstances continued to deteriorate an armed coup might be likely.

[Omitted here is discussion unrelated to Chile.]

² Brackets in the original.

345. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 8, 1973, 1705Z.

4059. Subj: Waiting For the Boot To Drop. Ref: Santiago 4056.²

Summary: Military intentions dominate interest all observers, as Navy command crisis remains unresolved and intense arms searches by military lead to serious shooting for first time. Pres Allende meeting with UP leaders and CINC. Anti-government strikes continue, as worsening bread shortage leads to takeovers of bakeries by frustrated customers. Closed PDC meetings of last few days produce no public results. Bomb explosions at Governor's offices Aconcagua and telecommunications relay tower serving south Chile. *End summary.*

2. Detailed reports appeared in morning press 9/8 of meetings yesterday of Navy Admirals with CINC Admiral Montero, and Min Def Letelier, and Admiral Merino with Pres Allende. Sept 8 am radio reports Allende will meet am with UP leaders, pm with military CINC. According *LA Prensa*, (PDC), Admirals in line refused accept CINC

¹ Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Limited Official Use; Immediate.

² Dated September 7. (*Ibid.*)

post, demanded appointment first-in-line Merino. Squadron committed to Unitas exercise remains in Valparaiso, with public reports of officers and crews refuse sail until Montero resigns and Merino appointed. MinDef Letelier quoted as angrily stating squadron will sail Monday 9/10. Meanwhile intense arms searches by military continued. FACH raided Sumar textile plant Santiago 9/7 and met sniper fire. Three civilians reported wounded, two more in passing car injured when they failed heed FACH orders to stop, ten arrested. In other incidents, Marines allegedly invaded kindergarten in "Lenin" neighborhood in Talcahuano, causing death by heart failure of old woman, while Army raided construction site in Rancagua and factory in Santiago. On 9/6 Navy searched GDR ship in Valparaiso to inspect relief supplies sent by GDR, without result except threat of protest by GDR Ambassador and outrage of UP press.

3. Transport and merchants strikes continue, while medical strike apparently ended with agreement with government protested by some medical elements (reftel). Government held to hard line with threats by MinEcon Cademartori to cut all supplies to establishments "not honoring contracts" and to funnel food supplies to neighborhood organizations, state organs, and cooperative merchants. MinInt Briones told Senate Public Works Committee Congress has no authority to legislate on transport strike. Municipal employees of Providencia, Las Condes, and Nunoa, upper and middle class districts in Santiago, reportedly joined strike in support guilds. Bread shortage appears to be worsening, with wheat stocks at Port San Antonio cut off by bombing of rail line to Santiago. There were several reports of Santiago bakeries invaded by mobs seeking bread.

4. PDC leadership has been meeting in long, closed sessions with no public statement, except SecGen Cerda comment 9/7 that PDC "decision" might come soon. Other sources quoted to effect PDC may initiate impeachment proceedings Monday 9/10 against MinInt Briones, MinEcon Cademartori, MinAgric Toha, MinJust Insunza for various failures covered in 8/22 Resolution Chamber of Deputies.³ The PS will rally Sunday 9/9 in support of Navy personnel held for "anti-golpista" (i.e. subversive) activity, and of PS SecGen Altamirano who object court action by Navy.

5. Incidents of violence continued, including bombing of telecommunications relay tower in O'Higgins Province cutting off south from Santiago for estimated 24 hours, and bombing without injuries of provincial Governor's office in Aconcagua.

³ The August 22 resolution accused Allende of "overstepping the Constitution and the law." ("Chile's Labor Federation Bids Members Defend Constitution: Chamber Accuses Allende," *New York Times*, August 23, 1973, p. 3)

6. Leftist press continues heavy play on intentions of arrested Patria y Libertad Chief Roberto Thieme, including his alleged plans to call in US “Ranger” instructors, and to establish clandestine airfields for connections with supporters in Bolivia.

Thompson

346. Memorandum From the President’s Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, September 11, 1973, 12:30 p.m.

SUBJECT

Coup in Chile—Situation Report

At approximately 6:30 A.M. today the Chilean Armed Forces and the National Police launched joint operations against the Government of President Allende of Chile. In a proclamation broadcast over opposition radio stations, the Commanders-in-Chief of the Army, Air Force and National Police and the Chief of Naval Operations called on President Allende to resign immediately. The proclamation said that the armed forces and the police are united in their anti-Marxist fight against an incompetent government which is leading the country to chaos. It assures the workers that the social and economic gains they have made will not be lost; and it orders all pro-government media to stop broadcasting.

President Allende arrived at the Presidential Palace at 0730 with extra heavy police guard and armored cars. In a broadcast message, he said he would not resign and called on the workers to occupy their places of work.

All telecommunications between Santiago and the outside world have been interrupted and airports have been closed by the military. Chilean Air Force planes have reportedly strafed at least one pro-government radio station which refused to obey the armed forces order to transmit only via the military network. The Navy secured control of the port of Valparaiso by 0840 today without encountering any armed

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Secret; Sensitive. Sent for information. Printed from an uninitialed copy.

resistance. The entire country is reported to be under the control of the Armed Forces. The only exception is the Presidential Palace in Santiago where elements of the National Police loyal to Allende are apparently still holding out. According to late reports from our Embassy in Santiago, Army troops were seen entering the Palace at approximately twelve noon and smoke was rising from the Palace which had been under Chilean Air Force attack.

347. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, September 11, 1973, 5 p.m.

SUBJECT

Coup in Chile—Situation Report

The Chilean Armed Forces have apparently carried out a successful coup against Marxist President Salvador Allende. An unconfirmed report from Santiago says that Allende has committed suicide in his office in the Presidential Palace.²

A defiant (and reportedly drunk) Allende finally accepted defeat after Chilean Air Force planes bombed the Palace. The building was set afire and reports from the scene indicate it was virtually destroyed.

There has been sporadic sniper fire in downtown Santiago—apparently from Allende supporters. But preliminary indications are that the loss of life has been small.

The junta of military leaders that claims full power is taking a strong stand against any resistance. It has also insisted that persons with arms turn them in or suffer the consequences. A state of siege has been declared and a tight curfew imposed.

Thus far, the new junta has given no indication of the general line it intends to follow nor has it made any announcement of its intention to carry out new national elections.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Secret; Sensitive. Sent for information. A stamped notation on the memorandum indicates the President saw it.

² The Embassy sent a translation of Allende's final statement in telegram 4092, September 11, 1415Z. (Ibid., RG 59, Central Foreign Policy File, [no film number]) For an examination of the evidence on the nature of Allende's death, see Davis, *Last Two Years*, pp. 277–306.

The military leaders have ordered all Allende government officials and coalition party leaders to turn themselves in by 4:30 p.m. today or face “severe consequences.”

348. Minutes of a Meeting of the Washington Special Actions Group¹

Washington, September 12, 1973, 10:10–10:45 a.m.

SUBJECT

Chile

PARTICIPANTS

Chairman—Henry A. Kissinger

State

Kenneth Rush

Jack Kubisch

Defense

V/Adm. Ray Peet

Robert F. Corrigan

JCS

V/Adm. John Weinel

CIA

William Colby

David Phillips

NSC

B/Gen. Brent Scowcroft

Lawrence Eagleburger

Richard Kennedy

William Jorden

Jeanne W. Davis

SUMMARY OF CONCLUSIONS

It was agreed that:

... a comprehensive paper should be prepared by AID and Treasury, with CIA assistance, on what is needed by way of economic assistance and the options on debt rescheduling;²

... Ambassador Davis should inform the new regime that we are well-disposed toward it, but that it would not be in our mutual interest if we were the first country to recognize it;

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-94, WSAG Meeting, Chile 9/12/73. Secret; Nodis. Jeanne Davis sent the minutes to Kissinger under cover of a September 13 memorandum. A copy was sent to Eagleburger, Kennedy, and Jorden. (Ibid.) The meeting took place in the White House Situation Room. The minutes were misdated September 13; an unknown hand corrected the date to September 12. Kissinger's Record of Schedule confirms that the WSAG met on September 12 at 10:10 a.m. (and not on September 13.)

² A reference to the paper, “Economic Assistance Needs of the New Chilean Government and Possible Responses.” For the September 13 paper, see *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973, Document 143.

... we should take the public position that we recognize governments, not heads of government, and that question of recognition has not arisen; if asked, we should deny any CIA involvement; *if asked*, we should say our defense equipment programs are continuing on a routine basis and that anything going to Chile is in fulfillment of existing obligations undertaken with the Allende government;

... Ambassador Davis should raise with the Chileans the visit of the Air Force Thunderbirds;

... the President will be asked for a decision on the US ships involved in Exercise UNITAS;

... our Ambassador in Rio should discuss the situation with the Brazilian Government;

... CIA will prepare a paper for Mr. Kissinger on activities in Chile over the last three years.³

Mr. Kissinger: The principal purpose of this meeting is just to be sure we all say the same thing and that we all know where we are going. (to Mr. Colby) Would you brief us?

Mr. Colby briefed from the attached text.⁴

Mr. Kissinger: Do we have communications, or were they cut?

Mr. Colby: We have communications.

Mr. Kissinger: (in response to a briefing comment that Admiral Leigh disliked the Christian Democrats) Whom does he like?

Mr. Colby: He's to the right of the Christian Democrats—favors the Nationalists.

Mr. Kissinger: (In response to a comment in the briefing) Why did the Chileans attack a Cuban ship leaving Valparaiso?

Mr. Colby: They thought it might have some of Allende's people on it.

Mr. Rush: Wasn't it violating the military's order that no ships should leave port?

Mr. Colby: Yes.

Mr. Rush: Haven't the Cubans been supplying some arms to Allende? They might have had some arms aboard.

Mr. Colby: Yes.

Mr. Kissinger: (to Mr. Rush) Does State have any observations?

Mr. Rush: We think this offers us an opportunity to avoid what happened after Goulart was deposed in Brazil in 1964. At that time the President sent cables of congratulations to the new government imme-

³ The CIA paper is Document 145, *ibid.*

⁴ Not found.

diately and everything we did made it appear that we were behind the coup.⁵

Mr. Kissinger: The President is worried that we might want to send someone to Allende's funeral. I said I didn't believe we were considering that.⁶

Mr. Rush: No, not unless you want to go. We think we have a real opportunity to keep our hands off and to develop really good relations with the new government. It would be in our best interests not to be a part of it or even appear to be a part of it. It was a true national effort. The chances are that they will probably turn first to Brazil for aid, and we think this would be good for us, too. I should mention Exercise UNITAS which is a joint US-Chilean naval exercise with three U.S. destroyers and one submarine involved.

Mr. Kissinger: But there were no American ships anywhere near Chile, were there?

Mr. Rush: Their next stop was to be Santos on October 2. I think the ships should go back up north.

Mr. Kissinger: I agree.

Mr. Kubisch: The biggest errors we have made in Latin America in recent years have involved too hasty recognition of military regimes—in Brazil, for example. Also, this has created the biggest handicap for the country concerned. I believe we have twin objectives. This promises to be a very effective government. I think, privately, we should be forthcoming and cooperative and do what we can to help stabilize their economy and give them the assistance they need. Publicly, we should avoid a too quick, affectionate embrace and any impression that we had any involvement in the change. An allegation that American ships were in Chilean waters can do considerable damage for years to come.

Mr. Kissinger: I agree. (to Adm. Weinel) What do you think?

Adm. Weinel: Chilean waters don't go all the way to Australia. I don't think every time there is a coup that it should influence our right to the high seas.

