
CONFERENCE

THE USA-IN- CHILE AND CHILE-IN-USA*
A FULL RETROSPECTIVE POLITICAL AND ECONOMIC VIEW
(1963-1975)

Edward M. Korry

Invited by CEP in October 1996, Edward M. Korry, US Ambassador to Santiago between 1967 and 1971, offered an account of the critical years when he was in charge of the United States mission in Chile, placing it in the broader context of US-Chilean relations during the 1960s and first half of the 1970s. Ambassador Korry draws attention to the huge financial support —approaching US\$20 million of that time— provided by the government of John F. Kennedy to the Christian Democratic Party in Chile, the aim of which, according to the Ambassador, was to establish in this country “a Christian Democratic dynasty” that would constitute an opposite pole of attraction to that exerted by the Cuban revolution in Latin America (very similar to the initiative undertaken in Italy in 1948). At the end of 1967, with the arrival of Ambassador Korry in Chile, this party-party relationship was brought to an end, and State-State relations were reestablished. In the 1970 elections, the Ambassador

EDWARD M. KORRY. US Ambassador to Chile between 1967 and 1971.

* Talk given at CEP on October 16, 1996.

states that only US\$125 thousand were channeled through the CIA for the so-called “terror campaign”. However, following the triumph of Salvador Allende in the presidential elections, a vast program was approved aimed at “facilitating the means to permit the survival of the press, broadcasting media and a democratic opposition”, and thereby counteract the measures taken by the Unidad Popular government to take control of the communications media.

Along with other revelations concerning events prior and subsequent to Allende’s September 4th victory, the Ambassador also refers to the motivations that may have led the main organs of the western press to describe Salvador Allende as a “social democrat, victimized by a repressive Army”, and the Hearings held by a Commission of the United States Senate (subsequently known as the Church Commission) in relation to covert CIA operations in Chile between 1963 and 1973, from which Ambassador Korry was excluded and thus prevented from testifying.

The text reproduced here is the written version that Ambassador Korry provided, and includes four appendices which expand on the following topics: (i) Soviet military aid (1971-1973); (ii) CIA activities in Chile between 1969 and 1976; (iii) the government of Eduardo Frei M., Cardenal Raúl Silva H. and Easter Island, and (iv) negotiations held in 1971 with the government of Salvador Allende. In this edition, *Estudios Públicos* also reproduces an interview with Ambassador Korry, and in “Chile in the archives of the EE UU”, includes telegrams exchanged between the Ambassador and the US Department of State in August 1970, as well as the Contingency Paper (“‘Fidelismo’ without Fidel”) which was prepared against the eventuality that Allende would win the elections and assume the presidency. The ideas contained in this latter document were to orient United States policy towards Chile during the Unidad Popular government. This is an extraordinarily interesting text which is being made public for the first time.

I am here this evening to submit an accounting —to provide a novel perspective on why certain events took place. History is, after all, shaped by experience, environment and contingency. You are looking, so to speak, at such an historical contingency— an actor in the drama of your more turbulent past, one who embodies the vagaries of the human condition. His own past, his own experience shaped what he did in and to Chile, and the legacies he left behind.

First, there were three years spent in Central Europe (1948-51) when Stalin rang down the iron curtain. Belgrade, Budapest, Prague and Sofia were excellent posts to observe the tactics and strategies of Leninists, the push and pull of Marxism, the structures and the evils of a police state and of bureaucratic centralism, the interplay of dependence and independence and, not unimportantly, an insight into courage, both of Tito the dictator, and of a remarkable diplomat in Belgrade, a career civil servant. He changed, indeed reversed, US and then Yugoslavia's, policy by the acuity of his contrarian analysis and his boldness.

Secondly, a dozen years of residence in Germany, France and England plus extended trips to the USSR, Asia, Africa and the rest of Europe offered singular opportunities to see how imperfectly nations, no less than markets or men, are formed. In following a first rule of journalism and of basic science —discover the problem— the first rule of what became my career, problem-solving, also took shape.

Thirdly, the Harvard Business School in 1960 plus a year at the side of a tycoon was a further step towards grasping the efficiency, logic and toughness of the market place. It also confirmed that, as in economics and politics, an equilibrating mechanism is at work in most interactions of humans.

Fourthly, five years in Ethiopia as a young, neophyte ambassador, imposed a dual challenge: to contribute to the modernization of a pre-industrial society and to its survival as a state, and to do so as it became an ever-larger pawn in the global rivalry between the two superpowers. To think through the problems of development from scratch, to keep safe 7000 official Americans, and to do so as two internal wars rattled the country and as the Kremlin unfolded its plan for taking control of the Horn of Africa was indeed instructive. President Johnson added a further test in 1966 by summoning me home to write in six weeks a new US policy for Africa —an assignment which addressed, in effects the dubious compatibility of democracy and development in sub-Saharan Africa at that time. Also of some interest to Chile and its neighbors in the 1970s, I put an insistent argument to Washington for four years —that the Kremlin intended to use Somalia as a bridgehead to replace the US in Ethiopia and to gain control of the Horn, the Red Sea and the flanks of Arabia.¹

The four full years in Chile taught me that civil society, the very summit of political development, is not necessarily strong enough an an-

¹ A dubious Joint Chiefs of Staff invited me in 1964 to present this hypothesis based entirely on prior experience, and then again in 1966. On the first occasion the State Department took pains to disassociate itself from the presentation but the second appearance

chor to prevent national suicide. Chile also reinforced an acute awareness of the limitations on the US ability to manage all things, our famed can-do approach to anything—an attitude which attained its apogee in the early 1960s when we shot for the moon in many enterprises. If Ethiopia had permitted a view of the inner workings of two dozen or so US agencies of the federal government, so to speak—then “Chile” offered a quite unique glimpse of American politics at work.

It is as a North American, a private citizen, that I address the issues affected by my judgments. I do so as a generalist, a term typical of our euphemisms; they pump up one’s self-esteem while hiding his inadequacies in all subjects.

Why, then, Chile-in-the-US as a topic? It’s not the focus of any of the outpourings abroad about Chile. But all relationships are and must be two way. Sooner or later, they respond to Ricardo’s insight to the equilibrating mechanism. The flow of ideas in many fields of public policy today are from Chile to the USA. Their origin may be North American—after all, we all drink from wells we haven’t dug— but it is you today who are

coincided with the first intelligence reports that the Soviets were indeed constructing air and sea bases in Somalia—as anticipated in the 1964 presentation.

The overthrow of the aged Emperor Haile Selassie by military coup in 1973, in contrast to the almost simultaneous occurrence in Chile, was widely applauded by a western press; the military dictatorship in Addis Ababa was rationalized by the global media for many years because of its allegedly, constructive socialist reforms. Only when its repressive practices and increasing reliance on its new patron, the USSR, grew to overwhelmingly obvious proportions did its western admirers begin to change their tune.

One reason the principal Western, particularly US, opinion-makers fell so easily into self-delusion in the Third World is that areas peripheral to the main arenas of the Cold War—Ethiopia, Somalia and Chile being three of many examples—were infrequently visited by top reporters or editors. Only a handful of US academics took any interest and, in the case of the Horn, they included some of the less-than-worthy. Nonetheless, they became integral parts of opinion-forming networks.

The Russians, who had first armed Somalia to the teeth, then displaced the US in Ethiopia totally, providing no less than *twelve billion dollars* in arms to the communist “peoples’ democracy” established in Addis Ababa. A Cuban expeditionary force of 40,000 rescued its leader, Colonel Mengistu Haile Mariam, when Somalia, still dependent on the Soviet Union, launched a surprise attack on its neighbor.

This cautionary tale not only took more than 1,000,000 lives but it provoked the US into the balance of power equivalent of musical chairs. It rushed to Somalia’s aid to replace the departing Russians. And to complete the sorry story, the US once again in the ’90s embarked for Somalia on a nation-building enterprise with its troops leading a United Nations force. In effect, it was attempting futilely to clean up the wreckage of the indifference arising out of the self-absorption with not only Vietnam, but also “Chile” and other misread situations of the last part of the mid ’70s.

Today Haile Selassie’s picture is widely displayed in Addis Ababa, which I visited in 1994 after nearly 30 years, and the ruling government, quite socialist originally, is gradually adopting, Chile-style reforms in this war-and-“socialist”-devastated country.

compelling many on the globe to rethink their notions about growth, fiscal responsibility, monetary management, privatization and comparative advantage. So Chile-in-the-US is as appropriate now as indeed it was in my time.

My single greatest surprise here was to discover that Chileans had far more influential access than I to the White House, to my government's agencies, to large corporations, to the best placed lobbyists, to key politicians, academics and editors. How, for example, did Chileans persuade John F. Kennedy to bet the farm, so to speak, on creating a Christian Democratic dynasty? How did a few Chileans convince important academicians, politicians and journalists that Dr. Allende, a leader of a self-described Marxist-Leninist party, an ardent admirer and aspiring partner of Castro, and a president pledged to the creation of a state in control of all significant levers of production and of finance, was no threat to freedom—that he could be handled simply because he had a nice personality and really didn't want to hurt anybody? How did Chileans talk President Nixon into embarking upon a foolish adventure in 1970 to thwart Allende's inauguration? How did Chileans persuade an ambassadorial appointee of President Johnson and of President Carter, to be the unregistered lobbyist for President Allende? Without putting such matters into context, the US-In-Chile lacks a critical element.²

Trying to make sense out of the cumulative nonsense written about Chile is like walking into the middle of a bad mystery film. Lots of clues

² The Chile of headlines is far more valuable to my American optic, for its illumination of the way politics usually work in a western-style democracy. Much more so than as a case study of the CIA, the focus of a Senate investigation into the agency's activities 1964-1973, or of US foreign policy, it offers unique insights into why "values", the popular, current term in US public discussion, are almost always sacrificed to the accommodation of competing interests. Only when the electorate perceives that the boundaries of acceptable play in the partisan arena have been too far overstepped, does collective morality impose itself one and supersede, be it the USA or Chile in the middle of 1973 when Allende's ruinous path persuaded the majority of the centrist parties to protest and then to turn to the armed forces for rescue.

Thus, the same Senators, the same newspapers, and the same academics in the US who had applauded and helped to conceal a truly "massive" intervention in the affairs of Chile 1963-1967, turned tail and ran for cover once Richard Nixon had been forced to resign and once the US was forced to leave Vietnam. The effects on Chileans and on Chile were largely ignored in the politicians' scramble to save themselves and their supporters from harmful embarrassment.

In the name of higher "truth", they sacrificed honesty and full disclosure; in the name of bipartisan unity, they employed the lowest common denominator to cloak some of the bad with a mantle of innocence and to demonize some of the good with the cloud of innuendo and implied accusation. These tactics, so reminiscent of another Senator, Joe McCarthy, led to my sole exclusion among all the actors as a witness before release of their CIA-in-Chile case study, on the plainly dishonest excuse that, as chairman Frank Church declared at the public

clutter the scenario, but the film ignores them so it can end with simple-minded solutions. Critical facts lie on the cutting room floor, censored, excised, buried or unperceived. Ideology, partisanship or brazen self-interest sweep them into the memory hole.

How, for example, does one explain that the most powerful influence on world-wide opinion at the time, the BBC World Service, took 16 years before pronouncing Allende's death to be a suicide (and very quietly too), not the murder it had been reporting so long? And why did the *New York Times* wait almost a decade to question its assertion of murder, the basis for much of the world-wide uproar which followed Allende's death? Why, it must be asked, did this happen despite the truth being widely known? How, moreover, could honest editors believe that a handful of CIA agents, with less money to dispense in 1969 or 1970 than any congressman running for office in the USA, could do very much in a place like Chile?³

release session, the Committee had established that I knew nothing of the matters most under scrutiny.

By so acting, they not only lowered again, albeit unconsciously, the general standards of public integrity, the very virtue they were ostensibly seeking to stress, they also delivered a damaging blow to those within government bureaucracies, particularly the Foreign Service, who clung to civic virtue and a moral compass as their guides.

It is my private conviction that the rush to isolate the military government in Santiago, despite the initial signals for a coup being emitted by the PDC among others, contributed to the criminalized paranoia of the army officers and their civilian supporters who carried out self-destructive assassinations abroad.

The late British philosopher, Michael Oakeshott, explains and justifies the seeming sordidness of "interest" politics in a democracy and why an innate, individual sense of "wrongness" or "rightness" should act nonnally as a governor limiting overdrive by emotions which might propel a politician, as an ordinary citizen, into unacceptable violations.

³ Aside from the overwhelming rush to demonize Nixon and the CIA and thereby reduce the complexities of both politics and foreign policy to simple-minded headlines, journalists shared an equally compulsive preference to adopt revolutionaries in the Third World (Ho Chi Minh, Nasser, Castro, Nkrumah, Sukarno and even Mao-Tse-Tsung were among their favorite shooting stars.). There is another possible explanation of particular interest to Chileans. The key opinion makers of "Chile" on both the Times and the BBC, had a more precise, additional bond. Seymour Hersh, the *Times* reporter honored with the Pulitzer Prize for his "investigative reporting" told me that "yes, I like" the views propounded by the Washington-based Institute for Policy Studies (IPS). The BBC's principal Allende apologists were Professor Fred Halliday and Larry Birns, both formerly attached to the IPS. Recently it was disclosed that one of the two co-directors of the IPS received funds from Castro's Cuba, not at all surprising to any who followed their output in the 1970s or later. Both Birns and Halliday are still heard on BBC world service, but their insistence on Allende's murder was corrected without comment finally by a BBC staff correspondent on a visit to Santiago. (Both also justified the Menghistu dictatorship in Ethiopia, far, far bloodier and more murderous than any regime in modern Latin America.)

Hersh informed *Times* readers that Salvador Allende was a "social democrat", a term despised by the Chilean President who made clear his contempt for that political outlook in his

(In the 1969 Chilean parliamentary elections, the CIA spent \$50,000 in contributions to candidates of various parties, unbeknownst to the recipients; the \$350,000 figure was put into circulation and given global prominence in 1975 by the Senate Investigation Committee which deliberately glided over the well-known disparity between “authorization” and “expenditures”; I had sliced the ambitious CIA program to a fraction. In 1970, the

lengthy, published conversations with French admirer, Régis Debray. Hersh never questioned, nor would he even consider, any of the overwhelming evidence pointing to Allende’s suicide.

