

28 September 1970

FOR UNDER SECRETARY JOHNSON AND DR. KISSINGER
FROM AMBASSADOR KORRY

1. [REDACTED]
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 50,00 (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. [REDACTED] 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 [REDACTED] 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. [REDACTED] he had asked [REDACTED] about this and [REDACTED] replied he was aware of the danger.

//END//

Control # 3-28-70

~~SECRET/SENSITIVE~~
EYES ONLY

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Authority NSC

By SRG NARA, Date 9/16/99

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SECRET

9 October 1970

EYES ONLY FOR DR. KISSINGER AND ALEXIS JOHNSON
FROM AMBASSADOR KORRY:

1. I have taken every appropriate measure to make known to Chilean military the points contained Paragraph 1 of your message of 7 October. 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 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 yesterday 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.

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Authority NSC

By SM NARA, Date 8/1/00

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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

[REDACTED]

6. Turning to your Paragraph 2. I have again consulted [REDACTED] to ascertain mood of the military. They, [REDACTED] 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:

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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 so-called guarantees sharply diminish whatever potential climate of public support there may have been. And I have just been informed by [REDACTED] 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 [REDACTED] coup plotting [REDACTED]

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- 4 -

[REDACTED]

I have never been consulted or informed of what if any role the U.S. may have in the financing of [REDACTED]. 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 infatigable efforts to stir a reaction through bombings. You should also recall that PDC Senator Fuentealba accused the U.S. of being responsible for Viala's uprising last October.

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 restel 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 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.

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~~SECRET~~

- 5 -

b. I have repeatedly assured [REDACTED] that I have [REDACTED] fully of all our activities with respect to anti-Allende actions. It was clear to me that one of [REDACTED] primary purposes [REDACTED] 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 there were any reasonable chance of its success. There is no longer any basis for such hope.

13. Action recommendations:

[REDACTED]

b. End all indirect contacts that may exist with Viaux, [REDACTED] et al, even if it signifies an informational sacrifice.

c. Request the DOD to identify officers to which [REDACTED] may have spoken during visit, to whom he may be writing and [REDACTED] must be made clearly aware in any responses from his [REDACTED] 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 [REDACTED]

//END//

~~SECRET~~

~~SECRET~~/ [REDACTED]

TO: OCT 9 AM 9:59

SITUATION ROOM

9 October 1970-

TO: B/GENERAL ALEXANDER M. HAIG, JR.
% WHITE HOUSE SITUATION ROOM

FROM: WILLIAM V. BROE

Control w/ [REDACTED]

~~SECRET~~/ [REDACTED]

~~SECRET~~ [REDACTED]

28 September 1970

EYES ONLY FOR HENRY KISSINGER FROM AMBASSADOR KORRY:

Reference: # [REDACTED]

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 [REDACTED] decision and [REDACTED] offer of [REDACTED] I see little hope unless economic situation worsens. That could still happen. But in order for it to occur, I need support from 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 [REDACTED] or [REDACTED] 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

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Authority NSC

By [Signature] NARA, Date 8-1-00

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~~SECRET~~ [REDACTED]

Control: # [REDACTED]

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believe it prudent to have [REDACTED]

[REDACTED] 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.

/END/

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~~SECRET~~

1 October 1970

EYES ONLY FOR UNDER SECRETARY JOHNSON AND
DR. KISSINGER FROM AMBASSADOR KORRY

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." 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, this morning

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[REDACTED], for the post-Allende period. [REDACTED] 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.

Control #: [REDACTED]

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Authority NSC

By GR61 NARA, Date 9/29/00

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3. [REDACTED]

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 [REDACTED] 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, [REDACTED]

~~SECRET~~
[REDACTED]

- 3 -

[REDACTED] 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.) They will also be made available to Mercurio here.

7. In this connection I am sending as much unclassified material via State so as to ease the leakage problem. See Santiago [REDACTED] today on the PDC's statement re Allende and also the daily press sitreps I have begun yesterday with Santiago [REDACTED]. Today's will include the fact contained in Santiago [REDACTED] 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.

8. I have just read in the press clips Tad Sulcz Times story of September 21 which clearly indicates that one of his prime sources is [REDACTED] and I would make the further guess that [REDACTED] 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 -- [REDACTED] 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 [REDACTED] 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 "inevitableities."

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

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the Department for the NSC -- 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.

10. The actions taken by Washington as detailed in your message of September 30 are helpful. I think that the unclassified cables mentioned above provide a basis for conversations with [REDACTED] and others whose views and actions could buttress our efforts here.

//END//

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~TOP SECRET/EYES ONLY~~

March 28, 1973

MEMORANDUM FOR: HENRY A. KISSINGER
FROM: BRENT SCOWCROFT *BS*
SUBJECT: White House Involvement in Chilean Election

The attached folder contains special channel messages between Ambassador Korry and the White House (or Alex Johnson in 40 Committee role) during the period September 14, 1970 to November 8, 1970. This covers most of the period between Allende's victory in the popular election (September 3) and the Congressional run-off (October 24) and Inauguration (November 3). These messages have been examined for evidence of White House involvement in actions which might prove embarrassing. Also included is a summary cable from Ambassador Korry outlining various instructions he received and messages he sent during the period January 19 to September 13, 1970 (Tab A), provided in response to a Presidential request on November 7 for a history of evidence leading up to the "present situation in Chile". The document focusses primarily on the Ambassador's conflicts with State which apparently he had earlier discussed directly with the President. The Korry summary (Tab A) is, therefore, slanted to the problem of key concern at the time as to whether enough had been done to prevent the emergence of a freely elected communist regime in Latin America.

This sample of messages indicates the extent of White House involvement during this period, which was primarily in a 40 Committee context.

-- On March 27 Ambassador Korry was notified that a limited program directed against Allende had been approved by the 40 Committee. This included funding to foster radical party dissidence (Tab A).

-- On July 3, Korry was notified that Phase I of his program for political action had been approved by the 40 Committee. (Tab A)

~~TOP SECRET/EYES ONLY~~

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Authority NSCBy GRG NARA, Date 9/29/00

-- Your back channel message of September 12 expressed the President's appreciation of Korry's perceptive reporting and efforts. It asked for recommendations as to courses of action. This was at a time when State was trying to hold Korry down (Tab A).

-- Korry made a lengthy back-channel report to you on recommended political actions, mostly of a propaganda nature designed to help Allende's opponents within the constitutional framework and at the same time improve the bargaining position of his opponents if Allende should win (Tab B).

-- On September 26, Korry reported to you and Secretary Johnson that the Minister of Defense had informed military leaders in Chile that Korry had authorized him to say that there would be no military assistance or any other military connections with the United States if Allende won (Tab G).

-- In a report to you, while you were abroad, Director Helms indicated that the 40 Committee on September 29 accepted some of Korry's ideas for bringing economic pressure (Tab M).

-- [REDACTED] He stated that MAP training was being suspended with 40 Committee approval (Tabs L, M).

-- On October 1, a message from Johnson gave Korry authorization to inform military leaders that we would suspend MAP materiel deliveries. Export license requests by the Chilean military were also held up at that point.

-- In a message to you and Johnson on October 1, Korry reported he had informed the [REDACTED] that if Allende wins, the U.S. will not be in a position to provide any financial support of the PDC for any activities. Korry spread several unsettling stories about the consequences of a communist regime (Tab P).

-- On October 7 the Defense Minister was informed privately by Korry that training and FMS and MAP deliveries would be held in abeyance until the policies of the new government were established (Tab W).

-- On October 8, the Defense Minister was informed in writing that the training program was being held in abeyance (Tab W).

-- In an October 9 message (Tab X), Korry referred to a message of October 7 (not in files) which apparently discussed points he should make to the Chilean military and also discussed the possibility of offering more MAP as an incentive to block Allende. The message to Korry apparently asked his evaluation of a proposal for a coup received from a group with whom Korry had not been involved. Korry was very negative about any coup attempts at that point and stated there was no longer a basis for hope of the success of any action program.