Mr. Kissinger: This isn't a question of our right to the high seas. This is the question of risk of an act of choice; how it will look if there is a pro-American coup, or at least one favorable to the US, to have American ships nearby.

Adm. Weinel: That might not be a bad conclusion to draw in certain areas.

⁵ See *Foreign Relations, 1964–1968*, vol. XXXI, South and Central America; Mexico, Document 207.

⁶ See footnote 3, Document 349.

Mr. Kissinger: But not in Chile.

Adm. Weinel: I was thinking of third countries.

Mr. Kissinger: We'll get credit for this anyway.

Mr. Colby: More than we want.

Mr. Kissinger: But that's not the worst disaster that could befall.

Adm. Peet: Our ships would be out of sight—over 200 miles off the coast. Their presence would give us some options if we wanted them.

Mr. Kissinger: To do what?

Adm. Weinel: This is a political decision entirely.

Mr. Kissinger: I can't conceive of a circumstance in which three destroyers would be used, no matter what happens. Where are they now?

Adm. Weinel: They're on their way to Cape Horn—just south of the Peruvian border.

Mr. Rush: We want as little civil war on resistance in Chile as possible. We don't want to give the various sides any excuse for lining up against each other. We want even the anti-American groups to back the new regime.

Mr. Kubisch: There was an AP report this morning of an Angela Davis rally in which she said US naval vessels were off the coast of Chile. When Defense was queried about it, they said there was a joint naval exercise with Chile but it had been cancelled. I don't think we should say there was any US navy off the coast.

Mr. Rush: Allende is scheduled to become a martyr. That's why he committed suicide.

Mr. Kissinger: Losers don't become martyrs in Latin America.

Mr. Rush: Some do.

Mr. Kissinger: Who?

Mr. Corrigan: Che Guevara.

Mr. Kissinger: Did Allende really commit suicide or was he killed?

Mr. Colby: Our evidence points to suicide.

Mr. Kissinger: I have just spoken to the President on recognition. He agrees we should not rush in as the first country to recognize. Hopefully a Latin American country would be the first, but we should encourage them to do so.

Mr. Rush: In the cases of Afghanistan and the coup in Greece that deposed Constantine we just said the issue didn't arise.

Mr. Kissinger: Do we have to recognize?

Mr. Rush: No.

Mr. Kubisch: It's a constitutional question. If the new regime is constitutional the President of the Senate, who is Frei, becomes Presi-

dent and elections are held within 90 days. If it is unconstitutional there are supposed to be consultations.

Mr. Kissinger: Do we have to interpret the Chilean constitution?

Mr. Kubisch: No.

Mr. Kissinger: We could wait for one or two Latin American countries to recognize then try to get one or two European countries, and possibly, Japan, to join us in recognition.

Mr. Corrigan: I just went through a coup situation in Rwanda which was completely unconstitutional but applauded by all. The Germans, French, etc. all said they recognized countries, not governments. You will have no problem with them.

Mr. Kissinger: We can say that too.

Mr. Kubisch: They need to ask for recognition—to say they want to continue or renew diplomatic relations with us.

Mr. Kissinger: What instructions does (Ambassador) Davis have?

Mr. Kubisch: To report any contact from the new government.

Mr. Rush: When they contact us, we will recognize them.

Mr. Kubisch: But we shouldn't be among the first.

Mr. Kissinger: We're all shell-shocked here by Senator Church and the press. Does Davis understand he can let the government know we are well disposed toward it?

Mr. Kubisch: He can do it informally.

Mr. Kissinger: Just so he doesn't say, when they approach him, that he will have to check with Washington. He could say he will have to get instructions on the formalities. He could also say that for our common interest we would like not to be the first to recognize.

Adm. Weinel: Isn't this a special type of coup—this isn't your regular garden-variety Latin American coup. Isn't there a connection between the type of coup and the nature of our recognition?

Mr. Rush: We could save a lot of trouble if we have a policy of recognizing governments, not heads of governments. In that case, nothing is called for. In a low key, we could just resume relations.

Mr. Kissinger: The major problem would be if Davis takes a hands-off attitude when they approach him. That might put them off. Let's have him tell them now that we are well-disposed to them and want to be helpful. Our preference is to treat the situation so as to make no new action necessary. We will take a low-key public posture.

Mr. Rush: Exactly. We'll get a cable off at once.⁷

⁷ Telegram 183116 to Santiago, September 14. (National Archives, RG 59, Central Foreign Policy File, P750014-0797)

Mr. Kissinger: Let's get a look at it. We have a press briefing today. What do we say?

Mr. Kubisch: That this is an internal development in Chile. That the US is watching it closely. That there has been no damage to American property or harm to American citizens.

Mr. Kissinger: And if they ask if we will recognize this government, we will say the issue is not raised. That our basic position is that we recognize countries, not heads of governments, and that we need more information before we can be more specific.

Mr. Colby: And we should say that CIA did not stimulate or support the coup.

Mr. Kissinger: Only in answer to a question. If asked about supply of military equipment, we should say we are continuing shipments of all regularly scheduled equipment which was based on agreements made with the Allende government. We should say nothing new has been added to our existing programs. If questioned on CIA, say they had nothing to do with it. But don't stimulate a question.⁸

Mr. Colby: God, no!

Mr. Rush: What about UNITAS?

Mr. Kissinger: I'll get an answer from the President on that within a half-hour.⁹

Adm. Weinel: We can say our ships are completely clear of Chilean waters.

Mr. Kubisch: This could be a plus. Our ships had already set sail from port to meet with the Chilean Navy units, and when we learned of the coup we cancelled their orders.

Mr. Kissinger: Why not say so? That this was a regular exercise; that our ships were supposed to meet Chilean ships, but when we heard about the coup we cancelled their orders.

Mr. Kubisch: On the question of recognition, we could base our position on the establishment of relations with a new government, not recognition. We are waiting for the new government to establish itself and to approach us.

Mr. Kissinger: For today, I think it best to set our philosophical position. We recognize the governing body of the country. We took that position recently in Afghanistan and in Greece. The specific issue

⁸ The verbatim text of the portion of the September 12 briefing concerning Chile was sent to the Embassy in telegram 181843 to Santiago, September 13. (Ibid., [no film number]) See also "U.S. Had Warning of Coup, Aides Say," *New York Times*, September 13, 1973, p. 18)

⁹ See footnote 3, Document 349.

hasn't arisen in Chile since the Chilean authorities have not yet contacted our Embassy.

Mr. Colby: This is consistent with our relations with China.

Mr. Rush: That's the best thing to say. We don't have to take a definitive step.

Mr. Kissinger: Our defense programs will continue on a routine basis. We will fulfill all obligations undertaken with the Allende government. Anything going to Chile is in fulfillment of existing obligations.

Adm. Peet: We have some LSTs and trucks going. Also, on September 25, we were scheduled to send the Thunderbirds there—an Air Force demonstration flight team.

Adm. Weinel: That's a very high-visibility item.

Adm. Peet: Should we cancel it?

Mr. Kissinger: If we cancel it now, won't it look like a slap in the face? Has it been announced?

Adm. Peet: Yes.

Mr. Kissinger: What is the occasion?

Adm. Weinel: It is part of a tour of South American countries, not just Chile.

Mr. Rush: We shouldn't not do for this government what we were prepared to do for Allende.

Mr. Kissinger: Why don't you raise it again in a week. Ask Davis to raise it with the Chileans. They will certainly ask for economic aid. Can we get a paper from AID and from Treasury. They have a debt rescheduling problem.

Mr. Colby: Yes, a bad problem.

Mr. Kissinger: (to Gen. Scowcroft) Let's get a paper from Treasury on the options on the debt. State should get from AID what is needed in the way of economic assistance. Then we'll decide how to do it.

Mr. Colby: They have enough flour for a month or so, then they will have to import more.

Mr. Kissinger: Have we any flour to give them?

Mr. Kubisch: They have asked Argentina for wheat, and they have some for them. It would be better if they can get as much multilateral support as possible.

Mr. Kissinger: As long as the Chileans understand that we are the driving force behind the multilateral assistance.

Mr. Rush: Multilateral assistance never appealed to me too much. If they ask us, we should respond on our own and get the credit for it.

Mr. Kubisch: I meant we should cooperate with the Australians and the Argentinians and others to see they get flour if they need it, but

all bilaterally. One-third of the country is still pro-Allende. The new regime won't want to get too closely associated with us.

Mr. Kissinger: That's their decision. If they want bilateral aid from us we shouldn't say they should seek multilateral aid.

Mr. Kubisch: Right.

Mr. Kissinger: Should we talk to the Brazilians about this? Do they still have that Ambassador here?

Mr. Kubisch: Yes, Castro.

Mr. Kissinger: Maybe it would be better to talk in Brazil.

Mr. Kubisch: Yes, Crimmins could talk to Gibson Barboza.

Mr. Kissinger: Let's get a comprehensive paper from Treasury and AID so that not every agency is sending stuff in separately. I agree we shouldn't look like we are pouring aid in. We should also get something from CIA.

Mr. Kubisch: One problem is the question of uncompensated expropriation. We should make it clear that we want to establish some good faith negotiations.

Mr. Kissinger: It would not be in the US interest to get them to reverse too much. I doubt they will, anyhow. We should not come back in as the American exploiters, but they should be made to understand what we are after. We'll have a brief meeting on Friday.¹⁰

Adm. Peet: We have 300 Chileans in various military training programs, some in the Canal Zone and some in the US.

Mr. Kissinger: Just don't send any back right now. (to Mr. Colby) Could you send me what we have done in the last three years there so I have all the facts. State should make sure that Davis and we don't protest too much. What Mr. Kubisch has described is just right.

Mr. Kubisch: Our policy on Allende worked very well.

Mr. Kissinger: We'll get the credit for this anyway. We'll meet Friday at the same time.

Adm. Weinel: What about the ships? Should they turn around?

Mr. Kissinger: I'll check with the President, but my guess is that he will want them to turn around.

¹⁰ September 14. See Document 353.

349. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, September 12, 1973, 12:30 p.m.

SUBJECT

Chilean Developments—Situation Report

Intensive shooting and explosions were heard late this morning in downtown Santiago and in outlying industrial areas. A radio station controlled by the junta said that "extremist groups continue to resist the action of the Armed Forces in downtown Santiago." There is no hard information as yet concerning the scale of the fighting, although ham operators monitored in Buenos Aires report many deaths resulting from "serious confrontations" between army troops and factory workers in the suburbs of the capital.

The military radio network is still Chile's sole source of information. There has been no official mention of Allende's fate, despite unofficial reports of his death, probably by suicide.

Press reports quote Mexican President Echeverria as expressing "deep regret" at the coup. Echeverria stressed Mexico's loyalty to the principle of non-intervention and expressed solidarity with the people of Chile and confidence that Chile "would soon find again the way for a democratic and peaceful life." Echeverria offered asylum in Mexico to Allende's supporters.²

The WSAG met this morning and based upon those deliberations we are adopting a public line that this is an internal situation in Chile and that as to the question of recognition the issue has not arisen—in any event, we do not recognize individual governments, but rather countries. We will keep a low-key posture to allow time for Latin American governments and possibly some Europeans to announce the

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Secret; Sensitive. Sent for information. A stamped notation on the memorandum indicates the President saw it.