He repeatedly taunted me that the *Times* would never publish, as it did not for too long, any account of the extraordinary effort to reach a *modus vivendi* with Allende. In what was tantamount to blackmail, however, he telephoned me seven years after his initial story which had implied perjury, to say he would publish the truth about me if I would answer some questions concerning Nixon and Kissinger for a book he was writing. The *Times* then printed his unusual, half-retraction on its front-page. Hersh used the bald lie that “new evidence” had led to the conclusion that I appeared to have told the truth to the Congress. He added to me that he had “to negotiate with Abe” (Rosenthal, the top editor), so that the *Times* did not have to indulge in a *mea culpa*. This episode, I learned firsthand, led to the decision by the *Times* publisher to retire Rosenthal long before anticipated and to replace him with Max Frankel, an editor who had written me in 1976, five years earlier, that indeed I had told the truth.

Thus, the flagship of US journalism and an institutional pillar of integrity to the public (and for me until 1974) yielded in the ugly mood of the 1970s to a “thug” (Frankel’s term for Hersh) of the Marxist Left, to the self-protective cowardice of its editors and to the deliberate falsification of the broader story of Chile. Frankel also explained that Hersh had turned to me in desperation because he could not have written his book intelligibly without my explaining “Chile” to him; Hersh then twisted the facts back into his ideological myth-making. (The *Times* continued to call on this thug in future years to satisfy internal “political forces”.)

Why, it may be asked did I not seek redress in the courts as the *Times* management worried following the Hersh story. The answer is two-fold. The Supreme Court had cloaked the press in the additional protection against slander by obliging “public figures” to prove “intent”; moreover, as lawyers pointed out, it would require one million (1973) dollars to sue the *Times*. Secondly, by then everyone interested in upholding the Senate Committee’s version of history — be it President Ford, Kissinger, CIA Director Colby, the Kennedys, their political allies and opponents, the implicated corporations — had a hand in isolating, one way or another, the quixotic figure I had come to represent.

Hersh’s stature on the *Times* was so inflated that another Pulitzer Prize winner, Tom Wicker, would write in support of Gladys Marin (the present leader of the PCCh) as a “young democrat” at the time she was on a speaking tour in the United States, apparently not advertising her status as an important communist leader and as a loyal mouthpiece of Moscow’s. Equally mystifying was the sponsorship of Enrique Kirberg, the communist director of the Technical University in Santiago, at Columbia University in New York City, his patrons apparently ignoring his use of his own public university’s printing presses to produce a large part of his party’s propaganda in 1969-1973. Such incidents illustrate how respectable institutions would close their eyes in the ’70s to their own standards to be in harmony with their most extreme members.

Hersh drew his *NY Times* support from an erstwhile sponsor of mine, Harrison Salisbury, and Tony Lewis, both Pulitzer Prize winners too with extraordinary influence within the paper as well as outside. Salisbury, my first foreign editor, had come to listen to the likes of Peter Burchett for guidance. (See Appendix 5) Both were so prejudiced they refused even to meet to hear a contrary argument to Hersh’s.

CIA spent \$35,000 on covert action and \$90,000 on a propaganda campaign which I cabled Washington not only advertised the agency's authorship but would deliver votes to Allende, the supposed target.)⁴

Was the British Ambassador correct in his post-election comment to me in 1970 that a decade or two of communism would be salutary for Chile and other Latin American countries? Was the 180% turn by the heirs of President Kennedy in their opinion of the Unidad Popular the result of partisan, foreign policy or personal calculations? Why did communist China and the Soviet Union write off Allende as a failure at the very beginning of 1973, almost nine months before the rest of the world could see the utter failure of his effort to manipulate Chile into becoming a Socialist state like Cuba, nine months, too, before his suicide?⁵

⁴ The authors of the Committee's Report, all well versed in the two-step process of "authorization", usually an easy, non-binding vote, and then an "expenditures" decision, usually a much more rigorous exercise. It is the basic Congressional construct and the entire Executive Branch is dependent on it. The Report resorted frequently to such verbal tricks to mislead the public. Its findings depict the USA under the two departed presidents, Nixon and Johnson, as mindless, imperialist intruders, while the initiator of the truly "massive" (the *NY Times* front-page stories by Hersh harped on this adjective) involvement in 1963-1964, John F. Kennedy, is accorded damage control by the devices, first, of emphasizing 1964 as the starting point of their CIA-in-Chile case study, not 1963, secondly by limiting the White House's enormous program to defeat Allende to the CIA alone, a very small part in fact of the huge, world-wide enterprise to elect Eduardo Frei and thirdly by altering the factual record in subtle ways in order to whitewash Allende, the Unidad Popular and their patrons.

Another small example illuminates how the Committee doctored facts. The Report asserts that my involvement with Chile started in September 1967, then points to a meeting later that month of the 303 Committee in which decisions on CIA programs were taken. At the time, however, I was still ambassador to Ethiopia, had never participated in any meeting anywhere regarding CIA programs and had never heard of the 303 Committee. Many similar nuances were calculated to damage those who dared to challenge the effort to present Salvador Allende as an innocent, democratic victims of a "rogue elephant", and to lump them with Nixon, Kissinger and the corporations. In fact, most of the Committee's heavyweight members, as their staff, had whole-heartedly supported the huge intrusion into Chile by the Kennedy machine in 1963-1964. The principal "Chile" author was Gregory Trevorton, a young academic then whose career was richly rewarded by positions in the Establishment thereafter. He was allied, as several of his key staff colleagues, to principal backstage manipulator of the Committee, Senator Walter Mondale, future Democratic candidate for the presidency; my predecessor, former Ambassador Ralph Dungan played a not insignificant part in scripting the scenario for Mondale and his Democrat majority. Both had links to David Rockefeller whom JFK had pressured into participation in the Chilean enterprise, and to important Democrat constituents who had played major roles in Chile because they regarded Allende as a threat to democracy and regional stability.

⁵ In general, the ambassadors of Western Europe looked favorably on Allende's election, they were accustomed to "socialists" in their own governments and they, no less than Allende's opponents, Jorge Alessandri and Radomiro Tomic, were reassured by his personality, personal tastes and assertions of fidelity to democratic principles. Allende's membership in the Free Masonry also persuaded some South American envoys as well, just as it gulled, for example, the Chilean head of the telephone company (ITT) Benjamin Holmes, a conservative who nonetheless told his ITT multinational parent in New York that he and it

Why did the US Ambassador veto funding in 1970 for the Alessandri campaign? Why did he turn a deaf ear to would-be military and civilian plotters seeking to prevent Allende's inauguration, and why did he inform the lame duck Frei government of Allende's probable assassin (Major Arturo Marshall)? Why did he ignore the White House to launch a dialogue with the Allende government and offer it a *modus vivendi*—a copper deal unprecedented in its generosity— a proposal which would be emulated years later as the Brady bonds? Why did the Nixon Administration endorse such a generous offer and the Allende government rebuff it? Why were all the top aides of the Ambassador promoted upon leaving Chile, despite the strong, intensifying opposition of the State Department, the intellectual community, most journalists, the Kennedy clan and others to the Embassy's perception of the Marxist-Leninist goals of the Unidad Popular?

Such questions, and there are many more, illustrate the complexity of the US-in-Chile, why our country is so baffling to all but the keenest observers.

The US-in-Chile is rooted in some ways in the late 1930s and mid-40s. The divisions within the Democrat party of that era still influence events today. Critical differences over the role of government—the extent of state intervention and the yardsticks for allocation of resources by class, by equalizing opportunity or by making outcomes similar— split the principal actors.

Roosevelt's first term seemed to pull the US out of the great depression; he was reelected by a huge majority in 1936. Early in the second term, however, the economy went into a tail spin, the stock market plunged a record amount, and the shaken brain trust of the President could no longer maintain their party's faith in the government's ability to produce prosperity. World War II saved them from very vexing decisions. It also changed the way most Americans, in particular the unions, thought about government, the economy and growth. The majority of union leaders swung from a class or corporatist view to the idea of a consumption-led, free market economy. (And I should note that in the mid-1940's, I was an

could do business with his fellow-lodge member. When Mr. Holmes was taken into custody by secret police early in 1971 in an unpublicized, midnight arrest, ITT's executives telephoned me at dawn in search of help in freeing him.

One notable exception to the European complacency was the French envoy who told his colleagues in my presence that the unfolding situation struck him as similar to the events of the late '40s which turned Czechoslovakia into a people's democracy. He predicted that Allende would reject any US effort to arrive at a *modus vivendi*. Still Paris, as London, among other governments, promptly gave the UP loans and credits.

union organizer and negotiator in the Marxist-dominated, New York branch of the journalist union, albeit a convinced anti-communist then.)

Many ripples remain today in the wake left by the cleavages of more than half a century ago. Suffice it to say here that Ralph Dungan and Bobby Kennedy, the master minds of US policies in and towards Chile in the 1963-67 period —of Washington's arrogation of a major role in this country's political, economic and social life— were believers in the state's ability to create social justice with growth. They wished, of course, to leap the always-lurking abyss between democracy, with each voter equal, and capitalism, with each voter treated very unequally.⁶

The second powerful US impulse to affect Chile originated in 1947. President Truman reversed our history by committing us to keeping western Europe out of hostile hands. The institutional pillars of the West were

⁶ Ironically my Africa Report of 1966, the same period, warned against attempts "to telescope time" in countries far from industrialized status by quick-fix solutions based on large transfers of money, equipment or know-how. A book reviewing US economic policies in Africa published by the Council on Foreign Relations in 1994 (*US Economic Policy Toward Africa*, by Jeffrey Herbst) singled out the Report for its unique "prescience" in foreseeing what had occurred on the Continent in the previous three decades and what was truly required.

The US Congress, particularly in the early '60s, passed laws and regulations with all most absent-minded disregard for other nations' sensitivities, but which embassies were obliged to pursue carefully. In Santiago, we had to monitor almost all human activities, from macro-economic actions by the government to the progress of each crop, birth control habits, loan applications and so on every month or quarter. Any Congressman with an axe to grind could spot an anomaly or a trend counter to his desired end and raise objections to broad policy goals or to grab for headlines. The compulsion to micromanage from Washington contributed to the inability of historians, political scientists, journalists and, of course, politicians to grasp that an ambassador could choose, as any US citizen, to be responsible for his own actions. As I had told Richard Nixon in my office in Addis Ababa in 1966, I did not "work for any politician, or for the State Department, but only ultimately for the people who paid me, the taxpayer". An Embassy colleague commented "He doesn't know how to play the game". Life or death questions, however, are never games, nor are basic moral issues.

The Foreign Service officer overseeing Chilean affairs at State, Frederick Chapin, wrote a personal letter shortly after Nixon's inauguration in 1969 to inform me that one of the President's first actions was to cross out the scheduled State visit of President Frei that year; the letter also stated that Mr. Nixon had stressed to his appointees, Secretary of State William Rogers and Assistant Secretary of State Charles Meyer, his contempt for the Christian Democrats. Nonetheless, the disclosures had no effect on embassy policies or actions, as events proved, although they could explain the laid-back indifference to a possible Allende victory at State in 1970 until Kissinger galvanized it; most of this attitude, however, filtered down from the top, starting with Secretary Rogers' knee-jerk animosity to Kissinger's opinions and the respect he accorded such a prominent Latin American as OAS Secretary General Galo Plaza, a vociferous supporter initially of Allende's. Another unrecognized factor: the close ties between Rogers and his erstwhile clients at the Washington Post whose editor Ben Bradlee had performed, and would continue to, perform some useful cover-up tasks for the Kennedys.

In 1972 in Washington I ran into Bradlee and Phil Geyelin, the Editorial Page Director, as I emerged from lunch at the Hotel Madison with Raul Prebisch, the UN's top man for

NATO and the Marshall Plan; the first battles were fought in Italy, Greece, Turkey and, by contingency, Yugoslavia. The stakes were strategic — control of the Mediterranean, the Adriatic and the Aegean, the vital sea lanes to Middle Eastern oil, to India and to the Far East.

Superficially, the elections in Italy in 1948 and those in Chile in 1964 are strikingly similar. A very powerful left confronted a rising new political force. In Italy, Togliatti, head of the largest Communist party in the western world, opposed de Gasperi, leader of the Christian Democrats. The US mobilized all available political assets, every important sector of our society, to insure as large a victory as possible, and then to follow up with billions in loans and grants needed to put Italy back on its feet. Thus a Christian Democratic dynasty was born to govern Italy for many decades. I reported on that election from Turin and Milan.

In Greece, at the same time, 1946-48, a communist-led war to overthrow the political establishment was financed, supplied and advised by the Tito regime in Yugoslavia. US military forces saved Greece, in large part because Stalin in late 1947 secretly turned against Tito, to the surprise of all but one American official in Belgrade.⁷ The US Ambassador to Yugoslavia sent me and that man to Athens in 1980 with the secret mission to

Latin America. "We weren't doing anything like 1964 in Chile?" Geyelin asked as the three of us walked toward the Post. "No, it was all small potatoes," I replied.

In that stroll, Geyelin, a careful, experienced and excellent journalist noted that the *New York Times* had reacted in knee-jerk fashion to Nixon. "We are biding our time, but well get him," he said with prophetic accuracy.

I recall these comments to illustrate that newsmen do have (a) information (e.g. in 1964) they do not publish and (b) do harbor very partisan agendas which affect both coverage and reporting. By contrast my comments from Chile savaged all three presidential candidates equally.

Bradlee, in particular, operated on a double-standard. As the spokesman for the US Embassy in France he had denied lying on behalf of the Ambassador (James Dunn) three separate times to me, each heard by more than one witness in my office, each after hearing that I would put the falsehood and its originator "on the wires" to our 5000 clients, if his statements turned out to be untrue, as indeed they did. When "Chile" broke in 1974/1975, I recalled to Post reporters that their editor, as the Watergate gang, had also tried to "coverup" in his government career, unlike my efforts at that time in trying to testify by every possible device.

⁷ Robert Borden Reams, Charge d'Affaires in the US Embassy in Belgrade at the time of Stalin's excommunication of Tito, announced by the Cominform in Prague, June 30, 1948, was the official. He, alone of all our envoys throughout eastern Europe, grasped the importance of the schism and predicted the likelihood of Tito's survival. Because he put the embassy out on such a limb and because his views conflicted with his absent ambassador's opinions, his future career suffered from the unflattering performance review of his much annoyed superior. However, a new ambassador, George Allen, who had asked me to join the embassy as his assistant, dispatched Reams and me to Athens, a destination we masked by spending some time in Rome first.

launch negotiations between communist dictator Tito and the rightist regime in Greece he had sought to destroy. We —and then they— were successful.

