
DOCUMENT

**CHILE IN THE ARCHIVES
OF THE USA (1970)**

DOCUMENTS FROM THE ARCHIVES OF FORMER US
AMBASSADOR TO CHILE EDWARD M. KORRY (1967-1971)

The documents published here were provided by Ambassador Edward M. Korry during his visit to the CEP, in October 1996, as complementary material to the testimony contained in his lecture and the interview he gave on that occasion. The material firstly contains telegrams exchanged during August 1970 between Ambassador Korry (at that time head of the United States' diplomatic mission in Chile) and the US State Department. In addition there is the Contingency Report that the Ambassador dubbed "Fidelism without Fidel", also dated August 1970, and which provides a detailed account of what could be expected if Salvador Allende were to win the presidential elections of September 4th, and the policy the United States government should follow in the face of that eventuality. Most of the recommendations drawn up in this report are what later were to guide United States policy towards Chile during the government of Salvador Allende. The telegrams and the report both clearly provide valuable background data concerning the statements and opinions offered by Ambassador Korry in his presentation "The USA-in-Chile and Chile-in-the-USA", and in the interview published in this edition of *Estudios Públicos*.

Estudios Públicos

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**1-1: Request opinion about three political options for the US
Government in case Allende wins the election.**

From: US Department of State

To: US Ambassador to Chile, Edward M. Korry

1970: August 5

Cable from State (Normal Channel) Aug. 5, 1970:

We want your views on the following options we are developing for KSSM Contingency Paper, draft outline of which you saw here. Please give us your judgment as soon as conveniently possible as to which of these options would best serve our interests:

- 1) Make a conscientious effort to work out modus vivendi
- 2) Maintain minimal relations
- 3) Seek to isolate and hamper.

1-2: Request opinion about fourth political options for the US Government in case Allende wins the election.

From: Deputy Assistant Secretary Crimmins
 To: US Ambassador to Chile, Edward M. Korry
 1970: August 5

Back-channel message also sent 8/5/70 from Deputy Assistant Secretary Crimmins at request of Kissinger's office:

"As you consider three options in [septel], we also want to consider a fourth which we are treating separately with a very restricted distribution. This option would be the overthrow or prevention of the inauguration. We would like to have your views on:

- A) prospects that the Chilean military and [polics] would that action on their own to overthrow Allende and the prospects that the military would be encouraged to take by elements such as (name of high Christian Democrat who was particularly close associate of Frei and which is not essential for Moyers.)
- B) which elements of military [polics] might try an overthrow.
- C) prospects for success if the military and [polics] tried to overthrow Allende or prevent his inauguration.
- D) importance of U.S. attitude to initiation or success of such an operation.
- E) from your contact with Argentine representatives in Santiago, how do you evaluate Argentine desires and intentions regarding anti-Allende actions?"

(Note by EMK for ____: I was told many years later in Washington that this cable had been instigated at the White House via the usual Kissinger to Undersecretary Johnson underwritten communication channel of direct conversation. Crimmins expected me to knock down the ideas contained in the questions sent in his name just as I had caused ---to use the words of the State Dept in April of that year--- "the destruction" of the plans by Council of the Americas to have a joint US-Big Business operation to elect Alessandri "as in 1963- (see enclosed letter).

1-3: US Ambassador in Chile, Edward M. Korry, gives his opinion concerning options for the US Government in case Allende wins the election.

From: US Ambassador to Chile, Edward M. Korry
To: US Department of State
1970: August 10/11

1. following are my responses to three questions refiel:

A. A conscious effort to work out *modus vivendi* is a theoretical hypothesis without relation to reality. While Allende Govt would move internally with initial prudence to seek to maintain a framework of constitutionality and legality, it would be committed, as Allende has stated, to policies that treated US imperialism as public enemy number one in the hemisphere. Aside from nationalization of US industries, elimination of US influence in the country, recognition of China, North Korea, East Germany, North Vietnam and the NLF, etc., which in themselves would make a *modus vivendi* a practical impossibility for the US, the profound changes on the structure of Chile would probably necessitate an external “enemy” to justify an accelerating revolution. Almost daily, the Allende press is focusing on different aspects of US “imperialism” in Chile—birth control, education, nutrition, you name it—accusing contractual AID and direct hire employees of espionage and/or imperialism. These specific “fingerings” (which would justify kidnappings by *Miristas* in the event of an Allende defeat) cannot be considered campaign tactics: rather they are a part of a considered strategy that fits doctrinal requisites and revolutionary imperatives for an Allende Govt.

B. Thus for me the issue is not whether we have “confrontation” but how we deal with it. Above all, it requires a cold relation in the evaluation of our ability to influence events.