² Mrs. Allende took asylum in the Mexican Embassy. Davis cabled the Department that unless he heard otherwise from Washington, he would send the following condolence letter to her: "Dear Ms. Allende, my wife Elizabeth and I wish to express to you our sympathy over the death of your husband, President Allende. We were saddened to learn of it. Over the almost two years I have been in Chile, I came to know President Allende in a wide variety of formal and informal situations and came to appreciate his many qualities and to be grateful for the understanding he expressed to me on many occasions. Elizabeth and I have also been grateful for your generous gestures to us both. Respectfully yours." (Telegram 4198 from Santiago, September 13; *ibid.*)

continuation of their relations³ before we make any direct statements in order that we can defuse any charge of our implication which would not only be damaging to us, but more importantly to the new Chilean Government. We will, however, have Ambassador Davis discreetly let the new leadership know informally that we are favorably disposed.⁴ We are preparing a list of possible responses to likely aid requests which we can anticipate at an early point from the new Chilean Government.

³Nixon highlighted and underlined this phrase and wrote at the bottom of the page, “K[issinger]—good—as we discussed it.” According to the President’s Daily Diary and Kissinger’s Record of Schedule, the two men met three times on September 12: 9:31–10:05 a.m. in the Oval Office; 1:13–1:18 p.m. in Kissinger’s Office; and 6:16–6:30 in the Oval Office. In addition to events in Chile and elsewhere, Kissinger was preoccupied with the process of confirmation in the Senate of his appointment as Secretary of State. No substantive records of the conversations between Nixon and Kissinger on September 12 have been found.

⁴Nixon underlined this sentence.

350. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 12, 1973, 1840Z.

4154. Subj: Gen Pinochet’s Request for Meeting with MilGp Officer. Ref: State 181000.²

Following is summary of subject meeting:

1. Gen Pinochet said he was using Col Urrutia as intermediary to give me message in view of delicacy of matter of contact at this moment in time. He showed understanding and was relaxed about matter of recognition and volunteered that obviously we should not be first to recognize. He showed some recognition of advisability of not too much public identification with US at moment. (*Comment:* On these issues he seems to be reacting about as well as he could.)

2. Gen Pinochet is President of Junta and will probably continue to be so for at least a year.

¹ Source: National Archives, RG 59, Central Foreign Policy File, P750011–2152. Confidential; Exdis; Flash.

² Dated September 12. (*Ibid.*, P750014–0928)

3. Junta government intends break relations with Cuba, USSR, North Vietnamese and North Koreans. Government also intends to clean out UP militants from Chilean diplomatic missions abroad.

4. Regarding relations with US, fundamental Junta desire is to strengthen and add to traditional friendly ties with US. Junta would hope that we could see our way clear to giving them relief for one year on Chile's debt with US. (*Comment*: It was not clear whether he meant in context Paris Club.) He noted Junta would need a year to straighten things out.

5. Military government intends to honor Chile's obligations regarding the copper debt and will be looking forward to trying to work out a mutually acceptable solution with US. (*Comment*: It was not clear whether Pinochet was referring to both debt and equity and my guess is that he was being general in his reference and has not yet addressed the specifics of the problem.) Pinochet also said that Junta hoped that we would be able to help them supply food for their people—clearly alluding to wheat as a first need but also including other food products.

6. He expressed continuing keen interest in the M-60 procurement. In this connection, as a historical footnote, he mentioned that Allende had been pressing Army very hard in recent days to buy Soviet equipment and mentioned that Gen Prats had actually signed some agreements in this regard when he was Army CINC. He said that in strengthening military resolve against such procurement, the Altamirano speech (Santiago 4072)³ had helped just as it had contributed to catalyzing the events of Sep 11.

7. Gen Pinochet also referred to the fact that he and his colleagues had not even hinted to us beforehand of their developing resolve to act and said he thought it had been better that way. He commented that what was done "had to work."

8. Toward the end of the conversation Gen Pinochet invited several other Generals into the room (Bonilla, Alvarez, Lutz and Urbina) and Col Urrutia's impression was that the Generals are pleased at the way things are going. Today they are cleaning out the snipers and essentially see their problem as one of isolated pockets of resistance and snipers.

9. The military government intends to declare the two big UP parties illegal and also the smaller groups such as the MIR, MAPU and IC. General Pinochet remarked at one point that it seems that the North Korean Embassy is filling up with asylees.

³ Dated September 10. (*Ibid.*, [no film number])

10. Regarding arrangements for the future, Urbina will continue as Army Chief of Staff and Acting CINC and Bonilla will be SecGen of government.⁴

Davis

⁴ The Department of State sent a response to Pinochet's overture welcoming his desire for strengthening ties with the United States and agreeing that it was "best initially to avoid too much public identification between us." (Telegram 182051, September 13; *ibid.*, P750014–0839) It was delivered to Pinochet through the Embassy Military Group Army Section Chief. (Telegram 4195 from Santiago, September 13; *ibid.*, P750011–2150)

351. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, September 13, 1973, 9 a.m.

SUBJECT

Chilean Developments—Sit Report

The Military Junta and the new Cabinet were formally sworn in at 9:50 p.m. September 12. The four service chiefs took the oath as the governing Junta, with Army Commander-in-Chief General Pinochet as President. The Cabinet is composed largely of military officers. Only the Ministers of Education and Justice are civilians. The new Minister of Foreign Affairs is Rear Admiral Huerta. Our Embassy reports that, as of midnight September 12/13, no firing had been heard in downtown Santiago for several hours. There are no reports from industrial areas where the possibility exists of continued conflict. The situation in the rest of the country appears stable. The total curfew in Santiago has been extended until noon, September 13 and is scheduled to take effect again at 1830.

The Christian Democratic Party (PDC) and the Social Democrats (PSD) have apparently decided to issue statements of support for the Junta as soon as possible. Supreme Court President Urrutia has publicly expressed his support in a radio broadcast.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Confidential. Sent for information. Printed from an uninitialed copy.

Spain and Guatemala have reportedly decided to apply the Estrada Doctrine and “continue” relations with Chile.²

The Junta formally broke relations with Cuba and has ordered Cuban diplomats to leave the country as soon as possible.

USUN has been informed by the UN Secretariat that a request by Cuba for a Security Council meeting is no longer expected.

² The Estrada Doctrine, articulated by Mexican Foreign Minister Genaro Estrada in 1930, held that recognition of a government should be based on its de facto existence rather than on its legitimacy.

352. Transcript of a Telephone Conversation Between the President’s Assistant for National Security Affairs (Kissinger) and Secretary of State Ad Interim Rush¹

Washington, September 13, 1973, 9:03 a.m.

K: Hello.

R: Good morning, Henry.

K: Ken, a number of things. I’m told over here, I don’t know how true it is, that Kubisch went up to the Committee to brief them yesterday.²

R: He did, yes.

K: We didn’t have any idea of what the hell he was going to say and it has the tendency of pushing everything into the White House again which is the favorite pastime of every department in town.

R: Yes, as a matter of fact I didn’t even know he was going myself. He told me what he said when he came back.

K: Well, but we have to know these things when he goes.

R: Right.

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box 369, Telephone Conversations, Chronological File. No classification marking.

² Kubisch testified before the Subcommittee on Western Hemisphere Affairs, Senate Foreign Relations Committee. Excerpts of his September 12 testimony are in an undated paper, Document 141, *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

K: Now unless he said that we knew about it 12 to 14 hours ahead of time, that we expected it Monday, it happened Tuesday³ and he informed the highest authorities. Now this may or may not be true. If he did it certainly didn't penetrate to me.

R: He didn't tell me he said that.

K: That's what Ziegler tells me all the newspapers have.

R: I haven't seen the newspapers but what Kubisch told me was that we knew nothing about it; that we had not been told about it and it came as a complete surprise to us and that the turnaround of our destroyers and submarines took place after the thing started and when we found out about it. So there's something wrong here somewhere, Henry.

K: Right. Well, now at the briefing today I think we can express regret at the personal fate of Allende.

R: Yes, we worked out some language on that. I thought it was to go out last night saying that we regretted the death of Allende—we regretted the loss of lives including particularly the death of the Head of State, Allende. And just let it go at that.

K: Yeah, we can say that.

R: Right.

K: And we can also say we do not support revolutions as a means of settling disputes but this—that is perfectly consistent with what we did here.

R: Right.

K: We didn't support it. Now I am also told that people are raising the issue of Davis coming back here.

R: Who's coming back?

K: That Nat Davis was back here to talk to me—our Ambassador.

R: They raised that question and the answer is?

K: I think the answer is that I asked for him three weeks ago when I was appointed⁴ and we left it up to him to pick the time.

R: This is right.

K: When it was least likely to be disturbing to the conduct of his mission and that's another good proof that we didn't know anything about it.

R: As a matter of fact that's exactly what I told them to say that the fact that he came back when all those large numbers of Ambassadors

³ September 11.

⁴ On August 22, President Nixon announced at a press conference that he would nominate Kissinger to be Secretary of State to fill the vacancy created by Rogers's resignation. (*Public Papers: Nixon, 1973*, pp. 710–711)

that you requested three weeks ago and that he picked the time shows that we knew nothing about it.⁵

K: Exactly.

R: We're on the same beam there, Henry.

K: Good. Now.

R: This statement as to what Kubisch said must be wrong because he came back from that and told me at once what he had said.

K: Right. Of course it's an absurd situation where we have to apologize for the overthrow of a hostile government—of a government hostile to us.

R: I know it is, but I think so far—I haven't seen this thing about what Kubisch said he knew about it ahead of time.

K: Ziegler just mentioned it to me; I haven't seen it myself.

R: This would be a statement by some Senator who heard him—what happened was Gale McGee called together about eight Senators, Javits, Church, all the doves and he brought them together to prevent their going overboard on accusing us with regard to Chile or making bad statements. When Kubisch went up, Gale McGee had this group together. Kubisch, he thinks, convinced them that we had nothing to do with it at all. He had some very searching questions from the doves, from Church; Javits was a help and Javits I think was agreeing with helping Gale McGee. That overall it was a real plus and it just suddenly came up, Henry, and he went up and told me about it when he came back.

K: Ok. Well, no, he did the right thing.

R: He did the right thing and he said the right thing. He did no wrong, he said the right thing.

K: Good. Make sure that they don't shift it into this building because I didn't know that a coup was coming at any particular date. We'd been hearing coup rumors for a year.

R: Absolutely, and Kubisch said that we knew nothing about it. We meaning the White House, the State Department, everything.

K: Right. OK. Many thanks.

R: OK, Henry.

⁵ Both White House and Department of State spokesmen issued statements on September 13 acknowledging that the United States knew of rumors of the coup but denying that the United States knew in advance when it would occur. (Bernard Gwertzman, "U.S. Expected Chile Coup but Decided Not to Act," *New York Times*, September 14, 1973, p. 1)

353. Minutes of a Meeting of the Washington Special Actions Group¹

Washington, September 14, 1973, 9:52–10:23 a.m.

SUBJECT

Chile

PARTICIPANTS

Chairman—Henry A. Kissinger

State

Kenneth Rush

Jack Kubisch

Defense

V/Adm. Raymond Peet

Robert F. Corrigan

JCS

Adm. Thomas H. Moorer

V/Adm. John P. Weinel

CIA

William Colby

David Phillips

Treasury

William Simon

John Hennessy

NSC

B/Gen. Brent Scowcroft

Richard Kennedy

William Jorden

James Barnum

SUMMARY OF CONCLUSIONS

It was agreed that:

... a working group, under the leadership of Mr. Jorden and Mr. Kubisch, would prepare a comprehensive paper on Chile's economic and military needs over the short, middle, and long term;

... a brief paper would be prepared by Mr. Kubisch on what the Allende government was like during its rule;²

... Mr. Kubisch would take the lead in coordinating public disclosures of US policies and actions toward the new regime.