It is fashionable today to deride “Cold Warriors”. Even intelligent economists write that the US was obsessed by a fear of communism or being irrationally afraid of a Red invasion of Western Europe. Not a few Americans, including influential personages, suffered from such paranoia. Indeed, anti-communism was the crude adhesive which held together the disparate groups in the West in their opposition to the spread of Soviet power. For that reason, politicians exploited it for a variety of purposes. Still, most responsible officials and observers grasped why Yugoslavia, among other factors, gave the lie to both accusations.

Tito’s communist regime, on the one hand, received our help for many years without strings once he ceased to respond to Kremlin policy directives, while on the other, Stalin in 1947 accused him of recklessly running the risk of starting WW III by his reach for Greece. Indeed Stalin and his successors avoided war with the US in every test. The real preoccupation of the western political leadership, whether it was an Eisenhower, De Gaulle or Adenauer, was the expansion of Moscow’s power by indirect means. Of course, the Kremlin would move to fill a vacuum left undefended or ignored. But with NATO ever stronger, and with a nuclear weapon in hand, the principal fear was that a combination of an internal political push and external Soviet pressure could shove a targeted nation into self-destruction, into acts not only against western interests, but against its own.⁸

By inducing a country to waste its resources and/or by undermining its will to resist, no invasion need ever take place. That was the strategy at work in western Europe and Yugoslavia in the ’40s and ’50s, in Ethiopia in the ’60s and ’70s and, of course, in the minds of some in Santiago. A crucial aspect of the Moscow game plan was to inflate the military of a neighboring country, Albania or Hungary and Romania in the 1940s, East Germany in the 1950s, Somalia in the 1960s, or indeed Peru in the 1970s when a huge amount of weaponry was repeatedly dangled by Breshnev and Allende before the anxious, Chilean armed forces.

President Kennedy reached for the Italian formula to apply to Chile in 1963. Castro and Khrushchev, on the one hand, the Roman Catholic

⁸ Had a concern over a possible Red Army move into Europe preoccupied me, I would not have asked a new bride in 1950 to reside first in Yugoslavia and then move to a house in Berlin only a few hundred yards from the frontier of the then-Soviet zone of Germany.

I had written her in 1949 from Skopje, the capital of Macedonia, that communism would fall of its own weight.

hierarchy on the other, thrust Chile into Kennedy focus. Moscow had emerged from the eyeball to eyeball confrontation in the Caribbean in 1962 with its military legitimized inside Cuba itself; it had insured Castro's survival and the two had positioned themselves to reduce and replace US influence in a Latin America seething with discontent. The Vatican had turned its attention to this continent a few years earlier. The Holy See responded to a worldwide alarm directed at influential Roman Catholics by an eminent, foreign cleric in Santiago —an eloquent warning that the Church was losing ground to what he termed "laicism, Marxism and Protestantism."⁹

The FRAP in 1963 embodied the fears of a not unconnected Washington and Rome. In contrast, Eduardo Frei and the PDC seemed to be a most attractive bet, a team on which they could mount a riposte to Havana and Moscow —a revolution in liberty to provide a counter polar attraction.

So once again, the White House mobilized all its instrumentalities, this time foreign as well as domestic. It wanted Frei to win a large, absolute majority, not just a plurality. The goal of its truly international effort was to establish a dynasty so that Chile would be stable and dependable enough to make worthwhile an American economic and social investment of one and a quarter billion dollars —so that Chile would embody the progressive, political and social ideals of its US patrons. To assure the success of what in reality was a shared PDC Democrat party program more than a US to Chile relationship, Ralph Dungan in effect assigned himself here after the election as President Johnson's envoy.¹⁰

⁹ The cleric was Monsignor McGrath, later archbishop of Panama, who had excellent connections to President Kennedy's father, to the Church hierarchy in the USA and to many influential lay figures throughout the world. He held the post of Dean of the Faculty of Theology of the Universidad Catolica at the time. I found his letter in an overlooked Dungan folder in reviewing all the files in the Embassy in 1967 on arrival.

¹⁰ Dungan held "the corner office" in the Kennedy White House, a location which for Washington observers is a symbol of considerable, backstage power. Only men who are fully tested and loyal occupy the spacious site of designated influence; only they are fully privy to the most delicate, domestic political operations of the Chief Executive. Because of the much more imposing presence of Attorney General Robert F. Kennedy, Dungan's activities escaped almost all publicity or scrutiny, thereby augmenting the impact of his role.

Schooled by Jesuits, the youthful Dungan had quickly proved to Senator John F. Kennedy his intelligence, discretion and the hard-ball acuity so treasured by the Massachusetts clan. Washington numbered him as one of the President's Irish Mafia, the small group of assistants who formed the team which had accompanied him on the trail to the Oval Office.

Dungan's responsibility in the days of Camelot bespoke his power: —the key Democrat constituencies, education, labor and Roman Catholic, for which he, more than any other aide, assured support for political and legislative issues. Foreign policy, unusual for "the corner office", also came within his ambit. Latin America was his "baby". Not an area of consuming interest for either Secretary Rusk or Under Secretary Ball, Dungan reviewed all policy decisions, selected or cleared all those to be named ambassadors or AID directors, and

Pat and I arrived 29 years ago this week, the week of Che Guevara's death. It took only three months to conclude that US policy was untenable, its assumptions incorrect, its goals unattainable. Chile was not Italy, South America was not Europe and Frei's PDC of 1967 was not at all like de Gasperi's party of '48. Politically and economically, it was plain the government here and the USA would fall far short of their shared, official goals. The economy was stagnant, inflation was once again headed upward, agricultural policy was dreadful, social tensions were on the upswing, the PDC was riven by serious divisions and only the Communist party was unified, disciplined and well-led. Dynasty was a great illusion.

Washington was too set in its opinions to be told such blunt truths, particularly when bad news from Vietnam and elsewhere was starting to hit home. Moreover, Dungan had recruited me to government; and there were too many influential Americans, Chileans and others looking over my shoulder.

So a totally new policy had to be put in place almost by stealth, slipped in, so to speak, under the door. Only in retrospect could anyone deduce the change and its significance. President Johnson, Secretary of State Rusk and Under Secretary Ball had enthusiastically endorsed such a self-starting *modus operandi* in Ethiopia.

To put in a nutshell my immediate actions, our relationship with one political party was downgraded; from party to party we went to state to state as all other groupings were contacted and heard; the US official presence was sharply reduced (18%) in numbers, its hyper-active, public posture cut to near zero, its screening of future guarantees of private US investment severely tightened and a new approach to the future of the *Gran Minería* initiated so that copper would be the center piece of the very different policy. The red metal contributed in 1967 some 70% of Chile's foreign earnings and 15% of its budget, yet US corporations owned most of the natural resource.¹¹

oversaw CIA programs. His reach into State could be gauged in 1962 when he chose the outsider responsible for all administration and personnel matters. That year Dungan initiated the Kennedy decision to add a public citizen and a career representative of another government agency to the promotion panels which met annually to decide which Foreign Service officers moved "up or out".

He chose me to sit on the top panel reviewing sitting and future ambassadors just as he selected me late that year to be JFK's envoy to Ethiopia, the largest US official presence in Africa, a continent which, from time to time, fell into Dungan's orbit.

¹¹ Only the first 10% downsizing of Americans resulted from my actions shortly after arrival; another 8% was trimmed in early 1968 when Secretary of State Rusk ordered a worldwide cutback in embassy personnel.

A Washington memorandum signed by the then head of the division in AID which later became OPIC, Herbert Salzman, and by me stipulated that future requests by mining

The objective of those moves in 1967 and early 68 —each taken on my authority— had two goals: to disentangle both Chile and the US from a mutually dangerous, incestuous and suffocating embrace, and *to give Chile independence*, to make it more responsible for its choices and also to provide it the additional means to enable a good choice. No interruption in the crowded pipeline of aid ever occurred. No pressure of any kind was ever applied to any Chilean.

The copper idea which became the reality of the *nacionalización pactada* in 1969 offered both the possibility of disarming the Left's weapon of "nationalization" and blunting its cutting edge of anti-American nationalism. Not least, it would provide the armed forces, then short of everything, with more funds in accordance with the copper law, thereby enabling them to pursue their professional, apolitical roles. In my view, a potentially explosive mix was taking shape —a reckless political class blinded to the likely consequences of its self-absorbed *politiquería* and a restless army of modest size, artificially demeaned in status and deprived of its minimal needs. A change in US ownership of copper to a minority share

companies contemplating investment would require special review. Only after setting foot in Chile did I discover that one-fourth the worldwide total of US guaranties for private investment had been issued for companies putting money into Chile, some of it in response to powerful Senatorial and White House pressure and contrary to the view of its legality by the head of AID.

I told Salzman that my short time in Chile had, nonetheless, convinced me that American taxpayers were running too large and too vulnerable a risk to continue business as usual. The future executive vice president of OPIC was much relieved to hear the change in Embassy direction.

One measure of President Johnson's regard is that after reading the Africa Report, he invited me to dine on the Potomac with him, his wife and his spokesman Bill Moyers aboard the official yacht. In the next 72 hours, Moyers, speaking for LBJ, asked me to accept in successive telephone calls the positions of (a) head of the Fair Employment Practices Commission, (b) Assistant Secretary of State for Public Affairs and finally (c) as replacement of himself as White House spokesman. Each was spurned as "too political" for both talents and tastes. "He can rot in Ethiopia," the President then told aides. During Haile Selassie's visit to Washington the following year, a chance face-to-face encounter with Lyndon Johnson allowed me to justify my refusal in a way that won back the President's favor.

A measure of the Kennedys' esteem could be gauged by two unexpected events not long after the President's assassination. Two young ladies, aides to JFK, and known in Washington as "Fiddle" and "Faddle", were hastily dispatched to Addis Ababa to my protective oversight. They remained for many months without a word of their presence being divulged anywhere and so could return quietly to the US.

Secondly, Robert Kennedy wrote to me upon my appointment to Chile to say in his own hand, "At last there's something with which I can agree!" (Richard Nixon telephoned almost simultaneously to offer his congratulations.)

At no time, incidentally, for some three years would I utter, or tolerate within the Embassy, a word of criticism of Dungan or Presidents Kennedy and Johnson. Only when Dungan had published in the *Washington Post* a letter demanding my recall because of hostility to Allende did I end the self-imposed gag.

could be a three-cushion billiard: disengagement by the US from a no-win wager, addition to Chile's and its armed services' income at a time when US aid was drying up and dilution of the anti-American campaign by the Left against imperialism and capitalism.

US policy never varied from the new goals. President Nixon adopted as his own the low profile policy in 1969 for all Latin America; he retained me alone of all non-career ambassadors from the Kennedy-Johnson era and he did so with the approval of the departing Dean Rusk and the career service; he okayed, in effect, the copper accord I had brokered in 1969 by immediately offering in a cable (via the Undersecretary of State) a transfer to Caracas as Ambassador; and when I refused, his Administration then summoned me to Washington to produce on a global scale what had been done for President Johnson on Africa—recommendations put into force, by the way, more than a decade later, as was the case with the Africa Report.

The political consequences of the copper accord were frankly disappointing. In his bid to curry favor with the communists, Radomiro Tomic denounced it as he launched his (PDC) campaign for the presidency. And while CIA polls showed Alessandri with a very comfortable lead of 10 percent or more, they seemed to be violating a basic law of politics and economics: the tyranny of numbers. Why, my cables asked, would the 39% of Chileans who voted left in 1964 abandon an Allende strengthened by the corrupted Radical leadership and others? Why would an electorate with such a high proportion of young voters opt for so old a candidate as Jorge Alessandri? As my deputy, Harry Schlaudeman, honored by President Bush in 1992 with our highest civilian award, told the eminent if unheeding Latin Americanist, Professor Abraham Lowenthal, "the Ambassador was the only one in the Embassy who believed Allende could win".¹²

¹² Foreign Minister Gabriel Valdes sought US support to displace Tomic in mid-1970 as the PDC candidate when it became apparent to all but the standard bearer that he had no chance whatsoever of winning or even finishing second. The communists had tricked Tomic into inflating his hopes by quietly turning out its troops for the initial, mass parade by Tomic supporters.

The record of Valdes's repeated duplicity in his dealings with Ambassador Dungan are also recounted in the latter's cables. His 1970 ploy, however, had powerful backing from senior PDC officials in their desperation to prevent a loss of all power to Allende. Valdes had said to me, among others, that "socialism is the future, capitalism the past". After Allende's election, the President and Castro smoothed the way for the PDC Foreign Minister to be named head of the Latin American division of the UN Development program where he hired Larry Birns (see footnote N° 4 as an aide.)

Tomic tried to deal with his ever-more apparent, dismal possibilities in any equally duplicitous and party-dividing manner. Behind the back of the PDC, he entered a secret,

Schlaudeman and three young officers of the Embassy's political section predicted a small Alessandri plurality over Allende, with Tomic a poor third. When the actual vote proved them wrong by less than 3%, I cabled Washington stating that they had adjusted their findings to accommodate my preferences. As I explained to Schlaudeman and to Townsend Friedman, my right and left hands, career Foreign Service Officers had to be protected against the inevitable backlash. If I had foreseen the disgraceful, behavioral dysfunction of the Washington elites, of academic historians and political scientists, as well as editors and reporters who willingly collaborated in the orgy of later myth making, such a maneuver might not have been attempted.¹³

The second half of 1970—the source of so much embarrassment to Chile, to my country and to me—is, as Tennyson wrote, a “wilderness of instances”. Process became paramount, substance ignored. No seeker of truth could pick a path through the thickets of contradictions, red herrings, false leads and misdirections enveloping one or another citation from official messages, from the Senate investigation and from memoirs.

That is why the deliberate action to prevent any testimony by me to the Church Committee during its many months of secret, investigative hearings, as its own chief counsel admitted publicly to his peers only one year later, “was wrong”. Wrong ethically, morally, judicially and historically. It was only after that punishing blow to both my country and me that I ended four years of silence and exploded undiplomatically in

pre-electoral deal with Allende to join forces to prevent the Congress exercising its constitutional right to chose the runner-up in the absence of an absolute majority for any candidate, and thereby elect Alessandri as president. The CIA reported this pact, and the right wing of Tomic's Christian Democrats launched a “Rube Goldberg” scheme, as I dubbed it, to have Congress elect Alessandri, then have him resign immediately, thus provoking new elections; the overwhelmingly popular Frei could then run for president again and win. These Christian Democrats asked me not to disclose their initiative to Washington—a request based, I deduced and later confirmed, on their awareness that my cables were leaking to non-official on-lookers.