-- [REDACTED]

In practically all of the above cases the messages were transmitted through 40 Committee channels and the appropriate representatives of the bureaucracy apparently participated in the decisions. It would appear that the action program amounted to rather restrained and limited political interference. Korry took some authorized actions to try to influence the vote and had a number of direct and indirect consultations with Allende's opposition and the military leadership. The Ambassador also had many contacts with company representatives but appears to have been cautious and discreet in his dealings with them. There are no references to ITT. There is, however, evidence of a certain free-wheeling quality to his style of operation during this period and he obviously was frustrated by State's reluctance to take vigorous action, particularly in the early stages before the popular election in early September.

There are no indications that the U.S. fostered a coup attempt to circumvent Allende's coming to power. In a cable of September 25 (Tab E), Korry reported he had instructed his military and [REDACTED] people in very strong terms not to give encouragement of any kind to potential coup plotters. He reported on September 28 a questionable offer of a coup by a military group in return for certain financial assurances (Tab I) This obviously was not accepted. The only indication of some Washington interest in evaluating a coup is in the message referred to above (Tab X).

The picture drawn from these cables cannot be considered complete since it is only a limited sample. It would appear that a number of Korry's messages were not immediately answered but this could also reflect some missing exchanges. A full report on White House involvement would require examination of minutes of 40 Committee meetings, Mem-Cons of appointments by Korry with you and the President, front channel cables between State and Chile, TelCons, memoranda received from the agencies and sent to the President, activities with other foreign governments, etc. This examines only a narrow time frame; a full understanding of the problem would require examination of both the period before and after the one encompassed by these cables. In the post-Inauguration period, for example, there are a number of direct back channels with Korry and numerous SRG/NSC meeting records which might provide insights on activities prior to November.

If you wish a fuller examination, we could proceed in one or all of the following ways:

- Obtain the book compiled by Nachminoff which should have a complete file of cables, as well as providing many other sources.

- Review the minutes of 40 Committee deliberations and records of decisions.

- Make a complete study of all source data available on the entire period.

You may wish to wait to see the results of the study you requested from Jim Schlesinger before directing further White House research by your office or Jordan.

EYES ONLY

7 October 1970

FOR UNDER SECRETARY JOHNSON AND DR. HENRY KISSINGER
FROM AMBASSADOR KORRY

A report covering the Ambassador's meeting the
night of 6 October with Sergio Ossa will be forwarded later
this afternoon.

((ENE))

Control # 14-10-70

DECLASSIFIED

Authority

NSC

By *Amb*

NARA, Date *8-1-00*

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EYES ONLY

WHF041
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DE WTE 3754 2731531

Received Belgrade CC
4. 12. 1970

~~TOP SECRET~~

0 301527Z SEP 70
FM GENERAL HAIG
TO DR. KISSINGER
ZEM

EXCLUSIVELY EYES ONLY WHO1967

TO COMMUNICATIONS OPERATOR: TO BE DELIVERED IN A SEALED
ENVELOPE TO [REDACTED] TO BE HAND CARRIED TO DR. KISSINGER.

EXCLUSIVELY EYES ONLY FOR DR. KISSINGER

FOLLOWING MESSAGE RECEIVED FROM MR. HELMS

QUOTE

PLEASE PASS THE FOLLOWING MESSAGE TO DR. KISSINGER FROM HELMS:

"1. WE HAVE FORWARDED AMBASSADOR KORRY'S MESSAGES TO GENERAL HATO FOR YOU. TWO THEMES PREVAIL. THE FIRST IS THAT FREI IS APPARENTLY SINCERELY IN PURSUIT OF A FORMULA WHICH WOULD ALLOW A LOGICAL AND ACCEPTABLE MILITARY SOLUTION, BUT FREI CANNOT BRING HIMSELF TO PLAY THE VITAL ROLE OF STARTING THE ACTION.

"2. KORRY'S SECOND THEME IS THAT THE ONLY PRACTICAL WAY TO CREATE THE TENSE ATMOSPHERE IN WHICH FREI COULD MUSTER THE COURAGE TO ACT IS TO SEE TO IT THAT THE CHILEAN ECONOMY, PRECARIOUS ENOUGH SINCE THE ELECTION, TAKES A DRASTIC TURN FOR THE WORSE. AT LEAST A MINI-CRISIS IS REQUIRED.

"3. INTERESTINGLY OUR BEST INTELLIGENCE INDICATES THAT THERE IS ANOTHER IN CHILE WHO SHARES KORRY'S VIEWS THAT A SUDDENLY DISASTROUS ECONOMIC SITUATION WOULD BE THE MOST LOGICAL PRETEXT FOR A MILITARY MOVE -- PRESIDENT FREI.

"4. KORRY HAS AN ABUNDANCE OF ECONOMIC IDEAS [REDACTED] AT A MEETING OF THE
FORTY COMMITTEE ON 29 SEPTEMBER THERE WAS ACCEPTANCE OF KORRY'S
ARGUMENTS.

"5. AMBASSADOR KORRY IS MARKEDLY DISTRESSED
[REDACTED]

HE IS CONCERNED WITH THE BLATANTLY PRO-ALLENDE
ATTITUDES OF THE [REDACTED] AMBASSADOR, WHO KORRY BELIEVES RESPONSIBLE
FOR THE [REDACTED]

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Authority N5C

By GRG NARA, Date 9/29/00

3. I SHARE KERRY'S CONCERN. IN ANY EVENT, IT IS UNFORTUNATE THAT THE SIXTY-FOUR PERCENT OF CHILEAN VOTERS WHO DID NOT VOTE FOR ALLENDE ARE OBSERVERS OF A [REDACTED] POSTURE WHICH INDICATES CONFIDENCE IN ALLENDE'S FUTURE.

"7. THE FOREGOING IS TO UPDATE YOU, SO THAT CHILE CAN HAVE AN IMPORTANT PLACE ON THE AGENDA OF THE PRESIDENT WITH [REDACTED]
UNQUOTE

/S/ RICHARD HELMS
DIRECTOR

MESSAGES REFERRED TO IN HELMS MESSAGE FOLLOW. THE TWO MESSAGES ADDRESSED EYES ONLY HAK WERE DELIVERED ONLY TO HAK.

27 SEPTEMBER 1970

EYES ONLY FOR HENRY KISSINGER FROM AMBASSADOR KERRY:

1. FOLLOWING TWO ITEMS SPELL THE END OF THE BALL GAME HERE IN CHILE. WE NOW MOVE INTO A DENIED AREA CONDITION:

A. [REDACTED] TOLD ME MORNING 27 SEPTEMBER THAT [REDACTED] 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. [REDACTED]

/END/

CONTROL NO [REDACTED]

23 SEPTEMBER 1970

EYES ONLY FOR HENRY KISSINGER FROM AMBASSADOR KORRY:

REFERENCE: [REDACTED]

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 [REDACTED] DECISION AND [REDACTED] OFFER OF [REDACTED] I SEE LITTLE HOPE UNLESS ECONOMIC SITUATION WORSENS. THAT COULD STILL HAPPEN. BUT IN ORDER FOR IT TO OCCUR, I NEED SUPPORT FROM 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 [REDACTED] OR [REDACTED] 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 POULAR 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 [REDACTED] 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. b3 2

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.

/END/

CONTROL: [REDACTED]

23 SEPTEMBER 1970

FOR UNDER SECRETARY JOHNSON AND DR. KISSINGER

FROM AMBASSADOR KORRY

B-1
B-6

1. [REDACTED] SEPTEMBER [REDACTED] (PRESUMABLY TO RELAY TO ME) THAT A GROUP OF MILITARY PRESONS, 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 [REDACTED] (AS RECEIVED) IS SET ASIDE TO TAKE CARE OF EACH OF THE FAMILIES OF THE [REDACTED] SHOULD ANYTHING GO WRONG.