C. I assume as a given that we shall have a *de facto* confrontation in that most sensitive of all Chilean issues, copper. The nationalization of the US companies without effective, adequate or prompt payment will produce at the minimum a *de facto* ban on Chilean copper imports by US companies. The Chilean copper situation is not analogous to, say, the IPC in Peru or even the Bolivian Gulf problem. IPC did not export oil and oil does not represent for Peru in economic terms what copper signifies for

Chile or for the affected US companies. As for Bolivia, no one takes anything as definitive in that unhappy land. Although legally, the USG would not necessarily be responsible for prohibiting the import of copper, the distinction will be lost on most Chileans and, I would think, on most Latin Americans. This accusation of responsibility in public terms could have conflicting impact on different Chilean segments of opinion, tending in some instances to consolidate support for Allende while perhaps provoking in others encouragement for opposition to Allende. But the point is that the combination of the almost inevitable elimination of all but a small diplomatic US presence and the effective ban on copper imports will create a what I understand to be the thrust of refel's option C— "seek to isolate and hamper". Such a policy might envisage a political effort in the OAS or in organisms such as the CECLA where we would seek to expel or isolate Allende (who might well isolate himself from OAS); our economic effort might include utilizing US weight to veto loans from LADB or IBRD. From this limited vantage point, I estimate that the effort required with other Latin countries to impose a strategy of deliberate and public confrontation would either be beyond our capacity or at such high cost as not to be practical. There are too many anti-interventionists in Latin America plus too many who read the lessons of the experience of Castro through a discouraging optic to permit us to contemplate with realism that kind.

E. But if Latin America and world opinion is not generally prepared to endorse public confrontation there is nonetheless a considerable body of opinion that is opposed to Marxist-Leninism, to the revolutionary alliance between Cuba and Chile and to the growth of direct Soviet power in Latin America. We have no choice, I am reluctantly persuaded, but to seek to tread an uncomfortable, unsatisfying and uncertain line between these two largely incompatible Latin lodes of anti-interventionism and anti-Communism (a short-hand term to encompass the foregoing sentence). Since we shall have de facto confrontation what I am suggesting is that style will count for much more than substance once Allende is President. The manner in which we accept inevitabilities, the words and the forums by which we choose to make known our fundamental disagreement with the nature of the evolving Allende system, the subtleties we employ in diplomatic dialogue with other govts and in other international dialogues--- these are the kinds of decisions to which we are realistically limited in my judgment once Allende is sworn in as President.

F. The Allende forces cannot escape the conclusion that if he is inaugurated that the US has admitted its impotence. To be sure his first

few weeks or months will pose a delicate challenge, particularly with the military whom he must be careful not to arouse to action by imprudent purges or other revolutionary exuberances. He will surely seek to concentrate his actions against that potent yet minuscule number of foreign and domestic companies that form the economic base of the political right of center; soak the rich is never unpopular and there are always sufficient numbers of the moderately well-off who believe that their own skins can be saved at the expense of the fat cats. There is a very broad base of popular and political opinion that would at the very least be unopposed to such a tactic and who would regard such actions as justifiable fulfillment of Allende's electoral platform. It would take a certain amount of time for copper nationalization to be passed by the Congress and for the US companies to impose a de facto ban. I would guess that Allende having gauged the US as impotent to prevent his inauguration would assume our further impotence to impose on Chile an economic or political boycott of any effectiveness. Copper is not sugar and the world will need it; moreover the big Chilean markets are in Japan and in Western Europe where, if our experience with Cuba is any guide, US dissuasive pressures would not count for much. Allende also knows that he can manufacture hard reserves for Chile by simply defaulting on US AID loans that total approx. \$500,000,000 (and that in any case in my view is going to be the next big objective of Latin and LDC nationalism). He will come into office with record reserves of some \$400,000,000, with record copper production and with every hope of maintaining labor discipline. All these assets form a very considerable cushion for a country that can maintain its Western European markets, increase its Asian ones and can expect a growing Eastern European and Chinese interest. All of which to say that 1970 Chile is not a 1959 Cuba integrated into the US market; Chile would not require wrenching changes in trade patterns and it has the human talents and organizational skills plus a broad popular political base to prove the impotence of US public confrontation. To the extent that we indulged our own desires to display our hostility, it would certainly contribute to public justification by Allende for each successive action that served to extirpate US influence. It would also help to rationalize the acceleration of Eastern European and Chinese activities in Chile.

2. I conclude that we have no options once Allende is inaugurated but to roll with the punch which in terms of [refte] signifies option B--"to maintain minimal relations". We should be prepared, of course, to exploit the unexpected, be it the consequence of Allende misjudgments or any of a host of abrupt alterations in the world balance that might affect Chile.

3. We shall have a special problem with Argentina and perhaps with Brazil. The Argentine Amb has repeatedly broached contingencies with me, most recently on Aug. 7. Frankly he is not capable of dealing with the topic as is evident from his lack of range or perception and from his suggestion that the subject should be jointly considered at a different (he clearly implied security-intelligence) level. His govt is very justifiably concerned by the implications for Argentina of a Chile run by a govt committed to revolution in Latin America, with 900 miles of impossible-to-control frontier and with a large Chilean proletariat minority settled close to the boarder. The Amb talks vaguely of joint political and economic actions but when I asked just what he had in mind, it was not discretion but lack of ideas and of knowledge that limited his responses. He wanted me to tell him.

4. It is important that we bring along as much of Latam opinion as we can in dealing with an Allende govt. Most likely, Argentina and Brazil—and in certain circumstances Peru and Bolivia—will want arms from the US. But again it will be style that can count for something, and different styles with different govts. We may wish to establish some joint Chilean information mechanisms with the Argentines and perhaps others. Peru will also be of particular importance but since that is not my parish I will not go beyond flagging the self-evident.

Cable, 11 August 1970

*REF: Santiago's 3078
(11 August 1970)*

1. Upon rereading reftel with my recommendations for “rolling with the punch” and my emphasis on style, the following further specifics might serve to clarify.