Similarly I assumed responsibility for the notorious: “not a nut or bolt” quotation in a cable. It had been solicited by President Frei in order to test the army's sentiments in the aftermath of Allende's election. It was a foregone conclusion, in any event, that a Nixon Administration would not permit any aid to a Chile under Allende, and that Allende, for his part, would seek Soviet weapons, as in fact he did. The disclosure of the phrase, however, did accomplish the Church Committee staffers' purpose of depicting me as a “Nixon man” unwilling to negotiate and thereby undermine my effort to get an accurate account on the record.

¹³ By comparison, the recent, “scientific” polling on the presidential election, produced a whopping 10% error for the *New York Times* and no less than 4% for the three major TV networks; all these organizations had mocked our Embassy's unscientific, reportorial error of less than 3%.

public. (Not only had the Committee doctored and suppressed evidence which, *inter alia*, sullied my record, its staff and some members put into circulation the most vicious slanders to try to silence my protests.)¹⁴

No one, let me say forthrightly, contributed more to the confusion of the official record than. Or more deliberately in the critical last half of 1970 when the US government began to focus on the election here, in particular on the possibility I had raised repeatedly of an Allende presidency. Washington mirrored precisely the ideological, partisan and internecine rivalries of Santiago. The Vietnam war, the student revolts, the antipathies of the Kennedy and Nixon camps; the mutual hostility of Kissinger and Secretary of State Rogers, the congressional parties in their reelection campaigns, and, let's not forget, the host of interested private parties, Chileans included—all the actors wanted the US to act in ways congenial to their interests.

The immediate prize was control of events in Chile—to push or to pull the US hand. Only two men, Schlaudeman and Friedman, understood the tactics employed to keep the unruly contests at home from endangering our primary responsibilities—to safeguard US lives and property in a very risky situation and to protect the international standing of our country. Why

¹⁴ The Chief Counsel was F.A.O. Schwarz, Jr., loaned to the committee by his preeminent New York law firm. He addressed the New York City Bar Association, then headed by future Secretary of State, Cyrus Vance, at an evening gathering November 16, 1976, only a five minute walk from the New York Times which ignored my invitation to attend. At the end of Schwarz's prideful summary of the contributions achieved by the Committee in changing the course of future actions by the FBI and CIA, the floor was opened to questions. When they had been exhausted, I rose and asked permission to put a question which Schwarz promptly approved. I then asked why the Committee had excluded me alone of all the principal actors and ignored my pleas to testify. "It was wrong", he replied without explanation.

After the meeting, Schwarz said the exclusion was not meant "to be *ad hominem*." True enough. I had simply thrown myself in the way of the locomotive of combined politico-special interests, partisan no less than personal, pushing its way to what it presented as the national interest. However, as a highly regarded attorney, an officer of the court, Schwarz did not detect anything immoral, unethical or illegal in the deliberate suppression of evidence in a quasi-judicial proceeding and in the barring of an eyewitness, so to speak, to an event he and his Committee confreres had implied to the public was criminal. Nor did the falsification of the examined, official documentation in order to arrive at a prefabricated verdict strike Schwarz as anything more than a "wrong" action of minor consequence.

The attitude of this well-placed Democrat's participation is in keeping with the current Democrat Administration's determined maneuvers to delay or suppress self-incriminating documents and actions of its officials. It is, as the public has learned to anticipate, an ever-more normal occurrence by the political establishment in Washington and has contributed greatly to the slide of its esteem with the public, as I had warned Schwarz and Chairman Church by letter in 1975. It is worth noting that Schwarz and key members of the staff shared a background which included a more than casual connection to the CIA.

permit partisans in Washington once again to arrogate the choices which only Chileans had to make?

Richard Nixon had spent three days with me in Addis Ababa. Indeed he had offered me at the end of his stay the position as his aide for foreign affairs on the four-man team he was then assembling prior to announcing a run for the White House. His role in the great debate over "Who Lost China" was well-known to me; so too his animosity towards Frei, the PDC, the Kennedys and, of course, Allende. If I could easily anticipate his response to an Allende triumph, then he had apparently forgotten why the Kennedys had named me ambassador; I had saved them and the US from intruding into a perceived crisis in 1962 over Hong Kong with a simple self-starting initiative on behalf of Secretary Rusk and his Undersecretary George Ball. (As in the earlier case of the Greek secret mission in 1950, not one word of the task Ball and Rusk had assigned to me, still a private citizen, to resolve the headline crisis caused by tens of thousands of mainland Chinese suddenly flooding into Hong Kong with the tacit approval of the communist government in Peiking, ever leaked to the press.)

In contrast to Nixon, I had concluded that President Frei, the constitutional leader before, during and for 40 days after the election was the critical figure. I reiterated this point over and over in my cables. They were part of the defense I erected to hold Washington at bay, and to make Frei and Chileans responsible. "Track I and II" are the most notorious examples of the tricky gambits I employed to gain time and to paralyze Washington wouldbe meddlers. Both were put forward before the election when I was under heavy pressure to permit CIA intervention on behalf of Alessandri. However, before and after the election, the "Two Tracks" were jettisoned in various cables one of which described them as meaningless "Caribbean cabals", part of the paper-spinning fantasizing prior to the reality of the election.

No embassy could have sent more reports or more commentaries daily, the object being to immobilize the recipients with a blizzard of words, to deter adventure, on the one hand, or surrender to the blandishments of the UP or a Tomic and a Valdes, on the other. And no embassy received a higher rating from the career ambassador who inspected us for one month in the middle of 1970.¹⁵

¹⁵ The Inspection Report on the Embassy, May 1969, anticipated with prescient exactitude the drama of asymmetrical information which unfolded shortly after between me and Washington. Written by a career ambassador, James K. Penfield, whom I had never met and whose reputation as an acerbic critic of activist political appointees such as I, had prece-

The boomeranging mistake I made was to try to outsmart everyone in Washington—to attempt to retain the confidence of the most involved parties, the diametrically opposed camps of the White House and State, of a Democratic Congress and a Republican President. The false hope, the toadying phrase, the self-contradictions finally caught up with me; the CIA station chief, Henry Hecksher, discovered that my actions belied the implications of my cables. It was, as the newest Nobel laureate in economics, might say—a perfect case of asymmetrical information.

However, at no time from August 1970 onward would Washington let me escape easily from the hooks of verbal flimflammy. It ordered me to dispatch the Contingency Paper which I had stalled sending for many weeks. The Paper, entitled “Fidelismo Without Fidel” addressed the two crucial questions: what would an Allende presidency signify; what should the USA do? To delay as long as possible before tossing such a tasty bone to the hungry hounds at home, seemed to be the most prudent course.

I am presenting to you, Señor Fontaine, and to the CEP the unexpurgated Contingency Paper as it was delivered to Washington, together with the explanatory cables then requested from me by Washington.

ded him in his well-publicized article on the subject. We met briefly at the start, then near the end of his stay.

The excerpts speak for themselves:

“ Embassy Santiago is an unusual mission. A very high level of competence on the substantive side is under imaginative, dynamic and exigent but stimulating leadership. The combination produces, in a fluid, relatively sophisticated political and economic situation, a technical performance matched by few Embassies. The policy approach suffers from a dichotomy stemming from Washington’s inability to react with well reasoned recommendations. To the outside observer, the US is devoting a relatively very high input of resources and personnel to Chile, primarily because of the large US investment and the fact that it would be prejudicial to US interests in the area should one of the very few remaining democratically administered countries in the hemisphere fall under an authoritarian regime...

The post is grappling with all these questions in a dynamic, imaginative way but the complications of differing opinions and, as noted below, many of the questions raised seem to be more difficult for the Department than they are for the post. Overall, the US is doing as well in Chile as is possible under the bureaucratic pressures and rigidities which beset US policies and operations abroad.

Program direction reflects primarily the personal style of an imaginative, decisive, hardhitting, intellectually acquisitive and omnivorous Ambassador who stimulates optimum performance in his staff, keeps fully au courant with almost all that goes on in the rather extensive mission and it operates in tune with his image and thinking. Because he welcomes ideas, is impressively persuasive in support of his decisions and sets the pace in living up to his own high standards of competence and industry, he has the full support and loyalty of his staff. At weekly “Country Team” meetings, all key and senior officers “get the word” and have some opportunity to raise questions and air views. Extensive discussion takes place at frequent section staff meetings...

The mission maintains as wide a range of contact as we have seen but efforts are not spread too thin; development and exploitation of the contacts is also of a high order...

Very little in these documents require revision after a quarter-century. My embassy and the United States the next three years, aside from a brief Nixon lapse, never shifted from their conclusions—that an Allende government would indeed be “Fidelismo without Fidel”, that a *modus vivendi* was illusory, that hostility would be self-defeating, and that a correct posture was the only practicable choice. Allende would seek to pin blame on the US, the paper said, but we should provide no provocation. Via other channels, of course, I sent proposals urging Washington to supply the means to keep alive a democratic press, media and opposition—programs begun not long after the election and continued through the time of Unidad Popular.

Because of the suppression by the authors of the Church Committee’s findings, the extraordinarily pressure—blackmail, physical threat and extreme financial squeezing—brought by Allende to gain control of all significant press and media outlets, starting immediately after assuming the sash of office, was, and largely is to this day, unknown to the public. A notable case occurred early in 1971 when the UP attempted to force the Christian Democrats into voting for their program in Congress. The PDC candidate, Tomic, and his supporters had postdated checks for their campaign, an illegal act under Chilean law although widely employed by politicians. Once the banks were nationalized, the Allende regime used these checks as a bludgeon to bring the PDC into its line. The details of this case are well documented in embassy cables because we were asked by a desperate PDC to pay Tomic’s outstanding debts.

Also blocked out of public view by the principal organs of the western press are the two most glaring cases of bribery by foreign companies to win acceptable nationalization deals from Allende. Once the *New York Times*, for example, identified Allende as a “Social Democrat” and a “murdered” victim of a repressive military, such sullying instances could not be aired by a democratic corps of journalists seeking to assert its higher morality as the 20th century’s new, lay clerisy.¹⁶

¹⁶The Times did publish September 16, 1974, an interview with me on the “soft line” taken with Allende, but only after, according to the interviewer Peter Kihss, the story was held several days to give the Times time to editorialize about my dubious integrity and for Hersh to publish new accusations. Thus an interview denying one facet written by a reporter referring to quotes from an earlier Hersh story put me in the position of allowing to stand without comments both the editorial and the new Hersh charges. Moreover the Times dug out of its archives a very rare photo of me in dark glasses, coincidentally usually worn by General Pinochet.

On the other hand, the Wall Street Journal’s editorial page assigned a Yale academician, Susan Weaver, to read all the available documentation, to interrogate me thoroughly and then to publish January 12, 1977, an editorial “The Korry Case”. It stated that “it was a

For these reasons, too, the tremendous push by Allende to compel the Chilean military into accepting the hundreds of millions of dollars in weaponry offered by Moscow was also ignored. Again and again in 1972 and 1973, Allende, as my successor detailed precisely, the Chilean president pressured General Arturo Prats and his colleagues in the other services to take up the bid by Moscow to have the armed forces become dependent, as with Cuba, on Russian arms. Instead of focussing on the \$300,000,000 packages dangled by the Kremlin, journalists dwelled on US military aid, which had averaged \$2,000,000 from fiscal years 1968 to 1972 and, of course, on the CIA.

"Destabilization" was not a word ever used in any context at any time by anyone known to me prior to 1974, as Schlaudeman and I swore under oath; it was a word (as well as the thrust it symbolized) first seen by us when the *New York Times* and *Washington Post* printed the leaks delivered to their "investigative" reporters by Senator Church's aide, Jerry Levinson, in violation of the national security laws, and allegedly quoting a secret briefing by CLG Director William Colby to a House subcommittee.¹⁷

I put all my Contingency Paper arguments in the Oval Office in mid-October, directly to Mr. Nixon and Dr. Kissinger (with whom I had

scandal that Mr. Korry was denied his right to be heard, and wrong that the Church Committee and parts of the press chose to judge him by standards they did not apply to his predecessors...and that those who vilified him should be exposed as the partisans they were".

To this day the Times and all those who followed its lead in its assertion of perjury—the *New Yorker Magazine*, *The Washington Post*, the three major TV networks—have refused to correct the record by printing the fact of the exclusion and its consequential distortions of history, not even after Hersh's 1981 "discovery of new evidence". The plain case of extortion by Hersh then, a crime in any language and cloaked by the repute of the *New York Times* and the Pulitzer Prize committee has never been exposed.

¹⁷Lest anyone think, as the Church Committee's releases sought so successfully to persuade world opinion, that these funds were designed to "destabilize", the facts are that they were limited to the most reputable, most sober pillars of the Chilean center—to keeping alive at least one daily newspaper, one radio station and those committed to democracy as it was defined in the West. Allende had characterized such democracy as being only "formal", as distinguished from "true" democracy practiced in Cuba and the USSR.

Both before and after the elections in 1971, not only had I barred funds to such extreme groups as *Patria y Libertad*, but all contact by US officials had been prohibited with it and with the military as well (the sole exceptions being the military attaches in pursuit of normal duties). In addition, I had summoned Chileans with sons active in *Patria y Libertad* at the time its plots to assassinate Allende were taking shape, to warn that if they could not persuade their offspring to desist, their corporate headquarters in the USA would be told that their actions were putting US-owned properties and citizens at risk. President Nixon overrode my prohibitions with secret orders to the CIA and perhaps to the military attaches as well; and after my departure such deterrents were no longer in effect.

Had the US not provided support to keep alive an opposition, the government with its new, total power over all banks and every significant unit of production and distribution, could have exerted decisive pressure on publishers, paper providers, advertisers and prices.

first talked), in the tense fortnight before Allende's inauguration. The President had opened the meeting by warmly welcoming me and by declaiming at length against "that bastard Allende". He stressed that he would "smash Allende economically", a phrase he repeated several times while pounding a fist into a palm for emphasis. When he ended and turned to me, I responded by stating "you are dead wrong, Mr. President!". Henry Kissinger's eyes bulged in disbelief at what he perceived as insolence.