B. THE SUM OF 200,000 TO 3000,000 ESCUDOS (LESS THAN (US\$10,000) IS MADE AVAILABLE FOR [REDACTED] TO BE OBTAINED IN [REDACTED]

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. [REDACTED] 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 [REDACTED] 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. [REDACTED] HE HAD ASKED [REDACTED] ABOUT THIS AND [REDACTED] REPLIED HE WAS AWARE OF THE DANGER.

B-1
B-6

//END//

CONTROL [REDACTED]

2500

~~TOP SECRET~~

[REDACTED]

100 Light to 2 day
Admitt. Control
influenced
6 November 1970
Junter
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EYES ONLY FOR UNDER SECRETARY JOHNSON AND
DR. HENRY KISSINGER FROM AMBASSADOR KORRY

1. In State cables today I have discussed the PDC's future
and my assessment of Valdes' possible future role.

2. We have an immediate operational problem [REDACTED]

[REDACTED] The immediacy argu-
ment is based on the assessment (difficult to disprove) [REDACTED]

3. I think it would be harmful to U.S. interests to [REDACTED]
[REDACTED] at this time because I am far less than certain
that [REDACTED] that the Frei team will win the day
at the PDC Junta November 28. With Valdes name now floated by
no less than the influential Bernardo Leighton as a candidate for the
PDC's presidency in opposition to Zaldivar, it is possible that
another will emerge as a "compromise." Such result would be far
different than if Frei were in control and were forging the kind of
broad-based opposition that could encompass a large slice of the
Alessandri following.

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Authority NSC

By SR6 NARA, Date 9/29/00

SECRET/ [REDACTED]

Control # 1 - 11 - 70
A.

4. Hence I am in a damned-if-I-do damned-if-I-don't situation. My recommendation is to [REDACTED]

[REDACTED] The amount eventually spent would probably be far less, but while we decide details here, I think it would be valuable to have the resources cranked available. [REDACTED]

-END-

SECRET/[REDACTED]

SECRET/SENSITIVE
EYES ONLY

9 October 1970

EYES ONLY FOR DR. KISSINGER AND UNDER SECY JOHNSON
FROM AMBASSADOR KORRY

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 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.

Control # 18-10-70

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Authority NSC

By JML NARA, Date 8-1-80

SECRET/SENSITIVE
EYES ONLY

- 2 -

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) 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

~~SECRET/SENSITIVE~~
EYES ONLY

- 3 -

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.

//END//

SECRET/SENSITIVE
EYES ONLY

SECRET/SENSITIVE
EYES ONLY

TO: OCT 9 11 04:07

SITUATION ROOM

9 October 1970

TO: B/GENERAL ALEXANDER M. HAIG, JR.
% WHITE HOUSE SITUATION ROOM

FROM: WILLIAM V. BROE

Control # 18-10-70

SECRET/SENSITIVE
EYES ONLY

SECRET

(Via LDX)

22 October 1970

FOR: U. ALEXIS JOHNSON
FROM: HENRY A. KISSINGER

Below is a recommended text for a public statement for Chile. It would be used to answer queries about US reaction to Allende election. We would prefer the format of answering a question rather than volunteering the statement cold; a question should be planted if necessary. The statement should also guide other agencies in their public posture:

"We note that the Chilean electoral process has been completed and that Dr. Allende has been accorded the honor and responsibility of being elected President of Chile. It is now, of course, up to the new government and the people of Chile to choose and shape the nation's future course and policy.

"There has been, we know, a great deal of speculation as to what the new government will do, and we are aware of various statements made over the past years by Dr. Allende and his supporters regarding the United States and the Hemisphere. It would naturally be a matter of profound } concern to us if ~~the~~ new government were to adopt policies, alliances or courses of action which transformed a friendly country into a state hostile to the United States, or which violated or denigrated the honored principles upon which cooperation and peace in the Hemisphere are

based.

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Authority NSC

By AMB NARA, Date 8-1-00

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~~SECRET~~

- 2 -

"Few nations have more justification for pride in political and intellectual freedom than Chile. That nation has in the past contributed to a very high degree to the furtherance of the inter-American system. We would, therefore, hope that Chile will not violate its own democratic and western tradition, and certainly all the American nations will be anxious to determine whether the policies which the new government pursues will permit the continuation of the constructive relationships which Chile and the nations of the Hemisphere have so long enjoyed."

END

~~SECRET~~

SECRET

State's Proposal

"Dr. Allende has become President-elect of Chile through the operation of constitutional procedures based on free, honest elections. The United States' policy of respect for the democratic process is well-established and of long standing.

"We are of course aware of the various statements made by President-elect Allende and his supporters regarding the United States and the Hemisphere.

"The transformation of a friendly country in South America into a state hostile to the United States and to those principles upon which cooperation and peace in the Hemisphere are based would be course be a matter of serious concern to the United States.

"Thus, we would hope that, as Dr. Allende assumes office, the policies which the Chilean Government pursues will permit the continuation of the constructive relationships which Chile and the nations of this Hemisphere have so long enjoyed."

18 Oct 1970

(From U. Alexis Johnson
memo to HAK)

30 September 1970

EYES ONLY FOR AMBASSADOR KORRY FROM ALEXIS JOHNSON

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.

Control # 4-10-70

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Authority

NSC

SECRET/SENSITIVE

By 9/mb

NARA, Date

8-1-00

EYES ONLY

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.

//END//

~~SECRET~~/SENSITIVE
EYES ONLY

24 September 1970

FOR UNDERSEC JOHNSON AND DR. KISSINGER FROM
AMBASSADOR KORRY

REF: SANTIAGO [REDACTED]

1. Appreciate UnderSec's message. 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 [REDACTED] whose influence here is not inconsiderable and whose weight is being thrown to Allende with very damaging effect.

/END/

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SECRET [REDACTED]

Authority

NSC

By

gmb

NARA, Date

8-1-00

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FM SANTIAGO
TO WHITE HOUSE
ZEM

SENSITIVE EXCLUSIVELY EYES ONLY

SECTION ONE OF TWO

TO: HENRY KISSINGER (FOR DELIVERY PRIOR TO 0300 HOURS
OF 14 SEPTEMBER)
FROM: AMBASSADOR KORRY

1. THIS RESPONDS TO YOUR MESSAGE RE SANTIAGO
2. IN THE TWO MESSAGES SENT THROUGH SEPT. 11
(SANTIAGO AND SEPT 12 (SANTIAGO), I PROVIDED
THE BASIC ANALYSIS ON WHICH THIS MESSAGE RESTS. SANTIAGO
SAID WE WERE IN A VERY FLUID SITUATION AND THROUGH STATE
TODAY, WE REPORTED FOLLOWING LATE DEVELOPMENTS OF
SIGNIFICANCE:

A. FREI'S MESSAGE TO THE PRESIDENT VIA JOHN RICHARDSON
AND ME (SANTIAGO).

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.

C. PARALLEL MOVE TO HAVE RETIRED GEN. VIAUX, LEADER

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Authority N4C

By GRB7, NARA, Date 10/2/00

PAGE TWO SANTIAGO [REDACTED]

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 [REDACTED]
PROPAGANDA MECHANISM [REDACTED]

3. I CONFESS THAT PRIOR TO SECRETARY'S MESSAGE TO ME 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 MINIFINANCE GO TO NATION BY RADIO AND TV OSTENSIBLY TO CALM PEOPLE AND THEN RECITE THE HORRENDOUS DETAILS THAT ARE AFFECTING THE COUNTRY, THE POINT BEING TO CREATE THE MOST SERIOUS DOUBTS AMONG THE MASSES

PAGE 3 SANTIAGO [REDACTED]

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 FDC) BARGAINING POSITION WITH AN ALLENDE GOVT IF THAT IS WHAT WE SHALL HAVE

PAGE 4 SANTIAGO [REDACTED]

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 US 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 TRUS 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 SECRETARY GALLO 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 GALLO PLAZA'S ACCESSION

PAGE 5 SANTIAGO [REDACTED]
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 USE THIS SOVIET TRIUMPH, 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 EVER

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PAGE 6 SANTIAGO [REDACTED]

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 PARELO, 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.