Mr. Kissinger: (to Mr. Colby) Could we get a quick rundown on the situation?

Mr. Colby briefed from the attached text.³

Mr. Kissinger: (referring to Mr. Colby's briefing) What triggered this now? What was the urgency for the coup at this time?

Mr. Colby: There was nothing in particular. It has been spreading for months. There has been a general buildup of dissatisfaction, and I

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-94, WSAG Meeting, Chile, 9/14/73. Secret; Nodis. This meeting took place in the White House Situation Room.

² Neither paper was found.

³ Not attached and not found.

think the military felt the country was descending into chaos and decided to act.

Mr. Kissinger: You should have told them about my confirmation hearing.⁴ What has been the response to our overtures toward the new government, Jack? (referring to Mr. Kubisch).

Mr. Kubisch: We told General Pinochet that we want to keep up our informal contacts with the new government and also told him of our general good-will toward his government. He was pleased, and also wants to cool things for the time being. His government will want some emergency medical supplies and other things. We have already established private relations with the new government.⁵

Mr. Kissinger: The question is, at what point we change from unofficial to official contacts. We'll keep looking at the situation over the weekend and see how things develop. Unofficial contacts have been established already. Bill, (to Mr. Colby) do you have any contacts?

Mr. Colby: No, not at this point. The problem is that the Chilean intelligence service was run by the Cubans. The service will need some fleshing out first.

Mr. Simon: Our intention, as we see it, is that we can use the coup as a bargaining point to settle the expropriation and debt resettlement issues.

Mr. Kissinger: No. I don't want to go after that now. The first thing for us not to do is to give the appearance that we are putting the pressure on them.

Mr. Kubisch: I agree. If we send a team down there to help, this would get the idea across that we want to help, but we should wait on specific matters until the dust has settled.

Mr. Kissinger: What we need is some face-saving formula. The Chileans have got to reschedule their debt, don't they?

Mr. Simon: Debt rescheduling is one thing, compensation for expropriation is another.

Mr. Kissinger: I think that compensation for the expropriation of ITT (International Telephone and Telegraph) is unlikely.

Mr. Simon: I wasn't referring to ITT specifically. Other companies have indicated an interest in talking about their claims.

Mr. Rush: I think we have to look at the political implications of this. We have to be very careful not to give the impression that our help

⁴ Kissinger's confirmation hearings ran from September 7 to September 21. He was confirmed on September 22 and took office on September 23.

⁵ See Document 350.

was designed to overthrow Allende. We have to be careful to point out that we had nothing to do with the coup, which is true.

Mr. Kissinger: I wish you hadn't said that.

Mr. Hennessy: I think we have to look at it from the standpoint of our credibility. We have to determine how best we can help.

Mr. Kissinger: I agree.

Mr. Rush: I think the best way to protect our companies in Chile is to adopt a hands-off policy, let them work it out themselves with the new government.

Mr. Kissinger: We will need something to meet our legislative commitments.

Mr. Rush: I think that our best chances for gaining compensation is to postpone any actions until after the coup has quieted down and this thing is off the front pages.

Mr. Kissinger: Let me make this proposal, that we agree to no economic request until we are farther down the road. Let's get a working group together to devise an overall strategy—short term, middle term, and over the longer run. Then when a message is sent in asking for something we know what we are talking about.

Mr. Kubisch: Good! I talked to Quigley of Anaconda Copper recently. He is happy with the situation and figures they can work with the new government.

Mr. Kissinger: Let's just let the situation develop and see how the new government consolidates itself. Can we get that working group together, perhaps under Bill (Jordan)?

Adm. Moorer: There probably will be some military questions as well, such as equipment and so forth.

Mr. Kissinger: Tom (to Adm. Moorer) what is your view on the present situation?

Adm. Moorer: I think we ought to let the new government get its feet on the ground first. We can deal with the gut issues later. I think these people can be dealt with. They are a conservative group, and I think we can talk turkey to them.

Mr. Kissinger: We want to avoid the impression of being over-eager. We'll get a paper on the short, middle, and long term requirements. How long will it take to put together?

Mr. Kubisch: We have a basis already, all we have to do is flesh it out.⁶

⁶ A September 13 memorandum from Shlaudeman to Kubisch notes that FMS purchases already in the pipeline were being sent to Chile. (Ibid., RG 59, Central Files 1970–73, DEF 19–8 US–CHILE)

Mr. Kissinger: Let's aim for a Wednesday meeting.⁷ I think we have done quite well on our position to the public; have left a positive impression. But, I am bothered by the statement of the Defense spokesman to the press that we had rumors of the coup in advance and that our ships in Peru had been warned ahead of time not to go into Chilean waters. I think that we should have better coordination on our answers to the press. It is the truth that we had nothing to do with the coup, isn't it?

Mr. Rush: That is the truth, we had nothing to do with it.

Mr. Kissinger: Can we all please say the same thing next time. I [learned to] read where the Chilean Navy used the presence of our navy to start the coup.⁸ Is this true?

Adm. Moorer: No. Our ships were nowhere near Valparaiso.

Mr. Kubisch: As I recall, the ships were going to leave Monday night. They turned around, and the coup was launched. The Chilean Navy may have used this as an excuse.

Adm. Moorer: It was coincidental. The ships were already on their way.

Mr. Kissinger: Is it true that our fleet was going to be there on Tuesday morning?

Mr. Kubisch: They were to, but they turned around. It was part of the UNITAS exercise.

Adm. Moorer: It's ridiculous to connect the two, the UNITAS exercise was scheduled with the Chileans for months, and it has been a year in the making.

Mr. Kissinger: Could somebody explain that the next time something like this happens.

Adm. Moorer: It's ridiculous to cancel UNITAS in advance on the theory there might be a coup.

Mr. Kissinger: I know, but the story could have been developed that the Navy used the exercise as a cover to start the coup.

Adm. Peet: The ships were scheduled to leave the 10th (of September). The coup was on the 11th.

Mr. Kissinger: I suppose the opposite could be true too. Suppose the coup was supposed to come off, but didn't. It's like the Davis thing (referring to Amb. Davis). I asked him to come in on consultation and for him to pick a quiet period. He judged that this was the time, and that was ordered a couple of weeks ago.

⁷ September 19. The next WSAG meeting was held on September 20. See Document 361.

⁸ Brackets in the original.

Adm. Peet: Even the key people in the Chilean Government did not receive warnings.

Mr. Kissinger: We've had them for months.

Mr. Colby: There was either an intelligence gap or a communications failure.

Mr. Kissinger: Why didn't we tell Chile that a coup was coming?

Mr. Kubisch: Some warning of a coup was given in confidence. They (the Allende government) knew what we knew—even more.

Mr. Kissinger: When I get up on the Hill Monday,⁹ and they ask me about this, what am I going to say, that there weren't any specific warnings coming through?

Mr. Colby: We had a precise indication the night before the coup. You can say that we had a series of warnings, but didn't know until Monday that they were going ahead.

Mr. Kubisch: The leaders of the coup were very cagey, they refrained from tipping us off. The leadership did not tell us when it would happen.

Adm. Moorer: You can say we had indications but no warning.

Mr. Kissinger: What is happening at the UN? On what basis are the Cubans asking for a Security Council meeting?

Mr. Colby: The attack on the Cuban ship, attacks on the Cuban Embassy in Santiago.

Mr. Kissinger: What is our position? Are the Cubans actively pursuing their case?

Mr. Kubisch: We would like to see the Security Council deferred until Chile gets a good spokesman there to explain what happened. We think Chile could present a better case with a good spokesman.

Adm. Moorer: This is off the subject, but two C-130s carrying ammunition for UNITAS were dispatched on a routine basis.

Mr. Kissinger: Yes, that was routine, we said that the other day. What is the reaction to the coup of the other Latins, Jack? (to Mr. Kubisch)

Mr. Kubisch: Mexico and Peron (of Argentina) have condemned the coup.

Mr. Kissinger: I understand that Echeverria was quite taken with Allende. He was perhaps closer to Allende than anyone else.

Mr. Kubisch: Peron says the US was not involved, but he privately believes we had something to do with it. The general reaction throughout Latin America is that, in time, this could be a very good

⁹ September 17. Kissinger is referring to his confirmation hearings.

thing. From our standpoint, it is excellent. On the Venezuelan initiative, for example, (on Cuban re-admittance to the OAS) Venezuela needed one more vote. Now they need two.

Mr. Kissinger: I need somebody to give me a brief paper on what the Allende government was like. Bill (Mr. Jorden) and Jack (Mr. Kubisch) maybe you could get together on that. I have the impression that it was rather anti-US wasn't it?

Mr. Kubisch: On a multilateral basis, yes. Bilaterally, less so.

Adm. Moorer: I might add that—on Peron—that we have a report from a high-level contact in Peron's cabinet that Peron said he was glad the coup took place. He thinks he can now deal better with his own opposition.

Mr. Kissinger: Do we know for sure that Allende committed suicide, or was he killed?

Mr. Colby: It's still kinda either/or. I wished he would have asked our permission.

Adm. Moorer: He was shot in the mouth, wasn't he?

Mr. Kubisch: Yes, and he was right-handed.

Mr. Colby: We know he had about ten drinks in the morning and was loaded by noon. He has quite a history of being a boozier, under stress.

Mr. Hennessy: In this paper, can we make the point about minimal support to the other government with projected trends and not absolute programs?

Mr. Kissinger: Yes. Let's get the paper by the end of the day. I have the impression that Chile is in bad shape.

Mr. Simon: It's an economic disaster.

Mr. Kissinger: Jack (to Mr. Kubisch). I want you to take the leadership on these public disclosures. I want a coordinated position on these matters. On the paper, we'll get the short, middle, and long term projections on economic aid, humanitarian aid, military programs, debt re-scheduling. Let's have another meeting Wednesday, the paper by Tuesday. Bill, will you take the lead?

354. **Memorandum From the Deputy Director for Coordination, Bureau of Intelligence and Research (McAfee) to the Director of Operations Policy, Bureau of Intelligence and Research (Gardner)**¹

Washington, September 14, 1973.

SUBJECT

ARA–CIA Meeting, 14 September 1973, 11:00

PARTICIPANTS

ARA—Messrs. Kubisch, Shlaudeman and Amb. Bowdler; CIA—Messrs. [*name not declassified*] and Phillips; INR—William McAfee

The weekly ARA–DDC–DDO meeting was held this morning. Though neither side had formal agenda items to table the meeting was not without interest, since the subject was Chile.

Chile

Jack Kubisch was preparing guidelines for Dr. Kissinger on the question of how much advance notice we had on the coup.² He and Dave and Jim agreed that the press play to the effect that we had clear advance notice was a misrepresentation. Jack indicated the guidelines would say that many reports of an impending coup had recently been received, that all here were aware of the possibility but that it was not accurate to say that the Government had received a clear indication that a coup was about to be triggered. Jack noted that shortly after the coup a Chilean leader told the Embassy that they had specifically decided to withhold information on the coup timing. Jack said he doubted if Dr. Kissinger would use this information, for it would reveal our close contact with coup leaders.

Dave noted reports that the new junta was considering breaking relations with the Soviets and asked for guidance in case any of their assets were questioned. Harry said we were not now in a position to give guidance without checking up the line in the Government, and suggested that if queried the Agency should simply hold off the questioner. Dave noted subsequently that their assets in various parts of the world would soon be questioned as to the US attitude toward the coup and asked that guidance be provided.

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical, Chile 1973–1975. Secret.

² The September 14 memorandum from Pickering to Scowcroft is Document 148, *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973.