I had not altered one jot the analysis of the Unidad Popular and its Marxist-Leninist aims, I added, but contingency could once again intervene to create opportunity at a later time. Tito, a Stalinist, had nonetheless been transformed by unexpected, exogenous factors into an acceptable, even helpful, independent communist. To display hostility to Allende without apparent cause would stir Latin American and world opinion against the US.

Indeed that is exactly what Allende's regime did in its first months in a rapid attempt to silence effective press and radio opposition.

Loose money, not the CIA or any exogenous force, destroyed Allende. Testifying to a closed session of the House Committee chaired by the Latin Americanist Congressman Dante Fascell the spring of 1971, I said that the Unidad Popular had not transgressed overtly the rights of Chileans but that its government had doubled the money supply. Inflation would follow, I said, to create an increasingly difficult situation.

None of the score of congressman in attendance wished to pursue what was then an arcane subject in the Congress, money supply. In any case, political Washington did not seem to know in that era what to do about inflation. As a rule Democrats did not worry greatly about pumping money from the capital into the county; Nixon chose to fight it with price controls and another Republican, President Ford, employed WIN label buttons to ward off rising prices. Economics had only been recognized in 1968 by the Nobel Committee as a fit academic discipline worthy of a prize, perhaps in anticipation of the enormous need for basic education in the subject in the 1970s when inflation in the USA rose to almost 20%.

Allende fell into the trap of perceiving the superficial prosperity of 1971 as confirmation that his brand of socialism worked. He could not grasp that the sudden surge of agricultural products coming to market reflected the damage, not the success, of his policies; private farmers were switching to cash by liquidating out of fear their equipment, seeds, livestock and crop inventories. Urban workers, and miners had full pay packets too because of wage increases handed out by Allende. Inevitably the sea of money diluted productivity and output while accelerating inflation in 1972 to uncontrollable levels, culminating in the hyper-inflationary conditions of 1973.

However, Allende discovered that unlike Castro he could not exercise dictatorial decrees to stifle the swelling dissent. Nor could he emulate the Cuban leader and compel the USSR to prop up his regime. As the extreme Left of his coalition limited his ever-narrower maneuverability both at home and abroad, the 1970 forecast of "Fidelismo Without Fidel" was proved without recourse to any non-Chilean factor. Allende turned increasingly to the military, placing generals in key cabinet posts in a vain and ultimately self-defeating effort to defeat the unseen enemy of runaway inflation. Although he stalled for time and opened conversation with both, the PDC and Washington, he could offer nothing of value. He had set the scene for his self-destruction.

Moreover, the Chilean armed forces were overwhelmingly committed to nonintervention in the political process—the point I had emphatically made beforehand to Kissinger that morning as well as in repeated cables. Any effort to change their point of view would blow up in the face of the United States with enormous damage to US interests and to the President personally, I said.

There was no alternative but to establish our readiness to do business with Allende so that his plan to maneuver us into culpability for his anti-American actions would not succeed. Therefore I recommended to the listening Mr. Nixon that he send a message of congratulations to Allende, that he dispatch a normal delegation to the inauguration and that I be permitted to begin talks with the new Foreign Minister once the Unidad Popular took office.

The President had no response. He looked at me a long time, then rose and cordially escorted me to a table to hand me personal momentos for my wife and children. At no time did he give a hint of any plan to interfere politically in Chile, even though he, as Kissinger, was aware that my name headed the assassination list drawn by the extreme Left (which would soon execute the second name, Edmundo Perez-Zukovic, Frei's erstwhile Minister of Interior.)

I reported the conversation directly to Undersecretary U. Alexis Johnson and Assistant Secretary Meyer, adding my belief in having “turned the President around”. The three of us spent the next two days preparing drafts of the message to be sent to President Allende; each was watered down after rejection by the President until finally Meyer, upon his arrival in Santiago, was pennitted only to say to Allende that President Nixon on behalf of the United States congratulated the people of Chile upon the exercise of their democratic rights. Nevertheless, it seemed that the President had acceded, in his fashion, to the first two proposals put to him in our direct meeting, and once Clodomiro Almeyda was appointed Foreign Minister, I implemented my own proposal on my own authority, provoking an immediate telephone call from the State Department, at Kissinger's insistence, demanding to know why.

Nonetheless, mental alarms had warned me for weeks that something was being hatched behind my back. The White House had asked about the army and the *carabineros*, and the US role. Not only did I turn the questions aside but also one directly from some Chilean generals as well. Follow your constitutional leader, was my answer. I had also weaved and dodged out of putting pressure on Frei who had sent Nixon a provocative message prior to my visit to Washington—that the odds were

50-to-one an Allende presidency would lead to a Cuba-like system here, but in response to my prodding, Frei had also said on the record for Nixon that, aside from propaganda, he did NOT want the US to intervene.

When our CIA station chief discovered that President Frei had not been armtwisted by me, he vented his anger at me in front of Schlaudeman, and so, another alarm rang. Indeed his subsequent failure to alert me to certain matters seemed to be a case of the dog that did not bark. So I took extreme precautions to prevent Americans, private or official, from being lured into involvement, not least by providing information about Major Marshall and “Patria y Libertad” to the lame-duck government. Any “adventure” to block Allende’s ascendancy to the Moneda would have touched off, as his suicide did three years later, a massive world-wide campaign manipulated by Moscow, to blame the US, the CIA and “imperialism”. US citizens would then be at risk in Chile.

To say, as some did, including the sophist Senator Church, that I was kept in the dark about the Nixon intervention orders to the CIA is literally true, but no one can assert I did not have a lively awareness. Indeed it provoked me to send cables directly to Kissinger and Nixon warning that any attempt to thwart the Allende inauguration would boomerang “into another Bay of Pigs”.¹⁸

To think, as others do, that I was punished by a form of excommunication by Washington because of my views on Allende or Chile is equally

¹⁸ The thicket of ironies in which “Chile” is ensnared trapped Nixon too. He had been much impressed in 1966 by my Africa Report which he had read carefully and underlined in red ink so many pages that his surly travelling aide, Patrick Buchanan, was caught surreptitiously trying to type the entire 70 pages of substantive notes rather than summarize because “I don’t understand these kinds of things”.

“It doesn’t read like a Kennedy man’s,” Nixon said in the pre-departure, private meeting he requested with me at the end of his Ethiopia stay.

“I interpret a Kennedy man to be someone who says what he thinks,” was my tart response.

After a silence, the future president then asked: “Would you be willing to serve the party of the minority if it ever gained the presidency?” (see footnote number 6 for response).

But Nixon had also expressed his admiration the night before when the Ethiopian Prime Minister and his four principal Ministers stated their case with extraordinary candor.

“They paid you a great compliment,” he said after the departure of the guests “They must trust you. In my experience in visits to many countries, they don’t tell it to your face, they stick the knife in your back.”

Upon hearing from State years later that I had “lost my credibility” with the President for contradicting him in the Oval Office, and for arguing against a heavy-handed hostility to Allende, his remarks in Addis Ababa came to mind. They proved that honesty is more valued as an objective principle than as a personal experience, an observation which I would, in fairness, apply to almost all in what the *Economist* describes as “the chattering class” —politicians, journalists, academicians and lawyers. Perhaps it is an integral part of the human condition, proved by the too rare exception.

erroneous. The unforgivable crime I had committed was not taking political sides in Washington, not wishing to heed the first call from Senator Church's staff in 1973 —“to help us to get Kissinger and Nixon” or well get you. As one utterly convinced from early 1971 to mid-1974 that I had prevented any adventure, as one who had heard very persuasive proof in 1971 that I had in deed saved the US and Nixon from a disaster, why would I act against those who had heeded my warnings, my judgment?¹⁹

¹⁹ In early 1971, CL (Cy) Sulzberger, chief foreign correspondent and columnist for the New York Times, arrived in Santiago directly from a published, front-page interview with President Nixon. As a friend, he lunched with us at the Residence. Over coffee, to my wife's and my astonishment, he asked if he could speak to me alone. When I led him to the study he asked if it was “secure”. So I turned on the radio loudly and sat beside him on the sofa.

Sulzberger whispered into my ear that “unimpeachable sources” —a term by which he meant the President or Kissinger— had told him that I had stopped the United States from intervening with the Chilean Army to prevent Allende's accession in October 1970. I denied hotly that any such action had been contemplated. Two decades as a journalist listening to diplomats often indulging in leaks or criticism of their sponsoring president had inculcated a rule, never broken, to avoid such behavior.

Cy looked at me skeptically and pressed the query in various forms, but got nowhere. Some years later as a private citizen, I turned the tables on Sulzberger in Paris and asked him to identify his “unimpeachable source”, a term I had been taught as a cub reporter never to employ unless I also believed in the tooth fairy. After a long silence and then a private search of his files in his study, he advised me to ask Averell Harriman, a life-long Democrat who despised Nixon and Kissinger.

Next I travelled to Harriman's Westchester County, New York, estate to put the question. Expressing genuine surprise, he could not explain why Cy would engage in the deliberate attempt to cover his tracks. But as one who knew both Sulzberger and Harriman for years, I recalled that Cy, like Hersh and other Times newsmen encountered in the post-Santiago search for printable truths, often fell back on the typical politician's protective invocations of “I'll deny it if you repeat it”, “off the record” and “not for attribution”—all practices never previously encountered or employed in my two decades of journalism. Unconsciously, however, it revealed why editors and newsmen in that strange period increasingly regarded themselves as another aspect of policy-making, rather than their traditional roles as reportorial conveyors of events, a transformation which Hersh exploited to the hilt in the case of “Chile”.

President Frei told the *NY Times* in a published interview with Sulzberger years after my departure that I, specifically, had never exercised any pressure, contrary to the assertions implicit in the Church Committee's findings and amplified by the world media. Moreover, President Allende took the exceptional action of writing a letter to President Nixon after my departure to praise my work during his first year in office; his Foreign Minister, Clodomiro Almeyda, with whom I renewed the friendly, professional relations of that year during this current visit to Chile, toasted me in the most complimentary fashion at a farewell dinner in October 1971, to the astonishment of the guests. No one grasped better or with more proof what I was seeking to achieve and what the Church Committee would not even allow to be stated to it before creating the Chile myth.

Political work, spearheaded by the Ambassador, is more thorough, productive, extensive, intensive and analytically acute than we have previously encountered. The level of individual competence is outstandingly high. It is hardly likely that the volume and detail of reporting is essential to Washington but it is doubtless welcomed by end-users, who must find

I compounded my error by making clear privately to Senator Church's team that I held the Kennedys responsible for a truly massive involvement in Chile, and that Allende's overthrow in 1973 had not altered in any way the views expressed in the Contingency Paper. If the Republicans believed I would talk about Nixon, corporate or CIA adventurism, then the Democrats anticipated disclosures about the actions by the Administration of John F. Kennedy, and its allies in the Church, in labor, in corporations, in the academy and abroad. Neither party wished the record to go beyond the tacit understandings they had reached between themselves during their investigation, and between them and the CIA. They did not wish the hearings to get out of control to the benefit of a Left with the bit in its teeth, and do serious electoral damage to themselves or to the public's view of them. I ripped in writing that the half-truths, outright lies and myths they had put into worldwide circulation through the findings of their Committee staff had done grave damage to Chile and would cost lives there

its sprightly content delicious fare in comparison with their ration of boiled potatoes from most other posts..."

Tomic, Valdes and many other Christian Democrats, as their strongest supporters in Washington, were supremely confident that Allende would need them to govern. Valdes had been lured into this mistaken calculation by Velodia Teitelboim in 1969. The Communist Politburo member had told Valdes that his party would look with favor on his candidacy. Tomic had told me in Washington at our first meeting in 1967 that he was "the only man" who could reconcile the US and the Soviet Union, the only one who could bring together the three main currents of opinion in the world, socialism, capitalism and the middle way. That he sincerely thought of himself in these terms was enough to persuade President Frei to describe him in mid-1970 as a *desorientado*, a judgment already reached in our Embassy, but unfortunately not in State's Latin American Bureau where such talk had been rationalized during Tomic's years in Washington.

However, the Italian Christian Democrats also had a strong current pushing the party then to respond to feelers from the Italian Communist Party similar to those their sister party in Chile had sent out. Both Valdes and Tomic had just such a *compromiso historico* adumbrated in their woolly minds—and the calculation that the PDC, not their divide-and-rule allies of Moscow, would dominate. With the death of Allende, the search for the *compromiso* in Italy intensified, ending horrifically in the extreme Left's slaying of President Mora.

Allende's campaign manager also had his hand out. He coolly suggested to me that one million dollars could be a worthwhile investment. And once the UP took power, a Cabinet Minister let it be known that he would be receptive to an under-the-table contribution from the Embassy.

Indeed at least two companies won a favorable decision from Allende in response to very hefty bribes, one from a Belgian businessman of \$800,000 in return for the Guggenheim interests receiving about 8 million for its nitrate properties; the other a US mining company whose president vociferously denied to me in 1971 any such action but which a director, as well as Chileans, confirmed long after my departure from government and ITT employed a well known Radical politician to negotiate an under-the-table deal with Allende, contrary to its insurance agreement with OPIC.

Chilean businessmen paid too, some by well-publicized, favorable support for the President, others more conventionally, to win preferential treatment.

as well as accelerating the downward path of the US political establishment and the media in public esteem, a prediction which unhappily came all too true.

The Senate investigation of a decade of US covert action in Chile came only after our defeat in Vietnam and the Watergate scandal. Contingency inserted "Chile" on a country already reeling from the explosions of self-comforting myths about invincibility, know-how, and of means not equal to ends. The Church Committee's verdict was meant to be a kind of garbage can in which much of our past and some of our bad habits could be dumped along with the disgraced Mr. Nixon primarily, as well as the departed President Johnson, humiliated by the events of Vietnam. Since accountability and responsibility are not the currency of politicians at times of national disgrace, the CIA, an agency created specifically to permit politicians to hide behind, was the scapegoat.

The Chile of the headlines happened to be a convenient, if unexpected and slippery stepping stone to a reestablished US morality and credibility. It also enabled the principals —be it Kissinger, Senators Church, Mon-dale, Kennedy and Baker, all presidential aspirants, all on the investigative Committee, and CIA Director Colby to survive in office, if not to flourish, along with the almost anonymous staff members who did "the heavy lifting" behind the scenes to arrive at the tacit, bipartisan accords. Democrats, both the majority party and the "prosecutors" in the Chile case, had the Republicans very much on the defensive throughout because of evidence-in-hand which could have embarrassed some large corporate friends of Mr. Nixon.²⁰

²⁰ The Kennedy decision in 1963 to involve the multinationals in their Chilean master plan reverberated for many years. Once he was gone, the big bosses each chose their own direction to pursue their interests in Latin America and in Chile.