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

PAGE 7 SANTIAGO [REDACTED]

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.

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

PAGE 8 SANTIAGO [REDACTED]
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, BRANNIE, AND AS MANY SCHEDULED LATIN AND EUROPEAN AIRLINES TO MAKE PREPARATION NOW TO HAVE EXTRA FLIGHTS FROM SANTIAGO TO [REDACTED] 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 [REDACTED] OF [REDACTED] CURRENTLY IN THE US, TO HAVE THE [REDACTED] GOVT REMAIN QUIET AND UNINVOLVED BUT TO HAVE THAT GOVT ALLOCATE PUBLICLY EXTRA FUNDS TO HANDLE THE FLOOD OF CHILEANS WHO MIGHT LEAVE THE

PAGE 9 SANTIAGO [REDACTED]
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 [REDACTED]
PROPAGANDA MECHANISM [REDACTED]

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

PAGE 10 SANTIAGO [REDACTED]

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.

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25 September 1970

FOR UNDER SECRETARY JOHNSON AND DR. HENRY KISSINGER
FROM AMBASSADOR KORRY

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 as many options as I could for Frei and for Chile in protection of U.S. interests here, in the area and beyond. [REDACTED] 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. [REDACTED] 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 [REDACTED] to engage in no encouragement of any kind.

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Authority NSC

By GAB NARA, Date 9/29/00

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- 2 -

4. One of the "in" people on that abortive operation, may I ungraciously insert here, was my predecessor in this post, Ralph Dungan, whose article in the Washington Post yesterday 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.

5. But rather than wring my hands [REDACTED] 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. Best 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

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- 3 -

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.

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 [REDACTED]

[REDACTED]
advice is as much directed to that slightly longer-term aspiration as it is to the immediate one of stopping Allende.

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.

~~SECRET~~

- 4 -

c. Pass the word that at least some of the building and loan associations are near bankruptcy [REDACTED] With a little push one of the biggest (Calicanto) and one of the smallest (Sasa Chilena) would shut their doors and start a real run.

d. Do the best possible to get a few businesses to close their doors in the next three weeks.

e. Spread the word that rationing is probable. He quoted public declaration of Communist controlled Confederation to Trade Unions (CUT) stating that workers would eat under Allende because they would get "bonos" (stamps). Run on food stocks would be useful and would increase demand for bank notes with Central Bank already in very short supply of notes. He warned against any emphasis on inflation since that would provoke run on durable goods and sop up public liquidity when opposite goal is desired.

f. He said there would be considerable unemployment in Santiago by mid-October [REDACTED] making certain that private construction slump only partially sopped by public works (perhaps ten of 55,000 expected unemployed in private sector).

g. [REDACTED] Alessandri's own paper company had yesterday submitted request for government approval of \$9,000,000 (M) expansion which he would have to approve after some delaying tactics. [REDACTED]

(I told him that Alessandri and his supporters increasingly furious with Frei and regard the Rube Goldberg contraption as a Frei doublecross that has hurt Alessandri's prestige without having any real intent behind it. I added that Socialists, with whom Alessandri had always had good relations were also massaging the old man as well as seeking to entice rightists with promises of managerial jobs.)

h. Try to have business downturn affect provinces since for the time being only Santiago area really feeling pinch.

- END -

~~SECRET~~

SECRET/ [REDACTED]

26 September 1970

[REDACTED] FOR UNDER SECRETARY JOHNSON AND
DR. HENRY KISSINGER FROM AMBASSADOR KORRY

1. You should know that [REDACTED] has requested another [REDACTED] meeting with me [REDACTED] Also [REDACTED] ambassadors have each asked urgent meetings but am putting them off until tomorrow.

2. Am sure there is a good explanation but why does VOA pump Allende propaganda? Yesterday afternoon and evening there was interview with Allende as major item on all VOA news-casts emphasizing his promises of pluralistic society, etc. I would not wish VOA to become markedly anti-Allende but they did same thing last week with Time magazine's interview with Allende. I doubt if Shakespeare aware of these details.

//END//

SANITIZED COPY

Control # [REDACTED]

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Authority N4C

By GR67 NARA, Date 9/29/00

SECRET/ [REDACTED]

~~SECRET~~ [REDACTED]

26 September 1970

EYES ONLY FOR UNDER SECRETARY JOHNSON AND
HENRY KISSINGER AND [REDACTED] FROM
AMBASSADOR MORRY

SANITIZED

1. Minister of Defense Ossa informed [REDACTED] of
Frei's actions to inform the military of the true situation
in Chile and of their conclusion that unless there is a continuing
worsening of the economic situation the election of Allende is
certain.

2. Ossa reported that talk between Frei and Schneider,
after explaining why the country would inevitably be Communist,
why the PDC could not be mustered into opposition, why the armed
forces would lose their U.S. military connections, why Chile's
neighbors would seek to advantage themselves from the weakened
defense posture, and why Chile's finances and business are so
affected, Frei noted that Schneider had faithfully carried out the
constitutionalist doctrine that Frei and Ossa had requested him
to follow. In response to Schneider's questions, Frei said he
would not ask Schneider to change that doctrine because even
through he believed the military could block Allende, he would
not request it since it would be a form of cowardice on his part.
He could not ask the military to do what he himself would not do.
He could not ask the military to do his work for him.

Control [REDACTED]

SANITIZED COPY

DECLASSIFIED

Authority NSC

by Sub

NARA, Date 8-1-00

~~SECRET~~ [REDACTED]

3. Ossa said that General Pratts later reported Schneider had repeated very faithfully the Frei conversation to a junta of generals. Schneider was also meeting yesterday with the service chiefs of the army and air force. Ossa said that the head of the carabineros, General Huerta, upon learning of these conversations had requested through Ossa an immediate meeting with Frei and it was being arranged.

4. Ossa said [REDACTED] he had also met separately with Navy CINC Admiral Porta, Air Force CINC Guerraty and Army Chief of Staff General Pratts. To each he had explained why there was no hope of a political solution, why the military was the last resort and why they would not get so much as a nut or bolt from the U.S. or have any other military connections with the U.S. Ossa had told them he was authorized by me to state this last point, explaining that the U.S. was not taking any action against Chile per se but that the laws of the U.S. had universal application in certain circumstances. The Allende program, if implemented, as Ossa told them he thought was certain, would signify the application of those laws.

5. Ossa said that Guerraty had not even questioned this analysis since, as he said, he had been convinced of it from the start. However, Porta was thunder-struck by the citation of my name behind the "not even a nut or bolt" judgment. When he remonstrated, Ossa told him it was only logical since the U.S. was not intervening in the current crisis and had not intervened in the elections to protect itself from its certain enemies.

6. [REDACTED] Porta went to see Allende [REDACTED] to say he was extremely concerned by the vulnerability of the Chilean navy to the U.S. cutoff and that he wanted assurance that Allende would not carry out policies that would provoke such a

SANITIZED

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reaction. Allende reportedly ducked an answer and merely sought to placate Porta by telling him his government would maintain the high levels of military arms and professionalism.

[REDACTED]

7. Ossa said that Frei yesterday evening upon being advised of the interview that appeared yesterday afternoon in Socialist Ultima Hora (in which Alessandri quoted as saying he recognizes Allende) telephoned to the old man. Alessandri cried he had been betrayed and that he was "trying to get hold of her" -- an apparent reference to the anonymous interviewer. In any event the incident gave Frei an opportunity to try to keep Alessandri in line and I have taken other measures in that direction.