There was some discussion of the extent to which the Cubans had handled intelligence for the regime and how many Cubans were working with the government. Harry asked for information on what the attitude of Communists was and Dave said their people had been pretty well pinned down and were not in a good position to collect but would collect when able to.

355. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, September 14, 1973.

SUBJECT

Talk with Chilean Junta Leader

General Pinochet, President of the Chilean Junta, has had a secret meeting with the Chief of the U.S. Military Advisory Group, Colonel Urrutia, whom he used as an intermediary to send a message to the U.S. Ambassador.² He conveyed the following:

1) The new Chilean Government intends to break relations with Cuba, the USSR, North Vietnam and North Korea. They also intend to clean out pro-Marxist militants from Chilean diplomatic missions abroad.

2) The Junta's fundamental desire is to strengthen traditional ties of friendship with the U.S. They hope we can see our way clear to give them relief for one year on Chile's debt to the U.S.³ They think they will need a year to "straighten things out."

3) They intend to honor Chile's copper debt obligation and look forward to working out some mutually acceptable solution.

4) They hope we will be able to help supply them with food—with wheat as a first need but including other food products.

5) They continue to be interested in buying U.S. military equipment, including M-60 tanks. (He noted in this connection that Allende

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII. Confidential. Sent for information. A stamped notation on the memorandum indicates that the President saw it.

² See Document 350.

³ Nixon underlined this sentence and next to this paragraph he wrote, "K[issinger]—OK."

had been pushing the Army very hard in recent days to buy Soviet equipment but that the Army opposed such procurement.)⁴

He noted that he and his colleagues had not even hinted to us beforehand of their planned action and said he thought it had been better that way.

At the end of the conversation, General Pinochet called in several of his military colleagues. Col. Urrutia's impression was that they are pleased at the way things are going. They see their immediate problem as one of eliminating isolated pockets of resistance and snipers. As a parting note, the General said the new government intends to declare illegal the two major parties of the Marxist coalition (the Socialists and the Communists) as well as sympathetic minor parties.

Pinochet understands and is relaxed about the matter of recognition. He volunteered that obviously the U.S. should not be the first to announce its intention to continue relations with the new Chilean Government. He also recognized the advisability of avoiding too much public identification with us for the moment.⁵

Ways in which we can respond to the Chilean questions and their needs will be the subject of Friday's WSAG meeting.⁶

⁴ Next to this paragraph, the President wrote, "K[issinger]—OK."

⁵ Nixon underlined this sentence and wrote in the margin, "good."

⁶ See footnote 7, Document 353.

356. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 16, 1973.

SUBJECT

U.S. Covert Action Programs in Chile

The attached memo from Bill Colby² outlines the covert action programs carried out in Chile since 1970. Two items of major significance stand out:

- (1) We did not directly support either of the democratic candidates who opposed Allende in the 1970 elections;
- (2) We never supported any program aimed at his overthrow.

The entire thrust of our activities was to keep non-communist political forces [*less than 1 line not declassified*] alive and healthy enough to pose some opposition to the United Party coalition (Communists and Socialists). Funds also went to keeping media voices of opposition (press and radio primarily) alive. [*less than 1 line not declassified*]

You will, of course, want to be very careful about handling any questions designed to bring into the open any covert action programs conducted or supported by us. To get into this, even in executive session, will open a Pandora's box. Once a precedent of discussing CIA activities before the Foreign Relations Committee is established, no programs in other countries will be immune. And with so many Senators and staff present, the likelihood of leakage is almost certain.

We have good reason to believe, of course, that there was a deliberate campaign by Allende's followers to squeeze out the opposition, especially the media. Supplies of newsprint were rationed and prices were raised. Advertisers were pressured to give their business to pro-Government newspapers and radio stations. Advertising income for the opposition media fell significantly. But all of this is difficult to prove convincingly. I have no doubt that publishers and radio owners will be making a convincing case in public in the future on this matter. But the available facts at this moment make the case tenuous in terms of legal evidence.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile 73-. Secret; Sensitive; Eyes Only. Sent for information.

² Attached is a September 16 memorandum from Colby to Kissinger. The memorandum is Document 145, *Foreign Relations, 1969–1976*, vol. E-16, Documents on Chile, 1969–1973.

For these reasons, I believe any questions about undercover activities by the U.S. in Chile should be handled something like this:

“Gentlemen, as you know, I have tried to be as forthcoming and frank in these hearings as I can be. And that will be the pattern for the future. However, the question that has just been asked raises delicate matters involving intelligence operations that I think it is better not to get into in this forum. I will be happy to discuss the matter with the Committee established by the Senate to deal with these questions. And I know some members of that group are included in this Committee.

“I do want to give you this assurance: first, we did nothing to oppose the election of Mr. Allende in 1970 or to support his opponents in that election; second, we never—in any shape or form—supported any move at any time to overthrow the legal government of Chile. We did not encourage or back any coups.”

357. Transcript of a Telephone Conversation Between the President's Assistant for National Security Affairs (Kissinger) and President Nixon¹

September 16, 1973, 11:50 a.m.

K: Hello.

P: Hi, Henry.

K: Mr. President.

P: Where are you. In New York?

K: No, I am in Washington. I am working. I may go to the football game this afternoon if I get through.

P: Good. Good. Well it is the opener. It is better than television. Nothing new of any importance or is there?

K: Nothing of very great consequence. The Chilean thing is getting consolidated and of course the newspapers are bleeding because a pro-Communist government has been overthrown.

P: Isn't that something. Isn't that something.

¹Source: Library of Congress, Manuscript Division, Kissinger Papers, Box 380, Telephone Conversations, Chronological File. No classification marking. All blank underscores are omissions in the original. The President was in Aspen, Colorado, and Kissinger was in Washington at his home.

K: I mean instead of celebrating—in the Eisenhower period we would be heros.

P: Well we didn't—as you know—our hand doesn't show on this one though.

K: We didn't do it. I mean we helped them. _____ created the conditions as great as possible(? ?)

P: That is right. And that is the way it is going to be played. But listen, as far as people are concerned let me say they aren't going to buy this crap from the Liberals on this one.

K: Absolutely not.

P: They know it is a pro-Communist government and that is the way it is.

K: Exactly. And pro-Castro.

P: Well the main thing was. Let's forget the pro-Communist. It was an anti-American government all the way.

K: Oh, wildly.

P: And your expropriating. I notice the memorandum you sent up of the confidential conversation² _____ set up a policy for reimbursement on expropriations and cooperation with the United States for breaking relations with Castro. Well what the hell that is a great treat(?) if they think that. No don't let the columns and the bleeding on that.

K: Oh, oh it doesn't bother me. I am just reporting it to you.

P: Yes, you are reporting it because it is just typical of the crap we are up against.

K: And the unbelievable filthy hypocrisy.

P: We know that.

K: Of these people. When it is South Africa, if we don't overthrow them there they are raising hell.

P: Yes, that is right.

[Omitted here is discussion unrelated to Chile]

² Document 355.

358. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 17, 1973.

SUBJECT

Cable to Santiago

The attached draft cable to Santiago has been sent by State for NSC clearance. It covers two subjects: recognition and a Chilean request for military equipment (helmets and flares).²

On *recognition*, it instructs our Ambassador to tell the Junta that we will be responding affirmatively to their note re continuing relations "in the next few days."³ It notes that domestic and international considerations make this very brief delay "highly advisable in the overall interests of the new GOC as well as in our own."

On the *military request* (for 2,000 flares for nighttime Air Force operations and for 1,000 steel helmets and liners), it states that we should avoid any possible public identification with military operations in Chile at this moment while some fighting is going on. It argues it would be better for both Chile and us if the Chileans could get this equipment from Brazil or Argentina. If it is not available from those sources, we will reconsider the request "on an urgent basis." Moreover, State doubts that the supplies mentioned are essential to Chilean military success.

Our Embassy in Santiago judges that the flares *are* important to the Chilean Air Force's success in nighttime operations in the days ahead. Ambassador Davis also notes that the new regime is operating under great strain and is "counting friends in this moment." He believes a negative reaction from us could have serious repercussions and "set a pattern of attitudes" that we should be willing to take some risks to avoid.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile 73-. Secret. Sent for urgent action. A handwritten notation on the first page reads, "OBE." Another handwritten note at the end of the memorandum reads, "Kennedy concurs." Sent under a September 17 covering memorandum to Scowcroft, in which Jorden stated, "Because of the implications [this] might have on the Hill and for Henry's confirmation, I believe you will want to draw this to his personal attention and get his reaction." (Ibid.)

² Attached but not printed. Sent as telegram 185004 to Santiago, September 18. (Ibid., RG 59, Central Foreign Policy File, P750014-0669)

³ Davis informed the Department that he had received the note in telegram 4356 from Santiago, September 17. (Ibid., P750011-2107)

Part of State's thinking on the possible effects of sending military supplies and having the fact exposed publicly is that it might influence thinking on the Hill, produce outraged speeches and possibly influence Senate action on your confirmation. I would think the effect would be minimal, but you are the best judge. In part, the decision may rest on what you were asked this morning and what you told the Committee. Would our decision to go ahead and send modest supplies be something that should be discussed with Congressional sources first? If you indicated our intention was to move very slowly in Chile, then we probably should not act immediately. But if not, I see no real problems with moving ahead.

It is important to set a pattern of cooperation and trust with the new leaders in Chile. Unless other interests would be damaged (as above), I suggest we go back to Santiago with an offer to meet modest military request—assuming we will take the steps necessary to minimize early publicity.⁴ On the recognition question, the suggested approach seems about right—but I would urge that we not wait more than “a few days.”

*Recommendation*⁵

Approve approach on recognition, but let's provide the requested supplies

Approve Cable as drafted

⁴ Although the State Department approved the sale, it asked that the Chileans try to obtain the flares from another country if possible. (Telegrams 187007 and 29210 to Santiago, September 17 and 20; *ibid.*, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile, Vol. VIII) Ultimately, the Chilean Government bought them from the United States. (Telegram 4474 from Santiago, September 21 and telegram 189358 to Santiago, September 22; both *ibid.*)

⁵ There is no indication of approval or disapproval of either recommendation.

359. **Transcript of a Telephone Conversation Between Mexican Foreign Minister Rabasa and the President's Assistant for National Security Affairs (Kissinger)**¹

September 18, 1973, 1:47 p.m.

K: Emilio. How are you?

R: I just got the very good news that all things are OK, no?

K: The Senate still has to vote, but that's pretty much of a formality, if the committee votes. The Senate never overturns a committee.

R: Well, I'm over-joyed, Henry, and I know and hope that you'll be a great Secretary of State.

K: But I know you, Emilio. You're going to pull rank on me now as the senior Foreign Minister.

R: [laughs] No, Henry, I'm leaving for United Nations the 28th, more or less. When in New York I'll call you.

K: Good. I want to see you. You know, if you can put your charter into neutral language.²

R: My what?

K: That charter—into neutral language.

R: Yes, and we have thought about this—not as a treaty, but as a declaration.

K: That's what I mean, as a declaration.

R: Exactly. That's our thought.

K: But if you can do it without being critical of the developed nations.

R: That I will do.

K: Then I think we will make a big effort to support it.

R: That I will do, Henry. And I'll sit down with you and I'll go over it.

K: And also I want to discuss with you getting Latin American policy more active.

R: Fine, because I will just see, well, I have a lot to speak to you. I was just going over the countries one by one, and I will speak to you

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box 369, Telephone Conversations, Chronological File. No classification marking. Rabasa was in Mexico City and Kissinger was in Washington. All brackets, except those that indicate the omission of material, are in the original.