2. What I recommend the US not do is to indulge in public outcry and handwringing. Equally, I would hope most strongly that we would not heed those who might argue that if you make enough of an effort, you will eventually arrive at an “understanding” or “modus vivendi”. We should keep an even calm keel; we should listen to whatever Allende has to say and then make our own cool evaluations; we should not above all seek to buy him off by advance concessions; nor should we trespass beyond the

limits of correctness into overt hostility. We should not be panicked by his election into precipitous withdrawal of dependents or similar over-reactions; we should proceed with a deliberate winddown of activities as proposed by our first mailed comments earlier this month and which in any case is, in good measure, consistent with my own view of how best to achieve US objectives in Chile whoever becomes President.

2: Contingency Paper (“Fidelism without Fidel”)

1970: August

Contingency Paper

This paper proceeds from an assumption that Salvador Allende will be the next President of Chile. That unhappy development is postulated only for the purpose of this contingency exercise. We do not examine here the Popular Unity candidate’s electoral prospects or his chance in what will almost surely be a congressional run-off. It is sufficient to note in this regard the Embassy’s current assessment that an ultimate Allende victory is possible but not probable.

GOVERNMENT OF POPULAR UNITY

The political forces Allende will bring to power can be seen in combination as representing what may be described as *fidelismo* without Fidel. Essentially Popular Unity is the same kind of uneasy alliance between revolutionary nationalists and orthodox Communists that Castro has established in Cuba. There are two major differences: Allende, by nature a transactional politician, is no Fidel; and the PCCh, the dominant partner in Allende’s coalition, has an incomparably stronger political hand to plan than the PSP ever held in its dealings with Castro. Despite these factors, we believe the analogy is useful in plotting the course of a Popular Unity Government may be expected to take. With the same basic forces and the same ideological commitments at work, we foresee a repetition of the Cuban experience, at least in programmatic terms if not in the element of revolutionary style. Allende has promised to pursue the goals of the Cuban revolution here in Chile, and we see no reason not to take his word.

On the surface, however, Popular Unity in power will appear at first as an inherently unstable grouping of Marxist nationalists (the Socialist Party), Moscow-line Communists, revolutionary Catholics (MAPU) and opportunists of the left (the Radical Party and Rafael Tarnd’s API). A scramble for positions and influence is predictable; public squabbling among the coalition partners can be expected on the basis of past performance; and considerable confusion in the governmental process will probably be apparent from the outset as Allende attempts to operate with and through such coalition devices as the projected high-level “political

committee" (a policy steering and coordination group made up of representatives of Popular Unity's member organizations). These developments will highlight the apparent weaknesses of a coalition government without a clear popular mandate (presuming, as we do, no more than a plurality for Allende on September 4), lacking a majority in Congress and facing hostility in key sectors, including to varying degrees the military, the judiciary and the press.

These manifestations of incoherence are not likely, however, to affect the fundamental identity of purpose on which Popular Unity rests. The Communists and Socialists are in firm agreement as to what must be done to bring the "revolution" to Chile: i.e., destroy the economic right and extirpate all U.S. influence. Their minor partners have no theoretical problems with either of these goals, and in any case have little choice in the matter.

Serious differences do exist over long-term revolutionary strategy and ideological objectives. (The Radicals, for example, certainly do not foresee the establishment of the kind of centralized Marxist state the Communists have in mind.) More importantly, the Socialists and Communists have for years been contenders in the labor movement, universities and youth groups; and under a Popular Unity regime their rivalry will inevitably extend to a struggle for political and state power. Nevertheless, there will be small comfort to be drawn from such a situation by those who hope for the preservation of Chilean democracy and U.S. ties.

The Marxists should in fact find the going relatively easy as they pursue their twin goals. Communist and Socialist influence in the media, the labor movement, and the educational institutions is presently strong, and with the leverage and resources of government should quickly be converted into predominance. (We assume that the Edwards group and their newspapers can be broken in short order by taxation and credit measures, even if Allende does not attempt the expropriation of *El Mercurio* he once threatened.) A majority already exists in Congress for complete nationalization of key sectors of the economy: copper, nitrates, petroleum distribution, power, communications and probably banking. Other private interests will be at the mercy of indirect government pressures; Allende will need no additional congressional sanction to attack them through the government's existing authority to establish prices, influence credit distribution, control imports and authorize import competition.

Allende has pledged that his government will permit all political parties freely to continue their activities, but the consequent potential for

opposition may be more apparent than real. The *Partido Nacional* depends upon the economic right; the destruction of that base will effectively eliminate the party as a significant political force. The *Partido Radical*, a collection of middle-class opportunists, is particularly vulnerable to manipulation through patronage and the use of fellow-travelers. As a partner in Popular Unity, the PR in all likelihood can look forward to the same fate the befell non-Marxist collaborationist groups in Eastern Europe after 1944. The Christian Democrats, the country's largest party, can probably be split by skillful Marxist political maneuvering. A minority left-wing faction has already indicated a willingness to participate in a government of Popular Unity; there is fairly wide support in the party for those elements of the Allende programs directed at the economic right; and dividing the major PDC groupings by playing on ideological and programmatic differences should not therefore be too difficult.

Farther out on the political spectrum, MIR, MAPU youth, and other "new left" elements will probably find the pace and policies of an Allende Government too timid for their tastes. These groups will be under heavy pressure to conform and can expect rough handling from the Communists. This problem may well prove a source of conflict between the two principal partners of Popular Unity, given the Socialists' affinity for the MIR approach to rebellion.