8. Ossa said Frei had also stage-managed the removal of Perez-Zujovic from the PDC parliamentary operation since the latter's name had been a red flag to so many key PDCers, particularly deputy and ex-Interior Minister Bernardo Leighton. Frei had been told that Allende would go through the masquerade of "negotiations" with the PDC leadership over "conditions" and then announce them a few days prior to the meeting of the PDC Junta (October 3). Ossa added that the Frei forces had lost the fight to delay the Junta until October 10th. Although Frei was very dispirited, Ossa said the president was aiding Ossa in his efforts to gain at least 200 of the 500 PDC delegates to the Junta in an anti-Allende vote October 24th.

9. Ossa said unless the economic situation worsened, the army surely would not move, the junta would not respond to his massaging and the Congress October 24 would be a crushing

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[REDACTED]

defeat for Frei's forces. He urged that I do whatever I could to help create the proper bearish climate. He also urged that we cut or hold in suspense until after the inauguration all courses for the Chilean military and if possible all military deliveries. I told him I had been over-ruled by Washington on this matter.

10. Later that evening I met with Flaviano Levine, the much respected (universally in Chile and the U.S.) head of the Chilean National Steel Company (CAP), the biggest by far Chilean industrial enterprise, for which he has worked, indeed created with U.S. private and EXIM support, for 25 years. Levine is very trustworthy and his information is interesting. (He supported Frei in 1964 and Alessandri would have probably offered him the Ministry of Finance since he was an ardent supporter and trusted intimate in the campaign.)

11. Levine had seen Allende at the latter's request earlier in the day. Allende had urged that he stay on as head of CAP adding that his job was assured as long as he wished. Allende said Castro had given him three very valuable advices that he would follow:

- a. Persuade the technicians to stay in the country.
- b. Keep copper in the dollar sales market. Do not count on other areas for better conditions.
- c. Do not act too revolutionary since you are a revolutionary and there is no reason to prove too much to others what you know you are.

Allende had added that Castro had explained why it would be better for him (Fidel) not to come to Allende's inauguration because of the impact it might have abroad and had assured Allende he would come later when it was more convenient to the Chilean.

~~SECRET~~

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- 5 -

12. Allende clearly indicated he was considering very seriously offering the post of Foreign Minister in his government to Felipe Herrera, head of the Inter-American Development Bank who promptly recognized Allende as president 48 hours after the election and who will be here in early October. Levine said he was certain Herrera would accept some post in the Allende government if he were not vetoed by Communists or hard line Socialists.

13. Max Nollf, one of the five members of the Popular Unity Economic Planning Committee and specialist on mining, told Levine that both U.S. iron and copper would be immediately nationalized. He asked Levine to have CAP take over Bethlehem here per their contract but Levine explained to me that Bethlehem's contract only provides for the CAP buyout in the event of Bethlehem's request. Levine said that CAP's own very big ore expansion program had come to a halt because the Japanese had immediately cabled after the elections to postpone until November any decision on their commitment to sign a ten year purchase of ore contract and that without such a contract the EX-IM could not finance the expansion. Japs had also expressed doubt if they could sign with Allende. Moreover CAP was out of cash, losing \$8 millions per month and that it was being kept afloat by the Central Bank which would give it 50 million Escudos this month so as to meet obligations. Sales had dropped by 30 per cent. U.S. banks had reduced supplier credits from 12 to 10 millions. He would not be able to meet his maturities in the U.S. in 90 days if the situation continued. He accepted my advice not to go to the U.S. (to EXIM and others) next week but to delay at least another week. I promised to cable EXIM.

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14. [REDACTED] who is very close friend of Carlos Altamirano, quoted latter as stating this week that once Allende elected, leaders of MIR would leave for work in other Latin American countries.

15. Levine said that he had received that day a call from Gabriel Valdes asking officially to be reinstated after the inauguration as CAP's general counsel. Levine explained Valdes had been officially on leave. Moreover a year ago, he had called Valdes to warn that with the prospects of Alessandri's victory, if Valdes wished to return to the firm, he had better make his intentions known in writing. At that time Valdes scoffed at the idea, stating it would be too much of a come-down to return. Yesterday he told Levine that [REDACTED] had approved the idea and he wished to return. Levine was non-committal since he said it would depend on CAP's new board of directors.

16. Levine added that he could not possibly run CAP if five to ten of his key men left since CAP was the most complex single enterprise in Chile. He added that four of these key men had definitely decided to leave by November 4th and some others might follow.

17. Both Ossa and Levine lamented in the strongest manner the statements of Dungan and of Linowitz and their tremendous impact on the PDC in particular. Levine, like Ossa, said that if the deal between Allende and the PDC is shortly announced and if the Allende cabinet includes the kind of reassuring names we all expect, then business will return to normalcy quite quickly and the combination of defeatism and adaptability that is taking hold will smooth Allende's tasks.

18. All of which is to say that the economic lever [REDACTED] is the last card; there are no others up my sleeve or anyone else's. And if that card is to be played, it must be done with

~~SECRET~~ [REDACTED]

maximum effect swiftly. The Department cannot continue to consider carefully each decision so that by the time it is taken it is completely out of tune with the realities here. The Department could also make an art of what is a natural function in Washington -- the leakage of news without attribution. What PDC technicians are being told by the U. P. about the difficulties they will face in leaving Chile while at the same time being wooed at Castro's urging, how the U. P. is planning to nationalize all productive industries [REDACTED] and all banks [REDACTED] [REDACTED] how the Japanese have postponed their CAP ten-year order and a host of other details we have been furnishing to show instability and Communist take-over must be utilized in the world press promptly. Certainly [REDACTED] would delight in reporting that Herrera is seeking to get loans through for the Communist-controlled technical university here and to gain respectability for Allende so he can leave his problems at the bank and get a job in the Allende government.

SANITIZED 19. [REDACTED]

[REDACTED] why the Department has taken no action whatsoever in Europe and he specifically mentioned Bonn, Paris, London, Madrid, the low countries. He said that although Chile was minor league compared to Mid-East and other problems, the steady erosion of U.S. positions was having the most serious effect on our real friends. He said if we did not supply leadership, no one else would [REDACTED]

SECRET [REDACTED]

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- 8 -

20. I recognize that the Department regards me as "incorrigible" to use the remarks echoed back here by recent visitors to our capital so I will say it for the last time: If we want to stop Allende we have to be far more swift and purposeful than the Department has been until now. If we cannot be, then we should have a clear message on how to fulfill the Department's long held goal of getting along with Allende.

//END //

~~SECRET~~

EYES ONLY

27 September 1970

EYES ONLY FOR HENRY KISSINGER FROM AMBASSADOR KORRY:

1. Following two items spell the end of the ball game here in Chile. We now move into a denied area condition:

a. [REDACTED] told me morning 27 September that [REDACTED] 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. [REDACTED]

/END/

SANITIZED COPY

Control # 1-28-70

DECLASSIFIED

Authority NSC

By 606, NARA, Date 9/29/00

~~SECRET/SENSITIVE~~
EYES ONLY

SECRET

24 September 1970

TO : Under Secretary Johnson and Dr. Henry Kissinger
FROM: Ambassador Korry

1. Zaldívar economic report to nation last night excellently prepared and designed to worsen bad situation. (I sent Santiago [redacted] unclassified so that Washington can, if it so decides, give widest distribution to U.S. press and more importantly business and banking community.)

2. Frei has ruled out cabinet resignations for the time being. Pretext is that if military entered government they would probably only do nothing more than assure a constitutional process that would elect Allende.

3. Frei met with Army CINC Schneider [redacted] yesterday [redacted]

a. Disabuse Schneider of any hope in the congressional formula;

b. Inform Schneider it was military or nothing;

c. Tell Schneider that Marxist government would probably provoke end to U.S. military aid;

d. Frei would give similar briefing to other military.