For example, Peter Grace, the late, crusty head of the huge WR Grace and Co., and in the '60s the most powerful, Catholic layman in the US, had used his money and his extensive influence in coordination with the CIA to support what his Church and President had deemed an overriding interest. Yet I discovered in early 1968, that his company's new regional representative, lawyer Peter Jones, was quietly disposing of all Grace investments in Chile. A well connected Democrat and a Kennedy supporter, the ambitious Jones sought to exploit a close friendship between our wives to present himself to influential Chileans as a knowledgeable insider, a gambit which was quickly undermined by quiet countermeasures.

However, the decision by Grace, a conservative in every way, to pull out of Chile (and apparently Peru as well) signaled silently a hard-headed business judgment; it meant, as it spread to others, a bleak future for the PDC's and Chile's aspirations for rapid industrialization. Peter Grace took his decisions in mid-1967, the same time frame that Dungan also chose to abandon ship on the ostensible pretext that he could no longer remain Ambassador in Santiago because of his opposition, he told me, to LBJ's Vietnam policy.

Jones turned up in 1970 as the new ITT representative in Argentina. The Yale law school graduate telephoned me from Buenos Aires after Allende's victory, and then wrote to

me, to ask if he couldn't come to Santiago to "help out". Although I rejected the idea outright and asked ITT's two commissars, Barellez and Hendrix, to tell Jones to stay clear, he nonetheless dispatched to Chile an unwelcome, political agent who had participated with the CIA in the 1963-'64 period. His mission this time was to mobilize Chilean businessmen again to oppose Allende's ascent to power. A professional survivor, Jones managed through his many corporate lives to maintain the support of heavyweight power brokers in Washington and New York.

An equally intriguing example on the Republican side was Don Kendall, the dynamic and equally aspiring king-maker as head of Pepsico. He had hired Richard Nixon as his attorney, at least in name in the 1960s. Pepsico had paid the bills, as I learned not long after, for Mr. Nixon's travels to eight countries in Africa and his earlier tour of Latin America, including Chile. Unbeknownst to me until late 1970, Kendall had visited Chile at least twice during the two previous years. He arranged then for the richest Chilean, Augustin Edwards, to be ushered into the Oval Office September 15, 1970.

Princeton-educated, as coincidentally most of the Senate investigating key staffers looking into this affair five years later, Edwards had maintained, as the Residence's records divulge, the closest relations with Dungan, often dropping in for unscheduled chats. Here again I had cooled the relationship. Contacts between us were rare; I lunched twice with him and his editors at *El Mercurio*, we dined twice at formal gatherings; he attended Embassy social functions twice.

However, just before the 1970 voting, he appeared unannounced at the Embassy in a five minute visit to ask me our prediction of the winner. And shortly after Allende's triumph, he asked through an intermediary for a private meeting at the home of one of the managers of his many enterprises. At the brief encounter, he put the question: Would the Chilean Armed Forces do anything to reverse the result? Not a chance, I replied. Declaring he was quitting Chile immediately, he bade me good-bye and I drove myself back to the Residence.

Once in the US, after his fateful interview with Nixon, he settled into an executive position at Pepsico and sent his children to schools whose doors Dungan, I later learned at a lunch at New York with Edwards (our one meeting), had opened.

In 1973 and 1974 as President then of the United Nations Association, I served with Kendall, who had made a bold investment in Russia, and with the socialist economist John Kenneth Galbraith, on the five-man executive committee pursuing a more effective detente with the USSR. When I first was introduced to Kendall he greeted me smilingly; "Ah, the man who lost Chile."

Kendall believed that he and Nixon were responsible for the Soviet decision not to come to Allende's aid, a laughable and lame justification for their combined self benefit since it ignored the huge military packages being offered by the Kremlin and other measures to win UP control of the armed forces, as well as the frighteningly high cost it would require to keep hyper-inflated Chile afloat. In 1975 at the height of the "Chile" furor, I resigned from the committee telling its executive secretary at a private dinner that I intended to try to force out the entire truth and therefore Kendall might be a target. Hence, honor obliged me to leave an effort which Kendall's money supported. Similarly, I explained to Galbraith at Harvard my reasons for quitting the team since he, too, was a major financial contributor and also a close friend of my supporter, George Ball.

Anaconda won its insurance case in closed hearings held in Washington under the rules set forth in their insurance contract with OPIC. The two sides agreed on a single arbitrator, former New York State Justice Fuld.

Anaconda's legal team comprised three of Washington's heavy-hitting Democrats: Lloyd Cutler, soon to be counsel to the President, Gerald Smith and Paul Warnke, both ranking ambassadors as our top arms negotiators with the Soviets. Their key witness was Ambassador Dungan who had initiated the copper investment program for Chile after Frei's election.

President Gerald Ford played a not-inconsequential role in the effort by the center of our polity to regain control from the Left. The combined influence of the impregnable “middle” with its compelling effect on, say, the Times the Post and the broadcast networks, converted my efforts to force out the full truth into an ever-more quixotic, ridiculous undertaking, its complexity only adding to its vulnerability. Never a main target, my disgust over the way the Committee —almost all of whose members had voted for the huge funds to defeat Allende in 1964— was transforming his record, and ours, had motivated my loud persistent objection. In their wisdom, the main players decided that fiction superseded fact for reasons of state and personal convenience.

El peso de la noche has weighed heavily on Chile, on me and on the USA. Roosevelt, Yugoslavia, China, Italy, Hong Kong, and much else in the past determined the events addressed tonight. Indeed the repercussions of the US-in-Chile still affect Americans in manifold, important ways, not least their opinions of their national government, of main-line journalists and of foreign policy.

The past in economics and politics is never as dead as its makers. What goes around comes around. The liquidity trap is being revived today, for example, to explain Japan; China, the largest economy in the world before 1850, is about to reclaim that position —militarily too; Leningrad has reverted to St. Petersburg, Russia and China to forms of capitalism, and much more.

With a record that reflects a propensity to pick winners and losers before the market does, I seize this opportunity to observe that the grating incompatibilities between ballot-box democracy and capitalism are far from resolved today, not within Asia, Europe, Africa, Latin America or my focus, the USA. Behind the apparent prosperity are social problems which

The government was represented by a young, untested lawyer from a firm specializing in defense matters. I was his key witness.

At the end of my testimony, arbitrator Fuld asked if I could wait outside until a recess. When he appeared he led me to his office and said he had read all my copper cables and wanted me to know how “proud it made me to be American.”

Indeed, Undersecretary of State, Eliot Richardson, in cabling his ecstatic congratulations for my role in the 1969 negotiations stated “Your copper cables will be standard text for all aspiring diplomats for decades.”

In New York, some months after Anaconda won its insurance claim despite not having paid its premium in 1970 —the issue in dispute in the arbitration— Robert Rossa, former Undersecretary of the Treasury for Kennedy and head of Brown Brothers, Harriman as well as an Anaconda director, told a dinner party which included me, “Your testimony was impeccable.” OPIC’s Herb Salzman, a future ambassador, used almost the same words to reflect the opposing sides’ views.

remind me in some ways of the Europe I bicycled around in the 1930s. Also reminiscent are some of the festering, foreign policy sores confronting a United States which seems to want both more international trade and less international involvement. Just as Roosevelt had his second term problem and the Kennedys a parallel, posthumous experience with Chile and Vietnam, so, too, a future leader in Washington or elsewhere may be overtaken by a past which won't remain buried.

Chile acted out some of the unforeseen consequences of my British colleague's callous judgment of 1970. Without an informed respect for a past which he deemed salutary for this country, it would be careless to believe that a reversion to old habits, as can be seen in my own country, is out of the question elsewhere. Even the most dynamic economies find that inertia and complacency may spring unwelcome surprises. Adding value to a society is no less difficult a challenge than it is for an industry or a product.

As a visitor here, as one privileged this late-life opportunity to see a revitalized, dynamic nation, the first "tiger" in Latin America, and as one who travels a good deal, I want to say that no people, no state at this juncture in history inspires a higher degree of confidence or displays a greater readiness to meet and to surmount the challenges of the future.

APÉNDICE # 1

MATTERS RELATING TO SOVIET MILITARY AID 1971-1973

The following is a chronology of significant events relating to Soviet military aid proffered to Chile, all of which are based on the official record of communications between Embassy Santiago and Washington:

1. August 1971: General Pickering is offered 50 million dollars in military credits for the Army on his visit to Moscow. On his return, Allende, according to General Prats urges acceptance. The CINC, a supporter of the President, resists firmly for the institutional and international reasons put forward by the majority of his colleagues.

2. June 1972: General Prats tells Ambassador Davis that Soviet pressure to accept military credits is becoming very difficult for him to

reject since the total for the three services is an estimated 300 million dollars, and on very generous terms. He appeals for more US military aid.

3. July 1972: The US authorizes an Embassy in another Latin American capital to tell the head of state, in response to his questions and concerns, that Moscow is dangling an estimated 300 to 500 million dollars of military equipment before the Chilean Armed Forces.

4. July 1972: The Embassy in Santiago responds to queries circulating elsewhere in Latin America by telling a sister embassy that General Prats and other officers had indeed confirmed the excellent impression made on the 24-man Chilean mission composed of the three services which had toured Cuban military installations in January. Allende had sponsored the trip after direct communications with Castro.

5. March to October 1972: Implementation of Allende's announcement in January of 1971 that the Soviets would extend credits for port modernization is taken in a series of successive steps —the same process which preceded significant military alliances in places such as Somalia in the mid-1960s. The two countries disclose that a new fishing port will be built in the Gulf of Arauco, they agree on regular calls at Chilean ports by the "Soviet Maritime Corp.", the first Russian ships to be allowed (as Aeroflot planes earlier) calls in South America, on a Soviet research vessel joining the Chilean Navy's Antarctic program on two Soviet "research vessels" to be in Chilean waters, on the training in the USSR of Chilean fishing and maritime experts and the stationing of three fishing trawlers off the coast. These accords follow, for the most part, the visit to Moscow by CNO Admiral Montero, who was received by Marshal Grechko, the Soviet Defense Minister and the man who had supervised the rapid expansion of the Navy into a worldwide force of significant, strategic proportions.

6. March 31, 1973: General Prats, armed with the knowledge that the Russians had told Allende bluntly in his December visit to Moscow in search of 500 million dollars in economic aid to make his peace instead with the USA, implores Ambassador Davis to arrange for him to see his opposite number in the USA, General Abrams. Prats says he will visit Moscow in May at Allende's urging and therefore must see Abrams first. He states the Soviets are willing to give the Chilean military "anything we want including the latest model weaponry." Prats says he cannot refuse any longer but if compelled to accept, he would not, for varied reasons, take the most sophisticated arms.

7. May 9, 1973: The Embassy submits its annual *Strategic Assessment* of Chile. "Pressure from the (Allende) government", it states inter alia, "may bring the Armed Forces to accept Soviet hardware possibly accompanied by related technical assistance and training."

8. May 9, 1973: Prats sees General Abrams and presents his case for more US military sales to Chile.

9. May 11-15, 1973: Prats is received by Kosygin and then Marshal Grechko. The day after his departure, May 16, Pravda cautions Prats to avoid the siren calls of the Chilean political opposition.

10. June 7, 1973: General Prats tells Ambassador Davis that potent sectors of the Unidad Popular are opposed to moderation and that he intends to work out with Allende "a political truce" in Chile to allow the country to settle down to work.

11. June 29, 1973: Embassy Santiago reports in a very detailed cable that a Communist Party shift to a harder line is "deliberate, sharp and real." Well-placed Christian Democrats led by ex-President Frei had concluded earlier (as had those abroad familiar with Communist tactics when "the correlation of objective forces" approximated Chile's in 1973) that the CPCh would conclude it had no choice but to provoke a military coup.

12. July 24, 1973: Allende makes one last-ditch effort to sway the adamant Soviet decision of December against bailing him out and for the PDC. His government releases his exchange of letters with Chou-en-Lai in which the latter on February 3, 1973, had refused in diplomatic language to come to the aid of the UP. (The release of the letters could also be read as an effort to persuade the extreme left that unless it moderated its hard line against compromise with the USA externally, and the PDC internally, the situation would become hopeless.)

Comments

A. The record shows beyond all doubt that Allende (with the Cubans in Santiago and Castro behind him) sought personally to convert the Chilean Armed Forces into a dependency of Moscow.

B. It also illustrates how General Prats sought to avoid such a rush into the Kremlin's bear hug, by gaining some increase in US military aid.

However, he avoided stating at any time that Chile would not take a significant amount of Russian weaponry. It is possible to conclude that he wished to legitimize the widely-held Western interpretation of Allende being “a neutral” by gaining a modicum of US equipment. Interestingly, a key Soviet agent informed the US in March of 1973 that Moscow had turned down Allende (as Washington had known for some months); he sought to portray Allende as “neutral”. The KGB man urged a well-placed US official to see Allende as someone trying to “restrain anarchist and extremist elements of his coalition”. He said Moscow had counselled the Chilean President to deal realistically with the USA and to avoid further alienation of “petit bourgeois” elements at home. In March, too, Allende began talks with the PDC and sent a supporter to see me to ask if my formula could be revised somehow to relaunch talks with the US, and approached the State Department directly in Washington.

In presenting himself to Davis regularly as a barrier to the Soviet military offers, Prats may have allowed his support for Allende, his desire to contain those generals and officers opposed to, or fearful of, any alliance with the Russians and Cubans, and his strong desire to maintain peace within Chile, to maneuver himself, or to be maneuvered into, serving as Allende’s agent for both Soviet arms and political control of the Armed Forces. The President’s lack of such powers had provoked Castro to criticize and to warn Allende, during the Cuban leader’s visit to Chile in November 1971, that the revolution in Chile would be extremely vulnerable as long as he failed to create a “revolutionary” army, such as his own. It would have been characteristic of Allende to employ Prats to extract a modicum of arms from Washington in order to advance towards the strategic goals outlined by his Cuban idol.