² Reference is to the Charter of Economic Rights and Duties of States first proposed by Mexican President Echeverría at the third session of UNCTAD in April–May 1972.

and you see that democracy is now a very curious item in Latin America.

K: Yes, well, we'll have to talk about it, Emilio, and I need your help in this respect.

R: Please, Henry, the place that took certain steps, now lay very low, Henry, because they are saying that, well, you know, you helped things that happened.

K: I personally?

R: Oh, no, no, no, the government.

K: No, that isn't true. Believe me, it isn't.

R: Henry, you're telling me—I know it. But, play it very cool at this moment.

K: Well, we are playing it very cool.

R: Because now they're saying that money is going to overflow over there.

K: Oh, no, we're going to go slowly.

R: And that the biggest national is going to go back again.

K: Who?

R: ITT.

K: No, no, no.

R: Well, they are trying to but I want you to start with the right certainty a great Secretary of State, especially concerning Latin America.

K: Well, that is my intention, Emilio, and with your help, we can do it.

R: But at this moment, please, if you can mostly [let no] support these people because the image of these guerillas all over Latin America is terrible, Henry. Any association of you, or the government, or the President would be terrible at this moment.

K: No, no, we are moving very deliberately.

R: Please do so until I speak to you and I can explain many things that I've heard and know.

K: Good.

[Omitted here is discussion unrelated to Chile.]

360. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 18, 1973, 2120Z.

4372. Subject: Relations With New Chilean Government. Ref: State 185004; Santiago 4356, 4304.²

1. I met Foreign Minister Huerta privately and informally in a private home this afternoon. Huerta told me he had received instructions from Admiral Merino to ask me if it would be possible for USG to confirm establishment of ongoing diplomatic relations as soon as possible—and hopefully during course of the day today. Admiral Huerta said he had received his instructions from Admiral Merino by telephone from Valparaiso, and Admiral Merino had not been in a position to give him reasons. Admiral Huerta asked me if I had received his message to this effect last night, and I affirmed that I had, and had passed it on to Washington. I went on to explain, however, that there were domestic and international considerations which made a very brief delay highly desirable in the interests of both our countries. I told Huerta that we shall respond affirmatively to the Junta's note, and expect to do so within the next few days. I also advised him of our strongest desire to cooperate closely and establish a firm basis for a cordial and most constructive relationship. After some back and forth, Admiral Huerta, who said he was going down to Valparaiso this evening in any case, said he would explain the situation to Admiral Merino, find out Admiral Merino's reasons for having made his urgent request, and get back to me tomorrow.

2. Huerta advised me that the Papal Nuncio has just informed GOC it is recognizing, and will send a note today. Huerta also mentioned with some pleasure that France had formally responded to the Junta's note. He mentioned the following countries as recognizing (above and beyond the ones mentioned in Santiago 4304): Nicaragua, Austria, Uganda, and the Republic of Korea. Huerta also mentioned that Peru had made some sort of declaration in Lima indicating a continuance of relations. He had no knowledge that Yugoslavia had reportedly announced anything in Belgrade.

Davis

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Chile Vol. VIII. Secret; Immediate; Exdis.

² For telegrams 185004 and 4356, see footnotes 2 and 3, Document 358. Telegram 4304, September 16, listed the countries that had already recognized the new government and requested guidance on U.S. recognition. (National Archives, RG 59, Central Foreign Policy File, [no film number])

361. Minutes of a Meeting of the Washington Special Actions Group¹

Washington, September 20, 1973, 3:05–3:49 p.m.

SUBJECT

Chile

PARTICIPANTS

Chairman—Henry A. Kissinger

State

William Porter

Jack Kubisch

Defense

William Clements

Robert Hill

V/Adm. Ray Peet

JCS

Adm. John P. Weinel

CIA

William Nelson

David Phillips

Treasury

William Simon

Michael Bradfield

OMB

Dolph Bridgewater

NSC

B/Gen. Brent Scowcroft

Richard Kennedy

William Jorden

Charles Cooper

James Barnum

SUMMARY OF CONCLUSIONS

It was agreed that:

... recognition of the new government would be announced on Monday, 24 September 1973;

... Ambassador Davis is to talk to the junta on Friday, September 21, to inform them of our goodwill, our intention to recognize in the next few days, and about the delivery of medical supplies;

... a cable will be sent to Ambassador Davis telling him: of our intention to recognize and when; when the emergency food supplies will be delivered; and authorizing the Ambassador to discuss, with the junta, Chile's middle-and long-term economic needs;

... an economic team would *not* be sent to Chile until the junta requests one;

... the Chile Working Group will continue in operation.

Mr. Kissinger: Let's talk about Chile first and then Cambodia. Would you like to give us a briefing? (to Mr. Nelson)

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-94, WSAG Meeting, Chile, 9/20/73. Secret; Nodis. A copy was sent to Kennedy, Jorden, and Cooper. The meeting took place in the White House Situation Room.

Mr. Nelson briefed from the attached text.²

Mr. Kissinger: Bill (Mr. Porter) or Jack (Mr. Kubisch), any comments?

Mr. Porter: I think the first thing we ought to talk about is the matter of recognition. Twenty countries have already recognized, but the crucial thing is the timing in connection with your confirmation. The new government is an established fact, so it's okay to go ahead with recognition, but the timing . . .

Mr. Clements: I think you ought to wait until after confirmation.

Mr. Kissinger: Why?

Mr. Clements: The Chileans know of the vote coming up. They are in no particular hurry.

Mr. Kissinger: Has the new government been told by (Ambassador) Davis of our intentions to recognize and of our good-will toward them?

Mr. Kubisch: Yes, they understand we want to wait. In my opinion, we should wait until after the vote. The choice is either Friday, Saturday, or Monday.³

Mr. Kissinger: Saturday would be all right, if the committee votes tomorrow.

Mr. Porter: Monday is no problem either.

Mr. Kissinger: Monday is the first day of the UN.

Mr. Clements: Would anything be gained by this being one of your first acts?

Mr. Kissinger: There's no way to avoid this being one of my first acts. If the choice is Monday, there will be plenty of activity between now and then.

Mr. Kubisch: When do you expect to take the oath?

Mr. Kissinger: Saturday.

Mr. Kubisch: I can see some advantage in Monday.

Mr. Kissinger: I'm relaxed about the whole thing. I don't see what would be gained by waiting until Tuesday.

Mr. Kubisch: Perhaps after the Senate votes—tomorrow afternoon.

Mr. Kissinger: What is the normal way these things are done. Is there some set procedure?

Mr. Kubisch: Right now would be a good time. They have satisfied the requirements.

Mr. Kissinger: I guess we should do it either Saturday or Monday. I'm under no pressure on this thing, I really don't give a damn . . .

² Not attached and not found.

³ September 21, 22, or 24.

Mr. Clements: Unless there is some issue that needs to be settled first, I think we ought to bite the bullet on this thing. I see no argument for not recognizing tomorrow.

Mr. Kubisch: We could couch it in low-key language, that we've decided to recognize the new government, and let it go at that. That way we'll keep the heat off.

Mr. Kissinger: I'll take the heat, if there is any.

Mr. Simon: Speaking of heat, what is the press doing to us down there. They are complaining about inadequate responses from the new government. Did you speak to them Jack?

Mr. Kubisch: I did, and think it went very well. There are about 75 to 90 journalists in Chile now, and we'll be starting to get their stuff in droves.

Mr. Kissinger: Senator Church the other day dropped me a note raising the question of asylum. What's the problem?

Mr. Kubisch: That doesn't pertain to us. There are few Americans caught up in it. Most are third-country nationals who have fled their own countries and got caught up in this thing. The government's holding about 5,000 in the stadium. They have been very candid about this. They intend to treat them in accordance with military courts. If innocent, they will be free to return to Cuba. If guilty, the junta intends to deal with them harshly. The question that Senator Church is really addressing is human rights. The UN Human Rights Commission has already looked into this and given Chile a clean bill of health.

Mr. Porter: We ought to encourage them (the refugees) to go to Mexico or France, it would offer a way out.

Mr. Kubisch: You may be questioned closely on this up there. (New York)

Mr. Kissinger: Church also mentioned some OAS Committee. Is there such a thing?

Mr. Kubisch: Probably the OAS Human Rights Commission.

Mr. Porter: The junta's doing the right thing—they're letting the press in and are taking the right stance on the refugee question.

Mr. Kissinger: That demonstrates the total naivete of the new government. If they think the press has any interest in the truth, they're mistaken. All they will want to do is horror studies.

Mr. Porter: Yes, but the press is not being kept out.

Mr. Kissinger: Do you (to Mr. Kubisch) think (Ambassador) Davis fully understands our position?

Mr. Kubisch: I think he is almost with us. I think a good, strong message of support for him would help. He is kinda nervous, particu-

larly since it took us forty-eight hours to give him an answer to that cable.

Mr. Kissinger: Let's give him a message expressing our good-will. Tell him, informally, that we're going to recognize.

Mr. Kubisch: He'll appreciate that.

Mr. Kissinger: Brazil's reaction to the flares and helmets. How do you explain that?

Mr. Kubisch: Brazil has this geopolitical concept of the world. Anything north of the islands and Central America is ours, anything south of that they don't want us to meddle in. My interpretation is that they were trying to send us a signal—really didn't want to do it.

Mr. Kissinger: I suppose you talked to them about economic assistance.

Mr. Kubisch: Yes.

Mr. Porter: They are in need of about a million dollars worth of medical supplies. They have about 100,000 dollars worth on hand. It's a simple delivery, the (Chilean) air force has taken over an airport for the delivery. There will be no fanfare, no problem.

Mr. Clements: I see no problems.

Mr. Kissinger: Should we authorize the needed supplies now?

Mr. Kubisch: Now or Monday.

Adm. Peet: There's no problem in the arrival schedule, it's all set up.

Mr. Kissinger: Any problem with medicines and food?

Adm. Peet: No.

Mr. Kubisch: The question is, do we use (US) air force planes or commercial planes, and the timing?

(Dr. Kissinger was called out of the meeting at this point.)

Mr. Kissinger: Let me sum up. We'll send a cable out—Defense and us—that sets forth clearly our generally favorable attitude toward the new government, on recognition. Our views on medical supplies. How about food? How are they on that?

Mr. Porter: We figure they will need about 18,000 tons. It looks to us like the CCC credits are the only way.

Mr. Simon: Whether it's financed through the Ex-Im Bank is the question.

Mr. Cooper: Are you talking about the 200,000 to 250,000 tons that will be needed over the longer term? The question is how to finance the CCC credits. Agriculture sees no problem and has already agreed to go ahead and unblock on the CCC credits.

Mr. Simon: No, I'm talking about the longer term.

Mr. Cooper: Well, we're talking about the emergency food needs.

Mr. Kissinger: Are we sending in emergency food needs. Can we justify this as an emergency?

Mr. Kubisch: Yes, but the delivery is a matter of timing.

Mr. Kissinger: You suggest after recognition?

Mr. Kubisch: Yes. Shipment can be by air, via Argentina.

Mr. Kissinger: If conditions permit. This asylum issue is like pulling teeth. You're going to hear a lot of screaming. Has Davis been instructed to support us on this?

Mr. Kubisch: Yes, but I'm not clear on the timing. Do you want to do it after recognition.

Mr. Kissinger: We'll wait until Monday.

Mr. Porter: We have to have a decision on this food business. I think we should go the CCC route.

Mr. Kubisch: We have to. The Ex-Im route creates problems. How much is the question, the first 18,000 tons, or all of it?