4. Schneider interpreted Frei to mean support for his constitutionalist doctrine. He has convoked "Junta de Generales" to explain situation today. There will probably be opposing point of view articulated. But I would guess that military will not break with prevalent view that politicians got country into mess and should get U.S. out of it, not vice-versa.

SANITIZED COPY

DECLASSIFIED

Authority NSC

SECRET

By GRG, NARA, Date 8/21/00

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- 2 -

5. Edmundo Perez Zujovich, the Frei intimate in charge of the stop-Allende movement in the PDC junta, informed his key party workers yesterday morning that he was disengaging totally from their work. His pretext was that they had used his name and/or had sought money from the U.S. Embassy and that Frei and he were furious with their indiscretions with foreigners and rightists.

6. The first negotiating session between Allende and the PDC leadership took place yesterday afternoon. Meeting publicly described as cordial. PDC promised to release today its presentations but excellent source tells me Allende begged and received commitment that PDC would not include in public release certain PDC requests for constitutional guarantees; Allende explained that PCCh and hard-line Socialists upset with whole matter of guarantees and wish to give only "clarifications." Allende told PDC he would "have to massage" his allies and that he would do everything possible to assure PDC vote for him in Congress.

7. Frei told [redacted] that he had to abandon congressional formula because that "scoundrel Tomic" had not only handed over PDC to Allende but had briefed Allende on everyone of the PDC congressmen; Frei said Allende now had more dirt and leverage than he (Frei).

8. [redacted] that Frei last night met with Allende in the home of Gabriel Valdes. [redacted] added personal opinion that Frei was arranging his own exit from a situation he views with increasing pessimism.

9. Allende will probably announce his cabinet tomorrow. One Popular Unity bigwig (Alfonso David Lavon, Secretary General

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of API Party) said there would be three each Communists, Socialists and Radicals and two each API, MAPU and Social Democrat. Said Minister of Interior would be Silva Simma, very respectable Radical and Mason and head of Soviet-Chilean Friendship Society but Under Secretary would be Communist. Added that Allende's first choice for Foreign Minister would be Valdes but did not know if latter would accept. A woman Socialist would be in newly created Ministry of Family.

10. [REDACTED] told me last night later leaving late afternoon lengthy [REDACTED] meeting that had edited Zaldivar's report that those such as himself who wished to stop Allende were not getting leadership from Frei. He knew Frei was anti-Allende, but Frei always found a reason for not taking decisive action. Frei did not like any of the alternatives. Frei wished to be unblemished. Frei hoped the Army would move but would give no order or specific encouragement. Frei would not provoke a crisis by himself resigning or leaving the country. Frei would probably seek to make the best of the worst by having PDC negotiate as much as it could from Allende.

11. [REDACTED] however, that the one factor that could change the entire situation would be a faster downturn in the economy. If that could be provoked, it would affect military outlook and even PDC's, particularly if such downturn occurred before the PDC junta and reached maximum velocity before October 24th. He offered following specific suggestions:

a. Get U.S. banks to cease renewing credits to Chile or Chilean organizations and no new credits. (He said some U.S. banks still doing business as usual.)

b. Get U.S. companies here to foot-drag to maximum possible. They could without taking provocative action hold off on orders, on deliveries of spare parts, on extending credits and so on. He recognized that British doing the reverse at full speed with French and Italians not far behind. (But he said they count for relatively little. (FYI: General Tire Company there, a big employer, is negotiating with Allende.)

~~SECRET~~ [REDACTED]

EVERY THING

- 4 -

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 Harold Genseen), the suggestions put forward by [REDACTED]. 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. Alejandro Hales, the Minister of Mines called in the representatives of Shell, ESSO, and the Chilean COPEC company yesterday. He used a pretext but his message [REDACTED] 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 Arab ministerial friend (whom I have not seen and who until this week was listed as less than 100 per cent anti-Allende) Hales then took aside the [REDACTED] to ask why in Hell he could not control the [REDACTED] 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 they believe Allende is definitely the president. That is why the Allende forces are pushing so hard and fast for PDC blessing now. However [REDACTED] will cooperate in blocking an upturn if there is any possibility to do so legitimately and in some cases, illegitimately.

SECRET

- 5 -

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.

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.

e. Mention specifics in any propaganda that the business community (again I caution not the USG) can spread.

SECRET

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- 6 -

c.

14.

15.

~~SECRET~~

[REDACTED]

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. 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 IAFEC 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 [REDACTED])

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.

//END//

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SENT...

1970 NOV 7 01 29

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FM THE WHITE HOUSE
TO AVENIR SANTIAGO
ZFF

SANITIZED COPY

70 NOV 6 PM 8:29

WHITE HOUSE
SITUATION ROOM

~~TOP SECRET~~ VIA [REDACTED] CHANNELS EYES ONLY HUC2177
EXCLUSIVELY EYES ONLY FOR AMBASSADOR MORRISON
HENRY A. KISSINGER

AS FOLLOW-UP TO YOUR CONVERSATION WITH THE PRESIDENT
AND MR. PRESIDENT HAS REQUESTED THROUGH THIS CHANNEL
YOUR HISTORY OF EVENTS LEADING UP TO PRESENT SITUATION
IN CHILE. RECORD SHOULD COVER EARLY PRE-ELECTION PERIOD
AND INCLUDE COPIES OF PERTINENT EXCHANGES TO AND FROM
SANTIAGO AS DISCUSSED WITH THE PRESIDENT AND ME.

312
4350

DECLASSIFIED

Authority

NSC

By SCM

NARA. Date 8/1/00

WWW

EYES ONLY

TOP SECRET/EYES ONLY

O 030033Z OCT 70

FM GEN HAIG

TO HENRY A. KISSINGER

ZEM

~~SECRET~~ SENSITIVE EXCLUSIVELY EYES ONLY WH02029

OCTOBER 2, 1970

FROM: BRIGADIER GENERAL A.M. HAIG

FOR: HENRY A. KISSINGER

TO BE DELIVERED TO DR. KISSINGER IN A SEALED ENVELOPE VIA
MR. LORD. TO BE OPENED ONLY BY DR. KISSINGER

ATTACHED IS KORRY'S LATEST SITREP.

FOR DELIVERY AT OPENING OF BUSINESS

FOR UNDER SECRETARY JOHNSON AND DR. KISSINGER

FROM AMBASSADOR KORRY

SANITIZED COPY

SITREP -- OCTOBER 2

1. ANACONDA'S CYR SAYS GOC STICKING TO FIRM LINE ON
STRIKE. GOC'S REPS ON MANAGEMENT SIDE DO NOT WANT ANY CESSIONS (SIC)
AT THIS POINT.

2. GENERAL TIRE'S RALPH O'NEILL TELLS ME PDC CONTROLLED
MAINTENANCE UNION CALLING STRIKE FOR NEXT WEEK. PLANT TEN DAYS
AGO HAD SETTLED STRIKE WITH OTHER U.P. CONTROLLED UNIONS AT LOWER
THAN NORMAL RATES. O'NEILL THOUGHT NEW STRIKE MIGHT BE CHANGE
OF TACTICS BY U.P. BUT I TOLD HIM I DOUBTED IT.

3. ESSO INFORMED ME THAY COLLECTED THEIR BILLS FROM
GENERAL TIRE 50 PER CENT CASH AND 50 PER CENT TIRES. ESSO
PRETTY MUCH ON CASH ONLY BASIS (BOTH PURCHASES AND RECEIVABLES)
AND LIKE MANY OTHER COMPANIES RUNNING DOWN ASSETS BY REDUCING
RECEIVABLES.