C. Ambassador Davis appears, in his book on Chile, to take Prats at his word and such a judgment may have been correct. He also writes of Allende in a seemingly sympathetic, understanding way. It would be prudent to keep in mind, however, that Henry Kissinger as Secretary of State, promptly rewarded Davis for his service in Santiago immediately after the military overthrow by having him serve as Director General of the Foreign Service. Kissinger would never have permitted anyone he regarded as a dupe for Allende to fill a post with such considerable influence on the career service. Anyone with a knowledge of Davis’s entire career might read the public mood in the United States in the 1975-80 as a better guide to the Ambassador’s recollections.

D. The authors of the Report, issued November 12, 1975, on the CIA-in-Chile by the Senate Committee headed by Senator Church, had in

hand the factual material contained in the above chronology. That they held such information and still chose to pursue the misleading themes regarding Allende personally, the UP government and US actions should have raised questions long ago among political scientists, historians, and journalists. That it did not, with minor, mostly suffocated objections, explains my own efforts to break the deafening silence.

E. An intriguing line of inquiry which might be pursued by students of the Allende period is whether the Communist Party took other steps months before the overthrow of Allende to improve its long-term, strategic position in addition to covert political action designed to incite other politicians to approve a coup. Communist history elsewhere in the world instructs that the party would also seek to remove its competition on the left—the MIR, the MAPU and the extreme wing of the Socialist Party—in the turmoil and repression usually following a military coup. That the junta turned its pent-up fury first against such targets in the initial crackdown is a fact. That the Communist Party leader, Luis Corvalan, remained in Chile and was put in an internment camp cannot, however, be accepted as evidence contrary to the Party's coup-incitement, since he, no less than his patrons, followed the basic rule that the leader must remain with his troops in such circumstances. Moreover, he knew that the Kremlin never abandoned its key agents and used diplomacy to arrange trades to free them.

APÉNDICE # 2

MATTERS RELATING TO THE CIA-IN-CHILE 1969-1976

The CIA error originated with the matrix used by the Chilean pollsters it had hired. They had based their calculations on the 1960 census, thereby ignoring the tremendous changes in voting rolls as a consequence of the laws permitting 18-year olds to participate, and inducing large numbers of rural and female voters to exercise their rights.

Another contributing cause was CIA station chief, Henry Hecksher's close relationship to, and reliance upon, Marcus Chamudes, the former ranking Chilean communist who had, as if often the case, evolved into an unbridled anti-communist. During Ambassador Dungan's tenure, the CIA had been authorized to finance a biweekly, PEC, published by Chamudes. By 1968, however, Chamudes had adopted such a stridently

anti-Frei tone in addition to the anti-Soviet articles in the publication, it caused acute embarrassment. How could the US with hundreds of millions of dollars of the Kennedy-Johnson programs still in the pipeline to Chile be so evidently identified —the CIA thumbprint on PEC was clear to all but the blind in the Santiago political class— with a product increasingly dedicated to undermining a leader and his party, both dedicated to democracy, freedom and social justice? Hence, I ordered Hecksher to halt all financing and made the decision stick in Washington despite his outraged objections. PEC (*Política, Economía, Cultura*) lingered for some months on private Chilean financing before expiring.

Chamudes, however, remained not only a Hecksher intimate, he advised on such matters as the design of the anti-UP poster propaganda sponsored by the CIA in 1970 to defeat Allende. Very similar to what could be seen in 1948 in Italy and what the agency had used in Chile in 1964, the shopworn “Red Terror” posters showed Red Army tanks appearing in Santiago. When my surprised eyes fell on these crudities and sparked my objections, Hecksher replied that his Chilean advisers knew better than foreigners what appealed to Chileans.

Despite our forthright differences, I had, as Hecksher well knew, great respect for his professional capabilities which provided timely, valuable insights to activities, policies and strategies of the communists, their allies and patrons. Most of the agency’s time and effort until mid-1970 was dedicated to Soviet-related matters, particularly the effort to “turn” a member of its bloc representation.

It is also to Hecksher’s credit that he advised his agency, unbeknownst to me, that the proposed adventure by President Nixon to thwart Allende’s accession was not propitious and likely to fail. Such warning, however, did not deter the then CIA Director, Richard Helms who knew the agency had been created by the Congress to furnish an elected president with an additional foreign policy weapon; he accepted without demurrer “the Marshal’s baton” as he phrased it.

Hecksher had also argued for months in the first half of 1970 that my hands-off election policy would be widely-read in Chile as “indifference” to the fate of its democracy and as a lack of concern over an Allende victory. As long as his own polls and the opinions of our Embassy’s political section reflected the strong likelihood of an Alessandri victory, his indisputable thesis, however accurately it captured the attitude of Secretary Rogers and the Latin American bureau, did not sway me. I continued to limit the US and myself to reporting campaign developments including the damage that an Allende triumph would signify for the USA and for democracy.

Only in mid-1970 when I witnessed a palsied Alessandri on the TV screen, only when I verified the retrogressive views of his campaign team and his uninspiring message, only when I confirmed the disastrous direction of the Tomic campaign, and only when I learned the determination of the UP to seize all the economic and financial levers of power, did I swing then to a more alarming tone and a search for alternatives. Frugality, rectitude and repetition of by-gone experience could not a President Alessandri make.

Nonetheless, the bar against any US funding of a candidate was never lifted, much to Hecksher's and US corporate dismay. The Alessandri camp had overwhelmingly sufficient funds available to it from Chilean "fat cats," I cabled Washington in rejecting the campaign being pressed there as well to reverse my stance. A US commitment to that campaign would signify, I added, a continuing undertaking to keep alive his government once in power and to succor the US companies who were, in 1964, partners in covert financing. Since our Congress would never sit still for the supporting role an Alessandri presidency would require, and since it could not in any case favor the policies he had in mind, the pressure to give money was a non-starter. Even President Eisenhower, a Republican, had imposed a land reform program on Alessandri in return for releasing earthquake-relief funds in the early '60s, an action which still rankled him as I heard in three conversations over the years.

Ironically, Henry Kissinger and CIA Director William Colby each peddled the excuse after Allende's electoral plurality that if only US money had been thrown into the campaign, Alessandri would have won. In my only meeting (in mid-1974) with Colby, his own Chile desk officer and Hecksher's replacement, Ray Warren, told him bluntly it was absolutely not true. Kissinger employed the argument in order to criticize Rogers in particular and the State Department in general, thereby cloaking his own complicity in the Nixon "adventure".

Colby's and Rogers' roles regarding "Chile" are worthy of emphasis. As the new Director in 1974, Colby chose the familiar if perilous path of those promoted for the first time into a top executive post, be it the President of the United States or of a corporation; he seized upon an event of passing interest to try to turn it to personal and company advantage. In a one-on-one, secret briefing of the Chairman of a House Committee, he claimed agency credit for the overthrow of Allende. The assertion or intimation of CIA "destabilization" was fraught with risk for a man, however courageous and skilled in administration in his career, had never worked in

South America, knew little if anything of Chilean complexities and lacked the nous of his predecessor.

Someone tipped off the Kennedy circle to what Colby had assumed was a harmless tidbit fed to a tame listener thirsting for that “insider” feeling so savored in Washington. Hence, Congressman Michael Harrington (not the well-known sociologist) of Massachusetts, a young ally of the reigning Bay State family, used Congressional rules to compel equal access to the Colby briefing. Upon learning the content, he telephoned Jerry Levinson, legislative aide to Senator Church, Chairman of the Foreign Relations Committee, confided his secret and requested that it be passed to Hersh of the Times, and Larry Stern of the Washington Post. Levinson carried out the task promptly and eagerly. Thus “Chile” was born.

Levinson and Harlington each violated with impunity the rigorous laws governing national security with precisely the same motivation of, say, a Maclean or Burgess, a mole, or an Alger Hiss. They invoked a higher truth and a greater morality to justify ignoring the laws that applied to every other American. Graham Greene praised Maclean’s treachery on just such an argument, and indeed the vast majority of US academicians and journalists applauded the Levinson-Harrington decision to disregard the laws.

In Levinson’s case, as I heard from him, partisan considerations overwhelmed any possible hesitation in ignoring security legislation passed by the Congress which paid his salary then, and for years before as a civil servant. When he worked for AID, he supported both the CIA enterprise in Chile (1963-1964) as well as the agency’s complicity in the overthrow of the government in Brazil soon after. With the probably explicit, and certainly implicit, support of the leading Democrat Senators, he was an untouchable as he lusted openly for Kissinger’s head.

Colby cooperated with the Senate Committee in 1974-75 to save his job. Hundreds of veteran agents were dismissed as the price paid by their Director, a future Democrat notable in retirement. In my case, however, when Chile first aroused some comparatively minor congressional interest in 1972—the investigation of ITT—Colby had written to remind me that “executive privilege” could still be invoked, an umbrella which Secretary Rogers urged me also to open. His legal adviser in State went even further asking me to deny knowledge of ITT’s connections to the CIA, a link well established in the 1963-1964 operation.

Still unaware in 1972-1973, still prepared to take an oath that the US had *not* tried to halt Allende’s ascendancy to the Moneda and still persuaded, if not so claiming to anyone, that I had dissuaded any

adventure, I firmly denied knowledge. Indeed, I had prepared a denial statement for release when the ITT diary disclosures were first publicized; it had been cleared for publication by the Latin American bureau at State. Interestingly, it was vetoed without explanation by Secretary Rogers with the warning that my stated intention to release it anyhow would lead to instant dismissal from my post then as special adviser to the head of OPIC. With five mouths to feed and without reserves of cash, I backed down and immediately started a search for other, private employment.

The incident, however, reveals clearly that Secretary Rogers, for one, was clearly aware in 1972 of the Nixon adventure of 1970, of ITT complicities and probably much more. As a former Attorney General, he chose nevertheless not to share with me his knowledge, at best, his complicity by silence, at worst, in events whose denial placed me at risk of accusations of perjury and worse. Indeed, Levinson quickly asserted such accusations over and over in his conversations with Hersh and others; they reached the first page of the Times in the Hersh story of 1974 disclosing the CIA-in-Chile tale. Whether others at State shared Rogers's awareness is a line of personal inquiry which led to dead ends; everyone at State confronted, including Ambassador Davis in 1974, denied all knowledge. The closing of ranks in a hierarchical organization is an all-too-well-known phenomenon.

Hence the secrets I thought in 1972-73 to be improper for disclosure by me—the internal back and forth arguments, questions and responses between Washington and the Embassy, and the approved, very modest CIA programs, each thoroughly legal, normal and unexceptional—confronted the reality first disclosed to me under oath at my home in mid-1974 by Senate Committee representatives of the Nixon secret order to the CIA.

Colby and Rogers might well have played similar behind-the-scenes parts in the whisper campaign which began in late 1975 after I challenged the Senate Committee in a suicidal effort to force out the full truth about Allende, the UP and my role. At the time, Senator Church, Ambassador Dungan and many others told a newsman, who shared his notes and played his tapes for me, that I had suffered a nervous breakdown, that I was under psychiatric care and similar McCarthyist inventions. The Washington Post published without any effort to verify the complete falsehood that one of my daughters had dated one of those implicated (Townley) in the murder of Orlando Letelier. I listened to a tape of a staff representative of a Senator on the investigating committee which offered the newsman the bribe of exclusive access to Committee secrets if he would abandon the inquiry into my protests.

Unsurprisingly, anonymous telephone threats and the abuse of strangers in the small town in which we resided soon bedeviled us. Most of our friends of long standing, almost all of the Embassy and State Department colleagues of many years, and most of the men and women who had been more than chums in almost twenty years in the newspaper business ceased all contact; the few who remained were highly prized.

Without the personal means or the sponsorship to pursue an increasingly hopeless fight, I yielded finally to retreat and to the need to support a loyal wife and four children, detaching myself entirely, and ever since, by choice, from Washington, public service, politicians and most social activity in the United States.

APÉNDICE # 3

MATTERS RELATING TO THE FREI GOVERNMENT, THE CARDINAL OF CHILE AND EASTER ISLAND

Clerics in Santiago, foreign and domestic, coordinated their fund-raising efforts in Europe with both the CIA and the White House; the sums raised via this joint operation from such Christian Democratic organizations as the Adenauer Stiftung in Germany and from such monarchs as the King of Belgium are included "in the tens of millions" to which I alluded publicly as the amounts raised and spent by the Kennedy Administration for the 1963-64 endeavor in Chile. The total could be considered as one lump sum because the President's decision to throw the full weight of the US behind the Frei campaign, because the White House coordinated all the spending, and because the contributions made in the Old World came mostly in response to the Oval Office decision. Similarly, US corporate cash responded to the government effort as well as money from the AF-of-L-CIO, the Church, and various eleemosynary organizations, their men working with the CL4 and under the overall direction of a committee led by Robert F. Kennedy and Ralph Dungan at the White House. Most, incidentally, were Roman Catholics.

This coincidence of State and Church, of public money and clerically-inspired funds conjoined in a common program concerned me greatly. As one bred and schooled by those committed to the Enlightenment, as one versed in the more awful consequences of such fusion of

interests in, say, Croatia, Slovakia and elsewhere in Europe, it struck me as contrary to basic US history and law. Hence, I became the first US Ambassador not to make a courtesy call after arrival on the Cardinal. Instead I stuck to the state-to-state strategy by presenting myself to the Papal Nuncio and calculated that the deliberate omission would transmit the desired "separation" signal to the local political establishment without any public brouhaha.

The Cardinal and I met privately only twice, once when he came to lodge an angry protest: —that Catholic Relief food packages from the US were being distributed to "the wrong people". When he confirmed that the distribution was not illegal, I advised the prelate that the matter should more properly be addressed to the Church hierarchy in the USA, not the government. The second encounter, an invitation to dinner to meet a wealthy Chilean conservative, proved to be as unsatisfying for me as it turned out also for the Cardinal's guest.

The Embassy and I limited our calls on the PDC government as well. Frei and I met alone infrequently, perhaps twice a year on average, and, as often as not, at his invitation. Instead, I sent non-fictional books touching on important themes; each was read, commented upon and served to build a healthy relationship. Similarly, aside from the copper negotiations, talks with Ministers were also kept to apolitical, bilateral issues as part of the effort to convince Chileans they had to be responsible for Chilean politics. Finally, no Congressman or Senator was ever lobbied for any reason.

I found Frei to be an exceptionally decent and intelligent person in whom the majority of his fellow citizens saw their best sentiments reflected; he enjoyed their favor, as no other, and their respect. Our first talk occurred on a flight to the inauguration in 1967 of the US-Chilean observatory atop Cerro Tololo. I surprised the President by stating the difficulty many had in distinguishing between his party's communitarianism and socialism since his government appeared to be pursuing policies of ever greater state encroachment on the private sector, be it agriculture, industry, or finance.