It is in the Armed Forces, as the Communists so clearly recognize, which represent the only critical threat to Popular Unity. Here again, however, Allende will have the means to neutralize potential opposition. In keeping with Chilean tradition he can elect his own service commanders, passing over the more senior and antagonistic officers, who in that circumstance must retire. We anticipate no difficulty in his finding sympathetic or at least neutral commanders to support the constitutional president. Loyalty and even a personal following can then be established through generous pay and benefits, purchases of new arms and equipment, and a simple attitude of respectful attention to military concerns—an attitude in marked contrast to that prevailing throughout much of the Frei Administration. The generally poor quality of military leadership, together with long-standing inter-service rivalries (particularly between the Army and the Carabineros) will also facilitate Allende's task. We believe the same basic approach will work with the Carabineros, despite the currently hostile state of relations between that organization and the Popular Unity. The Carabineros again have a strong tradition of attachment to the executive power and support for constitutional authority. Finally, Chile's weak and archaic legal system does not offer promising prospects for effective resistance from the judiciary.

In sum, Allende's government of Popular Unity can consolidate power and bring the first stages of the revolution to Chile without departing from legality or violating constitutional norms. The more ambitious political objectives of the coalition's program, such as establishing a unicameral "people's assembly" with control over the judiciary, are calculated to arouse more serious opposition, but can still be reached without resort to extreme measures. The constitution empowers the President to call for a national plebiscite in the circumstances of a congressional-executive impasse on a major issue. In addition, the existing Law of National Security when invoked gives the President almost unlimited powers if he chooses to exercise them. The instruments for making a bloodless but sweeping revolution are thus at hand; considerations of pace and style will determine how and when they are used.

PACE AND STYLE OF THE REVOLUTION

Carlos Alamirano has stated a fundamental Socialist proposition: the real battle for the revolution only begins after Allende is elected. He and other extremists in the PS envisage a dramatic and rapid revolutionary transformation, accompanied by class warfare and violence. The Communists and their Soviet supporters, on the other hand, deplore this kind of "leftism" and argue for an extended and more gradual process to build solid foundations for the future advent of socialism. (Embassy Moscow's A-1114 makes this point with exceptional clarity.) Soviet state interests come into play. These would not be served by developments which unduly frightened or provoked the United States and the rest of Latin America. Allende, a politician instinctively inclined toward caution, may be expected to favor this latter view, bearing in mind as he also must the threat of military intervention if public order is seriously disturbed.

We expect, then, sharp conflict within Popular Unity over the pace and style of the revolution, with Socialists and perhaps Mapuistas pressing for speed and radical action, while Allende, the Communists and the Radicals hold back. We believe, however, that an accommodation will be reached if Allende is able to show progress in consolidating popular support (which must be reflected in the March 1971 Municipal elections), while moving unmistakably against the economic right and the U.S.

In meeting these political requirements, his early program will include actions to: (1) end devaluation, freeze consumer prices and establish rigid exchange controls; (2) eliminate export drawback payments,

redirect credit flows and establish new sources new sources for imports; (3) petition a sympathetic Congress for an end to the legal distinction between white and blue collar workers, equalize family allowance payments and reduce taxes on necessities; (4) also seek Congressional authority for nationalization of the copper companies, petroleum distributors and banks; (5) terminate bilateral U.S. aid, recognize Cuba, North Vietnam et al, eject the Ford and Rockefeller Foundations; and (6) intensify housing and public works programs, expand educational and public health efforts and eliminate cost of living adjustments in mortgage payments to the government housing authority. (For a more complete list of the range of options which Allende and Popular Unity have put forward see the Embassy's A-212 and A-247.)

This is by no means inclusive listing suggests the mixture of demagoguery and ideology we believe Allende will employ. The approach is one fitted to Chile's political climate, gradualist to a degree, but also effective in preparing for the far-reaching Marxist measures that will come later: e.g., agrarian reform with state farms on the Cuban model; elimination of the petite bourgeoisie through the gradual nationalization of all commerce; an end to direct, free and periodic elections; and the imposition of police-backed labor discipline.

This measured revolutionary pace responds to the interests of the Communists, who with their vastly superior organization and discipline should be able exert increasing control over the machinery of state —this time with no Fidel to block their way. We are unable to lay out any precise timetable, but we believe it reasonable to predict that the process will move quickly enough to give the Marxists firm control of the country prior to the Congressional elections of 1973 and to forestall the necessity for a free presidential election in 1976.

ALLENDE AND THE U.S.

Spokesmen for the Popular Unity, including Allende and Volodia Teitelboim of the PCCh, have denied that their government will seek a confrontation with the U.S. They emphasize the feasibility of normal and correct state-to-state relations as long as there is clear respect for Chile's sovereignty. At the same, Allende describes "U.S. imperialism" as the "one enemy" in Latin America while, as we have seen, the elimination of U.S. influence from Chile remains a fundamental goal of Popular Unity. There

are two basic possibilities: (1) the Allende Government will at some point —perhaps early on— deliberately provoke a hostile confrontation with the United States in an attempt to arouse nationalistic support and create the type of siege psychology that has been so useful to Castro; or (2) Allende will move cautiously and quietly, protesting his desire for normal relations, while taking those measures contrary to U.S. interests requires by his commitments. In either case the objective would be to saddle the U.S. with so much of the responsibility as possible for the deterioration in relations.