4. SINGER SEWING DISCOVERED IT IS A PRIME CUSTOMER OF
VOLODIA TEITELBOIM'S BROTHER SERGIO, A PRODUCER OF KNITTING KITS
AND MACHINES. BUYING 70 PER CENT OF LATTER'S OUTPUT. MY FRIEND,
SINGER VP BAITTNER (NY BASED BUT RESPONSIBLE SOUTHERN HALF
SOUTH AMERICA) SOUGHT MY ADVICE ON HOW TO RESPOND TO TEITELBOIM
PRESSURE THAT HE HAVE MEETING NOW WITH ALLENDE. REPLIED IT WOULD
NOT LOOK GOOD IN U.S. FOR INTERNATIONALLY FAMED SINGER TO BE FIRST
TO MAKE DEAL WITH ALLENDE OR EVEN GIVE APPEARANCE OF SUCH. COUN-
SELLED HIM ON HOW TO HANDLE TEITELBOIM WHEREON HE WILL KEEP ME
INFORMED. SINGER STANDS TO LOSE \$11 MILLION IF PROMPTLY NATIONALIZED
AND WANTS TIME TO RUN DOWN ITS ASSETS. IT CONTINUES TO COLLECT BILLS
WITHOUT DIFFICULTY FROM INDIVIDUAL CUSTOMERS (TWO-THIRDS OF TOTAL)
WHILE GETTING ALMOST NOTHING FROM RETAILERS OR OTHER BUSINESS
HOUSES. I BELIEVE I CONVINCED HIM THAT SINGER IS IN DRIVER'S SEAT
AND DOES NOT HAVE TO BE ANXIOUS TO MAKE QUICK DEAL

DECLASSIFIED
Authority NSC
By WMB
Date 8-1-86

AND DOES NOT HAVE TO BE ANXIOUS TO MAKE QUICK DECISIONS.

5. MANUEL VALDES, DYNAMIC YOUNG LEADER OF FARM EMPLOYERS ASSOCIATION VISITED ME TO ASK IF U.S. AND ARGENTINA WOULD BE WILLING TO CONSIDER LOANS (NOT GRANTS) TO THE 6,000 MOSTLY YOUNG CHILEAN FARMERS WHO WOULD GO TO ARGENTINA (FAMILIES INCLUDED IN TOTAL), OF WHICH 2,000 ALREADY THERE TO START UP FARMS. VALDES' PLAN IS TO KEEP COMMUNITY UNITED AND IN CONTACT WITH THOSE REMAINING BEHIND SO THAT IF SITUATION WERE TO CHANGE HERE, THEY WOULD NOT BE SCATTERED ALL OVER THE WORLD. AT SAME TIME, UNITY ABROAD NEARBY WOULD MAINTAIN SPIRIT OF THOSE LEFT BEHIND. VALDES INTENDS TO REMAIN AND TO SEEK PRAGMATIC DEAL WITH U.P. AFTER OCTOBER 24 SO THAT FARM MANAGERS AND TECHNICIANS WILL AT LEAST SHORT TERM BE ABLE TO SURVIVE UNDER ALLENDE. I TOLD HIM I WOULD LOOK INTO POSSIBILITIES. IDEA STRIKES ME AS GOOD ONE THAT SHOULD BE PROMPTLY CONSIDERED.

6. PDC JOCKEYING WITH ALLENDE CONTINUES ON EVE OF PDC JUNTA. TONIC FORCES ARE KEEPING ALIVE POSSIBILITY OF FURTHER "CONCESSIONS" FROM ALLENDE TO HAVE CONCLUSIVE IMPACT ON DELEGATES. FRON FORCES APPEAR TO HAVE TWO ALTERNATIVES IN MIND: AGAIN A MAJORITY OF JUNTA TO VOTE FOR ALESSANDRI FORMULA OF NEW ELECTION OR ORDERS TO PARTY TO ABSTAIN. (THEY COULD ALSO STALL AND AVOID DECISION UNTIL LATER IN MONTH.) AS OF TODAY THEY WOULD NOT HAVE TOO MUCH DIFFICULTY IN TURNING BACK PRO-ALLENDE FACTION AND THEY BELIEVE

END PAGE

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~~SECRET~~

SENSITIVE

THEIR CHANCES FOR A PRO-ALESSANDRI VOTE IS ABOUT 50-50.

7. HOWEVER I HAVE FAINT SUSPICION THAT FREI IS ALREADY ASSUMING AN ALLENDE TRIUMPH AND IS CALCULATING THAT A DREARY ECONOMIC SITUATION WILL EVENTUALLY FORCE ALLENDE TO ACCEPT THE PDC IN HIS GOVERNMENT. IN PART MY SUSPICION BASED ON FREI TELLING ARGENTINE AMBASSADOR (WHO WENT WEDNESDAY TO INVITE HIM TO LUNCH ABOARD ARGENTINE SAILING VESSEL IN MID-OCTOBER) THAT ALLENDE WANTED TO MAINTAIN GOOD RELATIONS WITH ARGENTINA. FREI MADE IMPASSIONED STATEMENT OF 15 MINUTES IN FAVOR OF GOOD RELATIONS BETWEEN TWO COUNTRIES AND NEED TO START FINAL BEAGLE CHANNEL NEGOTIATIONS IN LONDON NEXT WEEK. HE SAID THAT WHILE HE KNEW HE "HAD BEEN FAILURE AS A POLITICIAN," HE WISHED AT LEAST TO CROWN HIS ADMINISTRATION WITH STATESMANLIKE SETTLEMENT OF PROBLEMS WITH ARGENTINA. FREI SAID HE HAD ORIGINALLY PLANNED TO LEAVE CHILE TO WORK AT UNIVERSITIES BUT NOW HE HAD DECIDED TO STAY IN CHILE. ARGENTINE AMBASSADOR READ MUCH INTO FINAL FREI STATEMENT TO EFFECT THAT WHILE EVERYONE INTELLIGENT COULD FORESEE THAT CHILE WOULD TAKE UNDER ALLENDE, NO ONE COULD BELIEVE INCREDIBLY DIFFICULTIES CHILE WOULD SHORTLY FACE AND HORRIBLE POSITION HIS WOULD BE. AMBASSADOR THOUGHT THIS WAS SIGN OF SOMETHING BREWING TO BLOCK ALLENDE. AMBASSADOR SAID FREI HAD AGED TEN YEARS IN ONE MONTH.

8. I AM HAVING HIGH-LEVEL CONTACTS WITH FREISTAS AT THEIR REQUEST TONIGHT AND SHOULD GET BETTER READING. MEANWHILE STATE CABLES WILL GIVE STATE OF PLAY AS SEEN BY POLITICAL CHILEANS.

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~~SECRET~~

SENSITIVE

NNNN

Nixon Presidential Materials Project

Document Number: P 440

Document Date: 11 / 8 / 1970

Determination:

Released In Full ☐

Sanitized ☐

Exempted In Full ☒

This document was reviewed in September, 1999,
as part of the National Security Council's Chilean
Human Rights Abuses Review.

~~SECRET~~

29 September 1970

MEMORANDUM FOR: Brig. General Alexander M. Haig, Jr.

SUBJECT : Messages from Ambassador Korry for
Dr. Kissinger

SANITIZED
1. Herewith are the most recent messages from Ambassador Korry in Santiago sent to Dr. Kissinger through our channels. Of the three cables, [REDACTED] has been forwarded to Under Secretary U. Alexis Johnson. The two remaining are for Dr. Kissinger alone.

2. We have already received a query from Ambassador Korry asking if these messages have been delivered. Undoubtedly, he will be back at us soon.

SANITIZED
3. I urgently request that you consider sending these messages to Dr. Kissinger in Europe. Certainly Dr. Kissinger should see [REDACTED] which concerns the [REDACTED] before The President and Dr. Kissinger have their [REDACTED] talks.