Mr. Kissinger: As I understand it, the first phase is geared toward emergency needs, no?

Mr. Kubisch: It's our understanding that the 18,000 tons . . .

Mr. Kissinger: What's the easiest to justify?

Mr. Simon: CCC credits are relatively high-cost. They're three-year credits with high interest.

Mr. Cooper: But AID funds are hard to get, and there is no mechanism.

Mr. Kissinger: What are the ExIm terms?

Mr. Simon: Six percent, and they are longer term.

Mr. Clements: But we can get around to that later, no?

Mr. Simon: Yes.

Mr. Kissinger: Do you agree (to Mr. Kubisch)?

Mr. Kubisch: I go along with the CCC credits, leaving the ExIm credits until later. We can tell what the cost will be then.

Mr. Simon: Fifteen million dollars is a pretty small figure with all their other problems.

Mr. Kubisch: Then we'll authorize (Ambassador) Davis to discuss their needs with them and then cable their proposals to Washington. It's the quickest way we'll find out what they really want.

Mr. Kissinger: Yes, he can do that tomorrow.

Mr. Simon: Are you aware that two Russian ships with wheat are headed there?

Mr. Kubisch: I was aware that they are to leave Hawaii, but I am not aware they are carrying wheat.

Mr. Kissinger: What is this issue on the flares all about?

Mr. Kubisch: The Chileans wanted one thousand flares to use mainly at night, mostly as a scare tactic. They figure they can use these to break up demonstrations and the like. They're for intimidation.

Mr. Kissinger: I wasn't aware that helmets were more useful at night than during the day.

Mr. Kubisch: The helmets were secondary. The flares were important; they were going to use the helmets for draftees.

Mr. Kissinger: The next thing you'll be telling me is that you want to transfer nuclear weapons.

Mr. Kubisch: We got in a message last night. They wanted to buy them commercially rather than on a government-to-government, and wanted them by next week. We suggested they approach third countries.

Mr. Kissinger: I know it's sort of run-of-the-mill stuff, but I can't believe a thousand helmets or whatever will make that much difference.

Mr. Kubisch: We can await their preference on that.

Mr. Porter: We can encourage them to look elsewhere.

Mr. Kissinger: Should Davis suggest that they sign the letter of intent after recognition?

Mr. Kubisch: I don't know about that. I remember we agreed to send a team to Nairobi to discuss a similar case, and it worked out quite well. I think it would be desirable for (Amb.) Davis to mention it in his next talks with the new government and see what they think?

Mr. Kissinger: Put together a comprehensive message, and we'll clear it tonight. Are they on the same time as we?

Mr. Kubisch: Yes, now that it's Daylight Savings Time.

Mr. Kissinger: We'll wait on the middle and longer term programs until Davis has had a chance to talk with them and find out what they want.

Mr. Simon: But, what is middle and long term? They are difficult to separate.

Mr. Kubisch: To me, it's a question of now or next week.

Mr. Simon: I think we have an interest in pursuing the debt re-scheduling now.

Mr. Kissinger: Let's tell them that we'll discuss rescheduling later.

Mr. Simon: I would put it on this basis, that we're not going to cut them off, that we're handling the debt issue. That way, funds can start flowing again. We inform them without the pressure.

Mr. Kubisch: I would prefer to concentrate on the two-to-four week emergency phase.

Mr. Kissinger: The problem is the great insecurity of the new government. If we can do this now it might help.

Mr. Simon: It's important to start thinking of the longer term.

Mr. Kubisch: Do you want to send a team down to discuss the problem?

Mr. Kissinger: I think it's premature. Once they tell us they want to talk, then okay. We'll talk when they are. I should think that would be sooner than four to six weeks.

Mr. Cooper: The team should be able to talk about lines of credit, stabilization loans . . .

Mr. Nelson: They will be very receptive to this type of approach.

Mr. Simon: We've got to make it clear that we are prepared to go all the way and that we support their government.

Mr. Cooper: It should be a small team, not more than two people who know what they're talking about.

Mr. Kissinger: No ITT officials.

Mr. Kubisch: Did you hear the rumor that Dita Beard is being considered as the new ambassador?⁴

Mr. Kissinger: Okay, we'll get a cable out telling them about the timing of recognition, the emergency food supplies, CCC credit, emergency food supplies—the level and the delivery, what do they recommend over the longer terms, and that a team will be sent when the Chileans are ready.

Mr. Kubisch: Do you want to include the investment disputes in the message?

Mr. Kissinger: That's premature. These are the first things. We don't want to make the mistake of appearing to press them.

Mr. Clements: Yes, that would be almost like a consideration.

Mr. Kubisch: How about military assistance?

Mr. Kissinger: It's much too early.

Mr. Porter: Is there need for some pressure?

Mr. Kissinger: That's an on-going problem, tell them we'll discuss it in due time.

Mr. Cooper: You could say something about us discussing it. That should head-off any questions.

Mr. Kubisch: Do you want the working group to continue?

Mr. Kissinger: Absolutely!

Mr. Kubisch: You want it to operate out of the White House?

⁴ Dita Beard was an ITT lobbyist.

Mr. Kissinger: That's the usual way.

Mr. Kubisch: I'll take the responsibility for getting everybody together.

Mr. Clements: Are we agreed on the previous items?

Mr. Kissinger: We've agreed that the military program will continue on a regular schedule.

Mr. Porter: What happened to the F-5 show?

Adm. Peet: It was cancelled—at their request.

Mr. Kissinger: Good!

362. Memorandum from the Director of Operations Policy, Bureau of Intelligence and Research (Gardner) to Deputy Director for Coordination, Bureau of Intelligence and Research (McAfee)¹

Washington, September 20, 1973.

SUBJECT

ARA/CIA Meeting, 20 September 1973

PARTICIPANTS

ARA—Messrs. Kubisch, Bowdler and Shlaudeman;

CIA—Messrs. Phillips and [*name not declassified*]; INR—Mr. Gardner

Chile

Mr. Kubisch said he was slated to testify before a subcommittee of the House Foreign Affairs Committee and needed guidance.² Thus far he had been extremely lucky in not having been pressed on whether the USG had given assistance to the opposition parties in Chile. At one point, on September 20 [12], he had been asked in a Congressional hearing whether we had helped the political opposition during Allende's regime, but had been able to fend off the question by concen-

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Box 1, Chile, 40 Committee Action After September 1970. Secret.

² For Kubisch's opening statement before the Subcommittee on Inter-American Affairs of the House Foreign Affairs Committee on September 20, see the Department of State *Bulletin*, October 8, 1973, pp. 464–466.

trating on the point that we had had nothing to do with the coup.³ He did not however expect to elude the question indefinitely.

Mr. Phillips advised Mr. Kubisch that if he were asked in Congress about the activities of CIA, he should refer his interrogators to CIA. Mr. Kubisch agreed after receiving Mr. Phillips' concurrence that he was however fully authorized to say that no element of the CIA had been involved in the coup. To Mr. Gardner's point that this ploy would not be a suitable riposte to questions from the press, he said that he believed that he could fend off questions from this source. Mr. Kubisch then noted that this left the question of what he should say were the question not focused on CIA, and was phrased in terms of what the USG had done. After some thought about this possibility, the best answer the group could come up with was that Mr. Kubisch should merely assert that he was not prepared to go into the history of our relations with Chile. If hard pressed, he would refer his interrogators to his superiors in the Department.

Mr. Phillips, in response to Mr. Kubisch's query about how much of the roughly [*dollar amount not declassified*] dollars approved by the 40 Committee in August to aid the Chilean opposition had actually been paid out,⁴ said that [*dollar amount not declassified*] had been spent. Mr. Phillips added that this brought up another question: the Ambassador had suggested, shortly after the coup, that payments to the private sector might be resumed. Agency headquarters had instructed the station to hold off until the matter had been discussed with State. Mr. Shlaudeman said that in his view no such disbursement should be made without specific authority from the 40 Committee. I said that I thought the whole August authorization of the 40 Committee should be regarded as a dead letter; the situation to which that authorization had been addressed had wholly altered. Mr. Shlaudeman concurred; Mr. Kubisch, who had been out of the room during this part of the discussion, strongly agreed when he returned. (*Note: I have since suggested to Messrs. Phillips and [name not declassified] that, in order to clean up the record, a formal cancellation of its August action should be sought from the Committee).*

[Omitted here is discussion unrelated to Chile]

³ Kubisch testified before the Subcommittee on Western Hemisphere Affairs of the Senate Foreign Relations Committee on September 12; see footnote 2, Document 352.

⁴ See Document 342.

363. Telegram From the Department of State to the Embassy in Chile¹

Washington, September 21, 1973, 1359Z.

188023. Subj: Relations With New Chilean Government. For Ambassador Davis.

1. You should arrange to meet again privately with Foreign Minister Huerta ASAP. We strongly believe that meeting should take place some time today (Friday, September 21). If for any reason Huerta is not available, you should consider going to a higher level of the government, such as General Pinochet, rather than lower. We would expect you to clear any such alternate meeting with us in advance, giving your rationale and recommendations. We are prepared to exchange messages rapidly with you in such event.

2. The overall purpose of your meeting is to give additional substance and dimension to our evolving relationship with the new Government of Chile. You should convey the following message and information, as appropriate:

3. We want our relationships with the new GOC to be as positive and constructive as friends can make them. We believe they should be based on mutual respect and understanding. We approach the new government with the greatest goodwill toward Chile and the Chilean people. We want to repair as quickly as possible damage done in the last several years to U.S.–Chile relations. We have some understanding of the difficulties ahead for the new GOC as it faces the tasks of national recovery and bringing Chile back to economic, political and social health.

4. We want to assist the new GOC—if such assistance is wanted—in all appropriate ways consistent with our own capabilities and the support that will exist in the United States for such a policy. Much of what we can and will be able to do, of course, depends upon the GOC itself and the policies it decides to follow. We would hope to consult closely on all appropriate matters that might affect our ability to be cooperative and forthcoming. FYI. We have in mind such things as human rights and investment disputes, for example, but we do not believe you should allude to these in any way in today's meeting. We in-

¹Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Vol. VIII. Secret; Flash; Nodis. Drafted by Kubisch; cleared by Porter (in substance), Gammon, Scowcroft (draft), Feldman (draft), and Hill (DOD) (paragraphs 8 and 9); and approved by Kubisch.

tend to send you further instructions on these and other subjects later. End FYI.

5. Diplomatic relations. You should inform Huerta that a tentative decision has been made to send a formal note to the GOC in Santiago on Monday, September 24th, acknowledging their note of September 13th, and accepting the invitation to maintain diplomatic relations. We intend, insofar as possible, that this be a low key event. We will have no desire to keep this act a secret, but we believe it in both GOC and USG interest that our private relationship be close and strong and that our public ties be low-keyed. We will send you text of proposed note and final authorization to deliver it separately.²

6. We also intend to take other concrete steps immediately to demonstrate both our goodwill and our desire to be helpful to the new government.

7. Emergency medical supplies. As indicated in State 187006³ we are prepared to airlift 100,000 dols. in emergency medical supplies over this coming weekend, with departure any time after noon Saturday, Sept. 22nd. Airlift would be by USAF aircraft and could, if desired by GOC, be in advance of official "continuance" of relations mentioned in para. 5 above. We do not envisage any particular fanfare for this but would not attempt to conceal it. Aircraft could make delivery at Santiago airport and depart immediately. Listing of items to be included will be treated in septels.