The first option may appeal to Altamirano and his cohorts, while the second seems better to fit Communist designs and Allende's own inclinations. (The identity of Allende's choice for Foreign Minister may indicate which has been selected. Designation of an old-line Radical —as has been rumored— would point toward the second.) Tactical considerations will condition the style with which U.S. relations are conducted as well as the timing of certain moves, but will not alter Popular Unity's basically hostile intentions.

In any case, as we have clearly indicated, Allende can be expected at the outset to take certain actions affecting our interests, including confiscatory nationalization of private U.S. holdings and the establishment of relations with North Vietnam, North Korea, the CPR and the GPR. The range of moves he may make in other fields of interest to us can be summarized as follows:

Bilateral Agreements

Allende is pledged to denounce "all treaties or agreements —which limit our sovereignty and specifically the treaties of reciprocal assistance, pacts of mutual aid and other pacts which Chile has signed with the United States". We believe he will follow through by announcing that his government is not bound by provisions it may consider injurious in the existing economic and military agreements. Outright and formal denunciation may well follow in some cases: e.g., the Investment Guarantee Agreement, the Peace Corps and the basic Economic and Technical Cooperation Agreement of 1951 under which many of our activities here are conducted. For reasons discussed below, he might go slowly in dealing with Mutual Defense and Military Missions agreements, but we expect sooner or later a highly publicized rejection of all military ties to the U.S.

Loans and International Credit

The Popular Unity program states that “foreign aid and loans conditioned for political reasons” and loans which impose conditions on the use of the proceeds which “injure our sovereignty and are contrary to the people’s interests will be rejected and denounced by the Government.” We think it likely that the Allende Government will dredge up past AID loans —particularly the program loans— and attempt to make political capital out of the conditions attached to them. This could lead to an effort to force us into renegotiation of terms, or might result in an outright refusal to pay interest and principal installments on some AID loans. How this will work out in terms of specifics is difficult to predict, but we feel confident that Allende is not to be influenced in this handling of approximately \$502 million (net) in outstanding AID debt by any consideration of possible future Chilean need for bilateral assistance.

The Government of Popular Unity will, of course, require foreign credits and will look for them in Western Europe and Japan as well as in the Soviet bloc. The \$307 million (net) in outstanding Export-Import Bank loans is a consideration in this regard, as we do not anticipate and early move toward default or denouncing of this debt. However, given what we see as an inevitable trend toward conflict on various levels with the United States, there can be no surety that these obligations will remain safe over the longer term.

Foreign Private Investment and Trade

Allende and his economists regard foreign private investment as a drain on the country’s resources and will be untroubled by its virtually certain disappearance. We expect confiscatory nationalization of the major U.S. holdings and increasing if selective pressures on remaining U.S. investments. We doubt that U.S. companies will have much interest in trying to hold on for very long, particularly in view of what will surely be extremely rigid exchange controls.

The Popular Unity program stresses the intention to reject any kind of “foreign impositions” on trade and to establish commercial relations with “all countries of the world.” Spokesmen for the coalition have promised substantial increases in commercial exchanges with both the bloc and Western Europe. We foresee a deliberate effort to shift the pattern of

Chilean trade away from the United States. Chile's favorable exchange position combined with a policy of eliminating U.S. private investment should facilitate that shift.

AIO and PL-480

We have no reason to doubt Allende's declared intentions to remove the last traces of "dependency". The ideology and internal politics of Popular Unity dictate an early end to bilateral U.S. assistance, however helpful to the coalition's social and development programs a continuation of some of our activities might appear. Fortunately, AID has a few outstanding commitments and a rather rapid winding-down of the AID function can be accomplished without too much strain. For local political reasons there could be hesitancy on Allende's part in putting an immediate end to the San Vicente Port project, but he will surely seek an alternative source of financing. There will be no interest in other U.S. loans nor in technical assistance, family planning programs and the like. Any effort to continue AID audit and evaluation activities would be met with stiff and publicized resistance.

PL-480 Title II school and pre-school feeding programs might present a special problem. Without this assistance, Allende will find it exceedingly difficult at the outset to provide free milk, lunches and breakfasts he promised to Chilean children. The food-for-work programs have considerable social impact in some areas. Allende, then, will have tough decisions to make in this area. He may go slow in pressing for termination, while looking for other sources of food assistance.

Peace Corps

The Allende Government will not be disposed to tolerate a Peace Corps presence in Chile for long. Two approaches are available: (1) denounce the PC agreement and demand the withdrawal of the volunteers; or (2) take no official action but allow the Communists (who are notably anti-PC) and others to use harassment, espionage charges and the like to force us to take out the volunteers. In any case, we do not consider a continued PC presence feasible.

MilGroup and Military Programs

How fast Allende moves toward terminating all military ties with the U.S. will again depend on tactical considerations. He must determine if his position with the Armed Forces is strong enough to force the break at the outset. We presume, despite what will be a thorough shake-up in the command structure, that there will be uneasiness in the Armed Forces about the ultimate intentions of the Popular Unity Government. Some desire to maintain the U.S. connection might therefore be expected. Allende, however, can probably overcome this problem in a fairly short period of time, perhaps by bartering away the connection in return for other benefits to the military. We further anticipate a turn to the Soviet bloc as a source of military equipment and to Cuba for various types of military cooperation.