The rural sector which needed incentives for investment and the development of light industry suffered instead from a system analogous to Africa's where farmers under price control subsidized urban dwellers. Thus ever-larger numbers of the most impoverished added to the *callampas* of slums around the cities while the government headed for quasi-collective reform schemes in the countryside. In industry, the government, instead of encouraging private enterprise, exercised more and more control or resor-

ted to tariffs, licensing arrangements and other artificial impediments to trade and investment. There was no mortgage market for housing, in short supply, and the PDC opposed the creation of a stock market.

Soon after the President made a public speech attacking socialism and warning against sliding into its pitfalls. This one time excursion into criticism of the Frei government to a Chilean popped up belatedly in the 1970 cables of ITT's visiting duo of commissars to Santiago; they reported to their bosses in New York as a recent conversation the three-year old talk and their cable made its way into later Senate investigation and public print as history. Whether they misunderstood or not the probable briefing by their CIA source is impossible to divine.

The PDC, for its part, had no hesitation in presenting the most ticklish issues forthrightly to an Embassy they rightly regarded as the friends of their President and his principal Ministers, Nixon or no. One memorable incident: the very private finding that the overwhelming majority of Easter Islanders preferred the small detachment of American airmen to the 2000 Chileans assigned to the tiny island some 1800 miles off the coast of Chile. The disclosure was not news to us since the native mayor of Rapa Nui had sought earlier in 1968 to present a petition requesting a US Trusteeship. I had firmly, if gently, dissuaded him from forcing it upon me, and hoped that the issue would die away.

The island intruded uncomfortably, however, when Allende was elected. We discovered that Dungan had finessed the required Status of Forces agreement with Chile which in other lands protected members of the US Armed Forces stationed abroad from local justice. The belated unveiling of this secret served to convince the US Air Force to cede finally to my argument of the previous three years that technology had removed the stated Pentagon justification for the lengthy airfield we had constructed on the island and shared with the Chilean Air Force —a monitoring of nuclear tests in the Pacific. Three mainland monitors could do the job cheaply in contrast to a politically-sensitive, legally-vulnerable detachment of airmen who required costly flights to supply and who used these imports to care for, to feed and occasionally to seduce various members of the 1200 inhabitants.

However when I flew to the island to disclose the decision to pull out the remaining 50 airmen of the original 120 I found in 1967, I was denounced by the same mayor and by Foreign Minister Valdes, among others. Valdes protested a "tendentious action"—this from a man currying

favor at that moment with an Allende elected on an anti-imperialist platform. I repaid Valdes for his many unseemly efforts to denigrate and to exploit a relationship with the US which had benefitted Chile enormously by absenting myself, much to the outraged cries of the State Department, from the farewell by the diplomatic corps to the Foreign Minister. It was an action, I felt certain, the majority of Americans, if informed of Valdes's record during the time of three US presidents, would have thoroughly endorsed.

Another action taken by Ambassador Dungan affecting our relationship with the Chilean Air Force was the discovery by a computer at the Pentagon that a black US airman had been assigned to Chile. The civilians at that branch sent an "Eyes Only" cable to apologize for the "mistake" with the explanation that it contravened an agreement into which the representative of the Kennedy-Johnson Administrations had entered by handshake. I replied that the black airman should keep the assignment to Chile and that our Air Force attache would notify his Chilean counterparts that no such agreement would be observed in the future. And it was not.

This discovery about the Kennedys pained me particularly after my Ethiopian experience. The State Department in 1963, as before, had avoided the dispatch of American Blacks to Ethiopia on the grounds that the largely Semitic background of the ruling Amharas of Haile Selassie had made them racist. I had challenged that notion by not only recruiting as my assistant a Black from the Bureau of Budget but had three others inserted in management positions in the Mission in substantive, non-administrative posts.

(The UP and FRAP too had their sources in both Eastern and Western Europe. One example of how it worked was the visit to East Berlin by the co-leaders of the Radical Party, Senators Bossay and Baltra. Shortly after receiving funds there, they allied themselves to the coalition which chose Allende to be the 1970 candidate. Socialists, too, received contributions in East Germany and other Soviet satellite capitals, but no overall figure can be estimated since no one in the West was or is privy to the entire flow to the various parties. Soviet archives disclosed recently the surprising amounts Moscow donated to Western European and the US Communist Parties. As the most important and best-led in the Americas, aside from Castro's, the Chilean Communist Party's intake is like to have been considerable before and after Allende's election. However, I have no estimate to offer.)

APÉNDICE # 4

MATTERS RELATING TO THE 1971 NEGOTIATIONS
WITH THE ALLENDE GOVERNMENT

My wife confronted an abashed Ambassador Jova, our house guest, and I recorded his deed by letter to a shameless State Department. His intrusion coincided with the launching of serious negotiations with the Unidad Popular and a lift-off towards resolution of the first batch of nationalizations. It did not deter the progress. Almost two dozen US companies received sufficient compensation for their properties with my aid or advice.

The big three corporations holding US government insurance —Anaconda, Kennecott and ITT—could only be helped, I reckoned, if bilateral negotiating experience established a rising level of mutual trust. So the plan was to start with the small fry under \$15,000,000 in claims, work then through the next two in the 20 to 50 million range, then tackle the final trio.

By March, 1971, the UP had not only passed the word to its news outlets that it had no wish to see me leave, but the surmounting of the last hurdle to the major test of a *modus vivendi* seemed within reach. Secret negotiations between me and the Socialist Carlos Matus had built on our success with the accepted formula for Bethlehem Steel. We had arrived at an agreed way to resolve the complex Cerro Copper Company's investment in a new mine just about to come on stream with funds also insured by OPIC.

If the Allende government could not swallow fair treatment of Cerro, then it would be sending a clear signal that it was discriminating uniquely against the USA and, more importantly, that the laws of Chile could no longer protect any private property, including those belonging to the European companies then being favored and which had hoped to benefit from the exit of the Americans.

Allende gasped the import of the Cerro decision and so did his Ambassador in Washington, Orlando Letelier, who had built a powerful constituency in our capital despite a loss of credibility at State for repeated broken or misleading pledges. Ambassador Crimmins as acting or Deputy Assistant Secretary had carpeted Letelier for unacceptable duplicity, particularly in the way he had "set up" the Department in an Export-Import Bank loan negotiation in which he used the Department's trust to blame the United States later, with attendant publicity. He promised repeatedly that the Allende government would compensate Anaconda and Kennecott while in fact plans for contrary, non-payment went forward.

So when Allende telephoned to say the Cerro accord would be signed before TV in a ceremony he wished me to attend, the State Department and the New York Times (unlike the Embassy) leapt to the conclusion that it was a done deal. Crimmins telephoned me on an open, tapped line to exclaim "You've done it again, another miracle" —a reference to the 1969 copper negotiations which Crimmins had told me that he, as every other Foreign Service officer in his ken, could not have conceived or executed.

The New York Times published in its first edition the day of the scheduled signing an accurate story from its Santiago correspondent, Juan de Onis —a report ignored and contradicted by Seymour Hersh and his editors three years later in their unseemly rush to print unproved, unchecked allegations handed to them by Jerry Levinson, courtesy of the lawbreaking Congressman Michael Harrington. (Moreover, the Times's use of de Onis should also have been questioned since he had married a Chilean whose properties came under Unidad Popular scrutiny in this period; recusal does not seem to apply to the New York Times as other incidents also verified for me later.)

I had cautioned Crimmins that Allende might not sign, and so it came as less than a complete surprise when Allende telephoned to cancel the ceremony only 15 minutes before the ceremony to which I had begged off in his first call on the grounds that it would be better for both parties, as in 1969, if it was presented as a negotiation with the corporation. "I have a little trouble in my chicken coop," the President said, adding that the signing would be carried out soon.

I informed Washington that our 1969 and 1970 emphasis on the fact that Allende had won the nomination of his own Socialist Party, only by granting a veto power to Senator Carlos Altamirano of the extreme Left, had come home to roost. Allende had not even mustered a majority of his party's Central Committee in gaining a nomination which the Communist Party wanted. The PCCh calculated that Allende as the UP standard bearer could lull a chunk of the bourgeoisie into complacency; the gradual self-destruction of the bourgeois opposition in Chile could then proceed. The PDC, the Radicals and even Conservatives could be sliced up as the weapons of legal interpretations of the Constitution, of corruption, of individual ambitions or fears and blackmail were brought to bear. I had seen it all before in Hungary where Communist leader Matyas Rakosi had pursued the same program successfully in 1946-1949.

Senator Altamirano, along with the youthful, ultra-revolutionary MIR led by Allende's nephew, the MAPU and the Christian Left interposed a barrier this time to the Moscow-backed strategy.

The failure to settle then with Cerro (the US company found other questionable ways to gain a settlement with Allende the year after my departure from Chile) spurred me to the final, extraordinary offer to Allende in mid-1971. Again, I dealt first with Matus who, perhaps more than any other member of the Allende team, comprehended the bleak future Chile would confront absent a *modus vivendi* with the largest source of capital and technology in the world. Although he acted, on becoming a Minister in 1972-73, as a strident, ultra dedicated to the destruction of all vestiges of bourgeois power, Matus gave his full support to the idea I outlined to him in June and which formed the basis for the Brady bond idea of the late '80s:

If the Chilean government would issue bonds of, say, 15 years with semi-annual coupons, in an amount equal to no less than the insurance guaranteed by the US taxpayer for the company's fresh investments in the post-Kennedy years, then I would undertake to gain the lowest possible US interest rate (the Export-Import Bank's) and the US Treasury's guaranty of the otherwise worthless paper issued by the Allende regime.

Although I stressed I was acting on my own authority, I was confident of Washington's backing. Indeed, I had already cleared it informally in talks with OPIC's Salzman with whom I had lunched in Washington. And I underlined that the Bethlehem Steel and Cerro initiatives had similarly been started on my authority and with the former company's strong opposition to the proposal, but had ended with their satisfaction and with US approval.

The three companies, I said, would surely balk at sums far less than the market value of their properties, but I predicted they would "cry all the way to the bank" For the full faith and credit of the US on the Chilean bonds would persuade any US bank to cash all the bonds immediately at a modest discount. The companies would therefore receive a cash windfall rather than waiting many years to learn the fate of their seized properties and insurance claims. Therefore, they supported the endeavor once it was underway and they were kept informed by OPIC.

Chile, as I later told Allende, could have socialism in comfort. It would have access to capital, to technology and to markets without the threat of counter measures by the companies or by an unforgiving and tough President Nixon, as I said plainly.

Matus and I failed to carry the day. Not only were Allende and company barred by the Left, the President was blinded by the seeming prosperity of his initial half-year in office. So too were the herd of approv-

ing economists from the British Labor Party (Lord Balogh for one) and other US and Western institutions who gathered at my home one afternoon and saw nothing but success for Allende. Letelier's success in recruiting a lobbyist of the standing of Ambassador Sol Linowitz to Allende's cause also played a very significant role in the self-delusion of the President. The ambitious Linowitz had enormous influence within the Democrat Party to which he had contributed considerably, particularly with its future presidential candidate, Senator Mondale. In Linowitz's visit to Santiago during the years of Frei, a man he also admired apparently not aware of the enormous gap between the two Chilean presidents, he asked me to accompany him for the two visits he particularly wished to make: to Gabriel Valdes, where he went alone, and to Father Roger Vekemans, the Belgian Jesuit at the Centro Bellarmino, my only visit there; we found only another Jesuit at the door who asked us to sign the register before leaving. The lack of any knowledge of Spanish, of any apparent awareness of the Democrats' all-out effort to stop Allende in 1963-64 and an ignorance of Marxist-Leninism may have made Linowitz an easy target for the combined charms of Letelier, Valdes and Galo Plaza.

Senator Altamirano perceived why my proposal was a win-win for the USA. If Allende agreed to come to terms with "imperialism and capitalism", the extreme Left, the so-called Maoists, would be compelled to quit the UP leaving their ideological foes, the Communists, clear to make a deal with a wing of the Christian Democrats. In such an event I reckoned that Allende would find it increasingly difficult to handle both the gathering storm caused by the flood of money supply and the absence of any significant investment from abroad in a country with such a leftward bias.

The UP would likely be as much of a failure but a far less active threat to neighboring countries' stability. For by 1971 thousands of leftists from all over Latin America had flocked to Chile as a staging area for laying plans and receiving funds for their revolutionary programs. Most of them had ties to Cuba and would look to the Altamirano-led groups, rather than to a government which had entered into a deal with the hated "Yanquis" and the despised PDC. The planned Havana-Santiago axis would face a stormy passage, at best.

Matus was so alarmed by the impending rejection he telephoned me from a public booth, concealed his identity and warned that "it is all over between us and you if you don't change their minds." Short of bribery, in which I would not engage, I had no idea what action he might have in mind and he couldn't volunteer any. We never met again since I did not wish to jeopardize him.

When Allende finally said in a somber Moneda meeting in September “thanks but no thanks”, I expressed regrets and warned again that my President would not take the decision lightly. My mission was finished, I added, as I also notified State immediately saying that no further purpose could be served by my staying on. Ambassador Davis, who had become increasingly frustrated and annoyed, if not angered and resentful, in the ten months of delay since his nomination, rushed to Santiago the day after my departure on October 12, 1971, four years to the day since my arrival on the Día de la Raza, the same holiday on which I returned for the first time, 25 years later.

None of the account of the negotiations with the Allende government was permitted to be published by a Hersh whose views came close to those of an Altamirano but whose editors at the Times, above all the outspoken anti-communist Abe Rosenthal gave license until disclosure was meaningless —and all for reasons never to be explained or to be subjected to the judgment of democratic, public opinion. In behavioral terms, the Times episode is of a piece with Watergate where cover-up was the motivation for what Democrat Senator Pat Moynihan called a misdemeanor but which exposed the methodology and the mores of an administration. The telling question is who acted more honorably in 1971 in dealings with the Allende government— the Nixon Administration which stood behind my initiatives for almost one year despite its ideological antipathies, or the Times which suppressed a timely disclosure of such negotiations as well as the innovative details of the strenuous effort to arrive at any accord with Allende? The editor of the Times, like the Chilean President, caved into the pressures of his Left.

This, I submit, is a true morality tale of “Chile”. □