[REDACTED]
Thomas H. Karamessines

Attachments:

Three Messages: Control #s
[REDACTED]

SANITIZED COPY

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Authority NSC

By AKB NARA, Date 8-1-00

~~SECRET~~

1 October 1970

TO AMBASSADOR KORRY FROM ALEXIS JOHNSON

INFO: CINCSO

1. On assumption local or Washington press would eventually become aware of suspension of part or all of US military programs for Chile, Department proposes following press guidelines for pertinent Washington agencies and for Embassy, in event we are asked.

a. Upon first being queried, spokesmen will reply that they have no knowledge of subject and will look into it;

b. Upon the next occasion, spokesmen will reply as follows:

Question:

Is it true that the US has decided to suspend military programs and military loans to Chile?

Answer:

The US is reviewing the scheduling of its military programs with Chile. I have no further comment.

Question:

Does not this action taken at this time constitute a departure from the US previously announced position of refraining from action while the constitutional electoral process in Chile was still underway?

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Answer:

The review is an internal U.S. Government affair.

Question:

Have we notified the Chilean authorities?

Answer:

I have no further comment.

2. Request your comment.

//END//

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EYES ONLY

1 October 1970

TO AMBASSADOR KORRY FROM ALEXIS JOHNSON

INFO: CINCSO

1. As indicated in the message sent to you yesterday (not being repeated CINCSO), 40 Committee has approved and DOD and State concur in your recommendation that programmed MAP military training and travel not now underway be suspended pending review after October 24. We are also prepared, if you deem it useful for you, similarly to suspend for this period the processing and delivery of FMS as well as all other elements of MAP such as grant materiel.
2. At your discretion you may inform the Chilean military services of suspensions covering any or all of above. We do not see utility in informing GOC at this time but would appreciate your recommendation on this point.
3. We leave timing of advice to Chilean military up to you but would appreciate prompt word as to your plan of notification, so that we can undertake simultaneous implementation here of your decisions and actions in Santiago.
4. Proposed contingency press guidance this subject following in separate message.
5. In meanwhile munitions control is holding up processing all export license requests for Chilean military.

//END//

Control # 2-10-70

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NARA, Date 8/1/00

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6 October 1970

TO : 40 Committee Principals

SUBJECT: Chile -- El Mercurio Editorial

Ambassador Korry has requested that the following El Mercurio editorial of 6 October 1970 on the present crisis within the metallurgical industry in Chile be made available to 40 Committee Principals:

"The Association of Metallurgical Industries has made a study of the present situation as it affects its affiliated companies. Metallurgy represents approximately 28 per cent of the Chilean work force, 28 per cent of the total aggregated value of fixed investment capital, and 28 per cent of the electrical energy consumed by national industry. The metallurgical industry also has a special importance for those sectors which produce durable consumption goods, capital goods, and parts for motorized vehicles. These sectors are those which have been most affected by the present economic situation.

"In 83 per cent of the metallurgical companies, general production has decreased 46 per cent from the August rate. At the same time, orders for the month of October are 58 per cent lower than they were in September. The foregoing justifies the contention by the Association that the present economic crisis is the worst in 32 years.

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"Unfortunately, the critical situation has not only affected the metallurgical industry. It has also been felt in the major portion of the internal economic process. For example bank credits, which could have served to alleviate the crisis in the metallurgical industry, have also suffered restrictions as a result of the massive withdrawals of deposits since 7 September. For this reason, bank credits to the metallurgical industry decreased in September 55 per cent from the August rate.

"The other source of funds should be the utilization of the reserves of the metallurgical industry from previous sales. However, in 95 per cent of the metallurgical companies, the availability of reserve funds has decreased 41 per cent, and collection from sales has decreased 42 per cent. The situation in this industry is so serious that if the present conditions prevail, 70 per cent of the companies will be unable to pay salaries and benefits to their workers after 30 October, and none will be able to do so after 30 November. One-fourth of the companies have declared they will be unable to meet payrolls after 15 October.

"The Association of Metallurgical Industry has requested that its member companies give priority consideration to the remuneration of their workers and to the payment of debts in order to avoid a shutdown. The Association has also warned the authorities to allow increases in the credit ceilings. Finally, it has called on the public consumers to resume their purchases.

"The present situation is the result of the announced intention of the new government to make profound changes in the economic structure of the country. Although attempts are being made to view these changes in the most favorable terms, the

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realization that the changes will result in a critical period of adjustments and alternations in the present mode of production, distribution, and internal consumption cannot be avoided. This would explain the cautious attitude of the population in directing its resources toward the most essential necessities. This, then, is the real cause of the problem which now affects Chilean industry in general and especially the metallurgical sector."

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Authority NSC
By Sm, NARA, Date 8/1/00

6 October 1970

FOR UNDER SECRETARY JOHNSON AND DR. KISSINGER
FROM AMBASSADOR KORRY

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 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.

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

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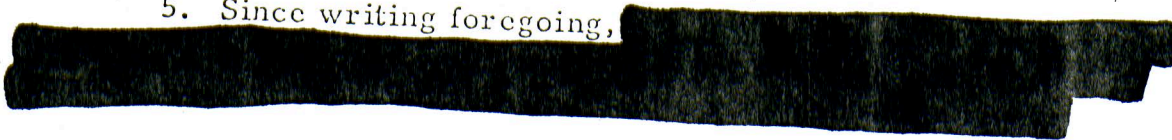
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with a very large payoff in A. I. D. investment guarantees for Chilean nationalizations, is it reasonable to expect the U.S. Congress not to react? Is it prudent to expect the U.S. Congress to support more investment guarantees in countries such as 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. 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, 

//END//

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6 October 1970

TO UNDER SECRETARY JOHNSON AND DR. KISSINGER
FROM AMBASSADOR KORRY

SITREP -- October 5

1. Santiago [REDACTED] sent unclassified on PDC Junta results.
2. Santiago [REDACTED] which I just completed gives interpretation. Last paragraph offers only remaining constitutional hope and that is slimmest.
3. Sending septel to you something on Army that might be straw in wind although no supporting evidence elsewhere.
4. First paragraph Santiago [REDACTED] based on my telcon with Frei last evening in effort to convince him to appear at Junta. Only other fact unincluded (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. [REDACTED] 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 [REDACTED]). Also provided Frei with a rationale

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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 [redacted] 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 off normal. Private construction almost at standstill.

b. Head of CAF (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. Importers obviously do not want goods

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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 [REDACTED] 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. [REDACTED]

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. [REDACTED] could not squeeze [REDACTED] as much as it had hoped because [REDACTED] and national company COPCO (private) are giving credits and oil. However both those concerns are now running into cash problems.

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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 is 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 presidents of Senate's use of Foreign Ministry report on Hungarians and grass-roots vs intellectuals at PDC Junta per Santiago [REDACTED]

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.

//END//

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EYES ONLY

6 October 1970

TO UNDER SECRETARY JOHNSON AND DR. KISSINGER
FROM AMBASSADOR KORRY

Scheduled [REDACTED] meeting tonight undoubtedly will focus on what I expect to be his appeal for U. S. material support for anti-Allende PDC faction in PDC. The key young leaders in the PDC who organized the workers, womens, peasant and slum sections of the party to oppose Allende will probably leave Chile by November 4th if [REDACTED] Frei cannot assure them they will have sufficient means to carry on fight via media and within PDC. Some are planning to leave by October 15th unless such assurance given. Men such as Deputy Santibanez who emerged from the Junta with a much enhanced reputation is terrorized but would stay if support were forthcoming. Your views needed urgently.

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Authority NSC
By SM NARA, Date 8/1/00

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5 October 1970

EYES ONLY FOR UNDER SECRETARY JOHNSON AND
DR. KISSINGER FROM AMBASSADOR KERRY

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.

2. Re MAP, my suggestion would be to "hold in abeyance" all MAP deliveries. 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

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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 courses 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-a-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 [REDACTED] 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.

//END//

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