AFTAC

Detachment 509, 517 and 519 activities will make an ideal Popular Unity target for propaganda built around charges of espionage and the maintenance of illegal military bases. If these units are still in Chile when Allende comes to power, we can expect an indignant and highly publicized demand for their withdrawal.

NASA

The tracking station, because of its relationship with the University of Chile and the nature of its activities, has a certain amount of built-in protection. Nevertheless, an eventual campaign of harassment and charges of improper activities would not be surprising.

Official U.S. Presence

We currently have close to 1,000 official Americans, dependents and PC volunteers in Chile. A presence of this size would be intolerable to an Allende Government. the possibilities for harassment are endless; if Allende chooses the gradualist approach, that kind of pressure rather than a direct demand for drastic reductions may well be forthcoming.

Unofficial Americans

We do not anticipate any threat to the physical safety of U.S. citizens, or even officially-inspired harassment. Virulent, personalized anti-Americanism is quite rare in Chile. Needless to say, however, this will not be a very comfortable country for most kinds of Americans to live in, or visit.

ALLENDE AND THE REST OF THE WORLD

the Popular Unity program forecasts a foreign policy based on a "strong sense of Latin Americanism and anti-imperialism," special ties with peoples struggling for "liberation and independence," an emphasis on relations with peoples rather than foreign offices, recognition of the right of rebellion against colonialism and "neo-colonialism," of "relations, interchange and friendship with the Socialist countries," and "solidarity with Cuba." The general direction of Allende's foreign policy thus seems clear enough; on specifics we offer the following summary assessments:

OAS

The program calls for denunciation of the OAS as an instrument of North American imperialism and the creation of a new organization "truly representative" of the Latin American countries. We note that the contemplated "denunciation" does not refer to specific and formal action to end Chilean membership in any part of the Inter-American system or to renounce the country's treaty obligations. The way is thus left open to remain within the OAS, using membership for propaganda purposes and as a means for promoting discord from within. we presume that the tactical decision in this regard will be made in consultation with Castro and the Soviets. In any case, there can be no question of Allende's rejection of "every form of panamericanism" as the program puts it.

Latin American Integration

We expect a rather casual approach in this field. The program calls for integration on the basis of economies that have been "liberated from imperialist forms of dependency and exploitation." The premise is added,

however, that the new government will “maintain an active policy of bilateral accords” in areas that are of concern to Chilean development. Certain aspects of Andean Group activities may be of interest to the Allende Government (industrial integration where Chile has a natural advantage, for example) but in general we foresee economic and financial policies which will make unlikely Chilean participation in any but the most modest integration efforts. The reference to “bilateral accords” is probably an accurate indication of the direction Allende will take in his economic relations with the other Latin American states.

Cuba

Allende has made it clear that Chile and Cuba will form a north-south axis to lead “the Latin American revolution.” Given Fidel’s temperament and ambitions, there may be some strains but we look generally for the closest collaboration. A key element in the longer-term development of this relationship will be the course of Soviet-Cuban relations. Any renewed cooling of the atmosphere in that quarter could produce discord within Popular Unity and, depending on the degree of Communist leverage at the moment, problems with Cuba.

Argentina

Military intervention from the east is and will continue to be a disturbing possibility to the forces of Popular Unity. We are not in a position to examine how Argentina may react to the establishment of a revolutionary Marxist government on its boarder, except to note our impression that Argentine use of force seems unlikely. For his part, Allende can be expected to adopt a circumspect and correct attitude toward Chile’s big neighbor. We think he will go to considerable lengths to reassure the Argentines as to his government’s pacific and friendly intentions, while avoiding any impression of undue warmth or intimacy. The possibilities for serious problems between the two countries are, of course, limitless.

Peru

Popular Unity takes the *fidelist* view of Peru: i.e., that the Velasco Government is “progressive” and shows some real revolutionary potential.

At least one Marxist commentator has already indicated that Allende's Government will seek the closest relations with Peru. We anticipate an intensive effort to persuade the GOP that a special relationship is in order and that now is the time to join in recognizing Cuba and rejecting U.S. tutelage. The ultimate aim would be to bring Peru into the anti-imperialist axis—an objective Castro also clearly has in mind. We are unable to comment in the chances of success in such an undertaking, but note that Allende's calculations in that score could have an important affect in the style and speed with which he revolutionizes Chilean foreign policy.

Export of Revolution

Popular Unity's promise to support the "struggles of the peoples for their liberation and for the construction of socialism" is likely for some time to be more verbal than material. The Communists in particular can be expected to check Socialist inclinations to involve Chile directly in the fight for "national liberation" elsewhere. Allende will wish to consolidate his own regime and avoid provocation of Argentina and/or the U.S. until that is accomplished. Bolivia, however, may be a particular problem. Elements of the Socialist Party, the Miristas they support, are apparently involved in the ELN movement in that country and will probably press for more active and substantial Chilean backing. We believe, however, that Allende will try with Communist support to dampen this kind of enthusiasm and maintain at least the appearance of non-intervention in Bolivian affairs. (With regard to the larger aspects of relations with that country, we consider it unlikely that Allende will make any real effort to resolve the "access to the sea" problem. Despite the program pledge to resolve Chile's existing border disputes, nationalistic constraints will operate with even greater force under the Popular Unity regime.)

This brief discussion is not meant to suggest that Chile under Allende will not constitute a security threat to her Latin American neighbors. It is likely that the country will become a haven, a training and staging ground for subversive elements from all parts of South America.