8. Flares and helmets for Air Force. We stand by our offer to cooperate on these items as set forth in State 187007.⁴ However, we hope GOC will obtain these items from some other country, such as Brazil, if possible. FYI. You should know that this request has put the USG in a difficult position since we have not wanted to refuse it and yet could not accede to it without risking considerable damage to our possibilities of assisting GOC on a wide range of matters in the future. For this reason we would like to deflect to the extent possible any requests for firearms, ammunition, etc., at this particular time. End FYI.

9. Other military items. We understand that nothing which could be considered controversial or objectionable is in the pipeline or programmed for the period just ahead in the way of other military items. On this hypothesis, a decision has been made not repeat not to interrupt previously planned and approved shipments of military supplies

² See Document 365.

³ Dated September 20. (National Archives, RG 59, Central Foreign Policy File, P750014-0588)

⁴ Dated September 20. (Ibid., Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Vol. VIII)

to Chile. FYI. We must continue to keep these under close and active review for a time, however. End FYI.

10. Economic issues. We want to assure GOC we will be as cooperative as possible in helping it restore economic viability. At same time, GOC must move quickly to rely on its own resources, getting both export earnings and import substitution going. Thinking within the USG is still preliminary and GOC views are welcome.

11. Short-term wheat. One most immediate concern is to get some wheat moving from U.S. To facilitate this, we are prepared to establish CCC credit for initial shipment if the GOC so desires (maximum of three years, interest about 10 percent). We recognize terms are hard, but CCC is only vehicle available to provide financing on short notice. If GOC interested, financing arrangement can be completed in less than a week. Request GOC and your estimate of reasonable initial increment for early needs.

12. Stabilization. One immediate problem is to develop a financial stabilization plan to ration foreign exchange for the remainder of 1973. Actions to reduce fiscal deficit and move toward price stability will be necessary to complement foreign exchange plan. IMF is knowledgeable on Chilean situation and an early IMF mission would be desirable. GOC should invite.

13. Among the possible sources of foreign exchange during the rest of 1973 are the following:

—IMF drawings. First credit tranche of over 40 million dols. could be drawn quickly on basis of letter of intent. Second tranche could follow development of stabilization plan and agreement on IMF standby. Understand GOC has sent a delegation to Nairobi. Hennessy of US delegation is prepared to discuss our view IMF possibility with GOC delegation if requested.

—Ex-Im line of credit for such things as spare parts.

—Some form of financing of follow-on wheat requirements after meeting emergency needs.

—Emergency type assistance from other countries such as Brazil.

What is GOC estimate of nature and amount of funding required during rest of 1973?

14. Resolution of debt issues. Resolving debt problem is integral part of stabilization and development effort. We are reviewing possibilities of finalizing US arrangement on 1972 debt along most favorable possible route. Paris Club October meeting to resolve 1973 rescheduling will be important. Indication of GOC commitment to stabilization program would not only be key element in favorable Paris Club debt rescheduling, but also have important impact on IFI lending.

15. At your discretion, you may mention that we appreciate early signs of constructive GOC attitude on expropriation issues,⁵ and are prepared to work closely with GOC in this area. Some form of commitment to good-faith negotiations will have important bearing on further IFI and other lending.

16. Special team. We are prepared to send a small team to Santiago to help you and your staff meet with GOC officials at an appropriate time to discuss full range of assistance questions and other matters of mutual interest. FYI. We have in mind Deputy Assistant Secretary Shlaudeman, and perhaps one or two others. Team visit would be low key. Please send us your views on this and your thoughts as to timing. End FYI.

Rush

⁵ See Document 349.

364. Telegram From the Embassy in Chile to the Department of State¹

Santiago, September 21, 1973, 2328Z.

4511. Subj: Relations With New Chilean Government. Ref: State 188023.²

1. Ambassador met with FonMin Huerta for approximately one hour immediately prior to departing post. Following highlights based upon his oral debrief at airport:

2. The meeting was a good one throughout and the FonMin reacted positively.

3. Diplomatic relations: FonMin found quite satisfactory U.S. tentative decision to act on Monday, Sept 24. He understood our desire that this be a low-key event.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 777, Country Files, Latin America, Vol. VIII. Secret; Niact Immediate; Nodis.

² Document 363.

4. Emergency medical supplies: As reported Santiago 4503,³ FonMin was deeply appreciative of our offer, agreed with low-key handling and asked that airlift arrive soonest.

5. Short-term wheat: FonMin was appreciative of US willingness to establish CCC credit for initial shipment. He said he would have to consult on quantities and contact us thereafter.

6. Stabilization and economic issues: Huerta indicated that new govt gives economic stabilization very high priority. He indicated that govt will have to develop plans in this area and for the moment is guided by two basic precepts:

A. New govt thoroughly appreciates important contribution which private investment can make to economic well-being and national development and intends to rely heavily upon it.

B. New govt recognizes that it cannot return to 19th century economic liberalism and must be concerned with income distribution and assure that less advantaged sectors of society share in economic benefits.

7. Expropriation issues: Before Ambassador could raise this subject, FonMin inquired whether Ambassador had instructions on it. Huerta gave every indication of having in mind the possibility of opening discussions on this matter in US at time of his UNGA attendance.

8. Special team: FonMin was receptive to this idea but said he would like to consult a few people and get back to us. Accordingly, believe decision on timing should await further comment from Huerta.

Thompson

³ Dated September 21. (National Archives, RG 59, Central Foreign Policy File, P750011–2095)

365. Editorial Note

As the Nixon administration prepared to extend formal diplomatic recognition to the military junta under General Augusto Pinochet on September 24, 1973, the Department of State began to receive more reports, and more questions, on human rights violations in Chile, including on the welfare and whereabouts of U.S. citizens there. Assistant Secretary of State John B. Kubisch addressed these concerns in his testimony to the House Subcommittee for Inter-American Affairs on

September 20: "We have also been concerned with reports violations of human rights in Chile. However, to my knowledge, many of these reports are unsubstantiated and not necessarily indicative of the policies to be followed by the new government of Chile once the situation there has fully stabilized." (Telegram 187235 to Santiago, September 20; National Archives, RG 59, Central Foreign Policy File, [no film number]) Senator Frank Church (D-Idaho), who chaired the Senate Subcommittee on Western Hemisphere Affairs, was less sanguine. During a telephone conversation that morning with Henry Kissinger, Secretary of State Designate, Church remarked:

"There's one thing that's been weighing heavily on my mind and that's the question of political asylum for these large numbers of people that have been taken into custody in Chile and it occurs to me—two things, first I understand there are or may be some American citizens among them and I assume the State Dept is pursuing it at the moment, the other thing is that the OAS as I recall has a council or commission that deals with questions of political asylum—and I am wondering if we have done anything to urge the OAS to look into this question on strictly humanitarian grounds."

Kissinger acknowledged that he "had not had the chance to follow this as closely as I should" but promised to discuss it that afternoon at a meeting of the Washington Special Actions Group (WSAG). (Nixon Library, Kissinger Telephone Conversation Transcripts, Box 22, Chronological File) When Kissinger raised the issue at the meeting, however, Kubisch reassured him: "That doesn't pertain to us. There are few Americans caught up in it." The WSAG minutes are printed as Document 361.

During the noon news briefing on September 20 at the Department of State, reporters asked repeatedly about U.S. citizens detained in Chile and what the Embassy was doing to secure their release. The spokesman initially replied:

"We have, from various sources, information about the Americans and their condition [in] Chile. At the moment, it seems that perhaps as many as six have been detained by the junta. I have some of their names but, in other cases, next of kin have not been notified, so we would withhold that for the time being. But, in any event, to answer the second part of your question, we've instructed the Embassy to continue its efforts to communicate with all American citizens who we would have reason to believe have been detained or otherwise deflected from their original purposes. We will do the usual—that is to say, ascertain their welfare—seek to insure their human needs, if any—and, obviously be in contact with Chilean authorities to insure that they receive fair and equitable treatment."

The reporters asked a number of follow-up questions at the briefing but the spokesman was unable to provide much additional information. (Telegram 187854 to Santiago, September 21; National Archives, RG 59,

Central Foreign Policy File, [no film number]). Later that afternoon, the Department, therefore, instructed the Embassy as follows: “Imperative that consular officers gain access to detainees so spokesman can say so. We note junta representative told Embassy officer they trying to improve their image in foreign press. Continued refusal to allow access by consular officers to detainees runs counter to this effort.” (Telegram 187383 to Santiago, September 20; *ibid.*, [no film number])

In response to growing public pressure—from family members, newspaper reporters, members of Congress—the Department and the Embassy worked to account for numerous U.S. citizens in Chile, in particular, those either missing or detained by the military government. As most were soon safely located, two rose to the top of the list: Charles Horman, who disappeared on September 17; and Frank Teruggi, who disappeared on September 20. Despite persistent prompting from Washington, the Embassy struggled in its efforts to find either Horman or Teruggi. (Telegram 4529 from Santiago, September 23; *ibid.*, [no film number]) On September 24, as the United States announced formal diplomatic recognition of the new Chilean regime, the Department pressed the Embassy again to resolve the Horman case: “Department receiving numerous inquiries. Given congressional, and other high level interest in this case, would appreciate Embassy redoubling its efforts locate Horman, including possibility he may be detained by Chilean authorities. Request status report ASAP.” (Telegram 190077 to Santiago, September 24; *ibid.*, [no film number]) The Embassy replied the next day:

“Embassy informed that Horman missing since 17 Sept, but no firm info on his detention. Military authorities continue deny he held at National Stadium, which official detention center for all persons to be held more than overnight. Consul saw list of detainees as of 19 Sept and Horman’s name did not appear as such or under any of several possible variants. Embassy continues try locate him and all other missing Amcits with full resources at its disposal.” (Telegram 4565 from Santiago, September 25; *ibid.*, [no film number])

For nearly a month after they had been reported missing, the Embassy tried in vain to find Horman and Teruggi—only to discover that both had been killed before September 24. On October 2, the Embassy reported that a close personal friend had identified Teruggi’s body at a local morgue. (Telegram 4787 from Santiago, October 2; *ibid.*, [no film number]) The Embassy then reported on October 18 that Horman’s body had been delivered to the morgue on September 18 and then to a local cemetery on October 3. (Telegram 5088 from Santiago, October 18; *ibid.*, [no film number]) Neither case has been solved. For further documentation on human rights in Chile in general and the Horman and Teruggi cases in particular—including the investigation and controversy surrounding their deaths—see (through September 24) *Foreign Relations, 1969–1976*, vol. E–16, Documents on Chile, 1969–1973; and

(after September 24) *ibid.*, vol. E-11, Part 2, Documents on South America, 1973–1976.

366. Memorandum From the Chief of the Western Hemisphere Division, Directorate of Operations, Central Intelligence Agency (Phillips) to the Executive Secretary of the 40 Committee (Ratliffe)¹

Washington, September 25, 1973.

SUBJECT

Cancellation of 20 August 1973 40 Committee Approval

1. On 20 August 1973 the 40 Committee approved \$1,000 for support of Chilean political parties and private sector organizations opposed to the Allende regime. The military coup of 11 September 1973 changed the situation in Chile so completely that we no longer consider the 20 August 1973 40 Committee approval to be valid.²

2. In due course we intend to submit a new memorandum for the 40 Committee describing proposed new political and covert action operations in Chile.

David A. Phillips³

¹ Source: Department of State, Bureau of Intelligence and Research, INR/IL Historical Files, Box 1, 40 Committee Action After September 1970. Secret.

² Kissinger concurred on November 3. (National Security Council, Nixon Intelligence Files, Subject Files, 40 Committee Minutes) (S)

³ Printed from a copy that indicates Phillips signed the original.

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