Soviet Union

The degree of Allende's expectations of aid from the USSR are unclear. He undoubtedly anticipates credits (on better terms than the Frei

Government obtained), increased trade, technical assistance and probably help with capital projects. We presume, on the other hand, that the Soviet Union is not prepared to take in the burden of a Cuban-style aid program. Chile's strong foreign exchange position and copper resources should rule out that latter contingency. The Soviets may find, however, that Popular Unity as a whole—if not Allende—will look for unambiguous evidence of Soviet economic support. This could produce some initial disappointments and frictions, but we presume an adequately forthcoming Soviet aid policy over the long run. It also seems likely that Soviet military assistance in the form of advantageous arms sales will be forthcoming and will prove welcome to the Chilean Armed Forces, beset as they are by problems of dilapidated and outmoded equipment. We do not, however, foresee the establishment of a major Soviet military presence in the near future, although the gradual introduction of a training mission may take place. Allende, the Communists and the Soviets will again wish to go slowly to avoid raising any unnecessary alarms, not least on the part of the Socialists who are inclined toward suspicions of the world's "other great imperialist power."

CPR

We only note in this connection that Maoism is not a factor on the Chilean scene and that Peking sympathizers are notably absent from Popular Unity. The Socialists may hope with Chilean recognition of Red China to forge a useful connection in offsetting Soviet influence, but the PCCh and Moscow will have most of the cards.

Japan and Western Europe

A major Allende objective will be to preserve and strengthen the existing markets for Chilean copper and other minerals. As noted, a shift in Chilean imports can probably be used to effect in this regard. The Marxist press has made a good deal of Castro's purportedly excellent relations with Western European countries—particularly France—and we expect Allende to emphasize such ties. European and Japanese participatory investments in minerals and other areas may also be sought.

U.S. OBJECTIVES

As the CASP indicates, we are unable to identify any vital U.S. security interests in Chile. The fall of Chile to totalitarian Marxism cannot, therefore, be considered a threat to the nation in military terms. At the same time, Allende's victory will be a defeat for the U.S. —a defeat jeopardizing our historic interests in the hemisphere and the "special relationship" which President Nixon's policy seeks to preserve.

As this paper tries to make clear, we doubt that there will be any turning back for Chile once Allende reaches the Moneda. He will have the means and the will to put the country firmly into the Socialist camp and to establish the Cuban-Chilean axis he has promised. Under the circumstances, the primary U.S. objective should be simply to limit the damage in the rest of the hemisphere. This suggests measures to strengthen the inter-American system and our relations with the countries in the system. We will leave to Washington the consideration of what those measures might be, only noting that in this new situation there may be a need with some of the countries to enhance the appeal of strong ties to the U.S.

Within Chile our objective could be described as strengthening those residual forces with any kind of democratic or anti-Marxist commitment. The statement itself is reasonable enough, but we are hard put to envisage how it might effectively translate into practical measures. That such forces will exist —and in fairly impressive strength— is unquestioned; that we can maintain contact with Christian Democrats, Radicals and perhaps even some military officers also seems likely. Beyond the exertion of occasional and marginal influence, however, prospects for meaningful Embassy action are not apparent to us.

Nevertheless, we believe that at least a minimal U.S. presence and the maintenance of the most normal possible relations with the Allende Government will be in the national interest. Opportunities may arise at some point for U.S. actions and, in any case, experience counsels that a U.S. Embassy on the spot in such situations is useful.

This leads to a negative but critical objective. Our interests within Chile and, far more importantly in Latin America as a whole, will be best served if we are able to avoid the scapegoat role cast for us in the Cuban case by Fidel Castro. Allende and his cohorts will try to make nationalistic use of the "imperialist menace" by maneuvering the U.S. into the appearance of harsh retaliation and indirect aggression against the Chilean people. Our policy should be directed at staying out of this game, at side-slipping the confrontations whenever possible.

U.S. POSTURE AND RESPONSE

In considering the nature of the U.S. response, we rule out military measures, direct or indirect (through the Argentines), threatened or real. We also note the extremely limited leverage of other kinds available to us. This applies to AID, which Allende neither needs nor wants, to economic sanctions (at least in the short term a U.S. embargo would have minor effect), and to political measures. This relative impotence suggests tactical emphasis on avoiding overreaction, graduating and gauging responses to hostile actions in light of the specific circumstances, and leaving the initiative whenever possible to Allende.

The U.S. will have a delicate balance to maintain in projecting our reaction to the new Chilean revolution. As a matter of democratic morale and solidarity in Chile and the hemisphere, we would wish to avoid an impression of indifference to, or supine acceptance of this victory for totalitarianism. At the same time, the prevailing climate in Latin America will not permit, at least in the short run, anything that might be construed as an interventionist posture. (the formula used in the Cuban instance —the emphasis on collective security and the incompatibility of Communism with the Inter-American system— seems unlikely to work this time around.) Posing the recommendation in these terms is again much easier than translating it into specifics.

With the other governments of the hemisphere we can only suggest an approach emphasizing our concern, our willingness to consult and cooperate in the spirit of the President's policy, and our corresponding intention to avoid unilateral action. There are likely to be some rather uncomfortable problems with at least a few of the countries —particularly perhaps Argentina— which will be pressing for a more vigorous U.S. attitude. In that regard, however, we should keep in mind that Allende will look for opportunities to divide the hemisphere along "gorilla" and non-gorilla lines. Our commitment to a truly collective approach should be maintained.

With the new GOC we should be honest and direct: i.e. the U.S. is prepared to maintain normal relations and to cooperate in matters of clearly mutual benefit. We would make it clear privately that the nature of the U.S. response will depend in large measure on how the Allende Government measures up under the same criteria applied to the Cuban case: i.e., no threatening Soviet military presence and no export of revolution. Presuming these criteria are met, and we will be prepared to avoid reprisals as our laws permit, to examine the possibilities for cooperation in trade and

development should the Chilean Government wish, and as participants in the international institutions to judge Chilean requests for multilateral assistance on the merits of each case.

Unfortunately, this reasonable attitude is unlikely to deter the Allende Government, and we will then undoubtedly be faced with the necessity to retaliate in various forms. Beyond what will undoubtedly be application of mandatory sanctions under our FAA and other legislation, there may be a few areas in which the U.S. actions could have more than a nuisance effect. The Central Bank reportedly holds a substantial portion of its gold and foreign exchange in the United States. (Total Central Bank gold and foreign bank deposits are in excess of US\$400 million.) We might wish to examine in advance the legal and practical feasibility of freezing these assets in preparation for the expropriation of U.S. holdings have, bearing in mind that the Allende Government will shift its reserves elsewhere as soon as practicable.

Other points of vulnerability we might consider in plotting graduated responses include LAN's profitable operations to and from the U.S. Chilean non-mineral exports to the United States (fruit particularly), shipping activities, and commercial bank credit. We must note that none of these offer very promising prospects. With regard to mandatory actions, Attachment (A) reviews the principal issues we will confront as a result of existing legislation.

Other areas of response can be outlined as follows:

PL-430. We could anticipate Allende's inauguration by reducing or terminating our Title II programs in advance. This appears to us an unattractive option, involving as it does hungry children. It is our recommendation that the programs be continued at their present levels as long as we can monitor them to insure against abuse, and if Allende goes on record agreeing to their continuation. This latter would be accomplished by simply putting the question to the new government, calling attention to the existing PL-480 agreements with Chile. (It is our understanding that the application of at least the Hickenlooper Amendment would not affect the programs of the voluntary agencies. We would not contemplate any renewed government-to-government PL-480 assistance.)

Technical Assistance. We would offer no new technical assistance programs and would begin at once to phase out what we are now doing.

This recommendation is based on the judgment that U.S. activity in such fields as population control, urban development, labor training (AIFLD), food marketing and export promotion will prove unwelcome to the government. Although our general strategy would leave the initiative to Allende, we see no purpose in trying to continue pursuits which require substantial manpower and open the way to harassment and confrontation. It would not be our intention to break off any of these programs dramatically or suddenly, with the exception of AIFLD which should be terminated as quickly as possible. Rather, we would simply wind down by removing personnel gradually over a period of perhaps six months, allowing the programs to come naturally to a halt.

AID. Attachment (B) summarizes what our loan position will be on November 4 and indicates few problems in that area. We would recommend a passive attitude on the San Vicente Port loan, stalling to see what kind of leverage Allende's attitude might provide us. If by chance a 2nd Agriculture Sector Loan is signed by the Frei Government, we would take the same line. Otherwise we would withdraw the proposal.

With respect to multilateral assistance, we would adopt the general strategy already indicated, but holding open the option of graduated responses in this field. We note that Allende's proclaimed promise to break with the IMF may affect the future of IBRD activities in Chile.

Peace Corps. There will be approximately 100 volunteers in Chile as of November 4, none with more than one year to serve. We would propose putting the direct question to the government immediately after it assumes office: so you wish the volunteers to remain and complete their tours? If the answer is an unequivocal affirmative they would stay. We would make no plans to bring in new volunteers, barring a most unusual turn of events.

MilGroup. We would take no move to withdraw our military mission or terminate on-going assistance and training programs except as legislative restrictions might apply —and in that respect we would ask for the greatest flexibility. Our objective would be to leave Allende with the initiative on what for him may prove a painful issue.

AFTAC. As noted previously, the special USAF activities pose a difficult problem. In our view, prudence requires a complete withdrawal of the detachments, a process that should begin as soon as it becomes

apparent that Allende is to be President. The only alternative that occurs to us would be an opportune public announcement by the Air Force explaining exactly what AFTAC is and what it does. This might put some pressure on Allende for obvious reasons. We are not recommending such a maneuver but do not rule it out.

USIS. Again, we would leave it to Allende, continuing our international, cultural and binational center programs at normal levels until the government decrees otherwise. This aspect of U.S. operations in Chile will, however, require some thoughtful contingency planning of its own to deal with a radically different kind of situation.

CAS. It is our understanding that CAS has its own operational contingency plan.

U.S. Presence. Beginning as soon as Allende's election is apparent, we would undertake a scheduled program of personnel reductions designed to produce a small, compact and efficient mission. The process would be accomplished by quiet individual departures, not through any dramatic airlifts or the like. We would plan to complete most of the process within six months. Our objective would be a mission roughly comparable in size and structure to the Embassy in Warsaw. (The rather large consular section in Poland might also have to be duplicated here in view of what we would expect to be a rush of business in that area.) The AID operation might require somewhat longer to phase out, but we believe a reduction to perhaps two officers and a clerical assistant can be achieved during the first year, and that such a staff would be adequate to handle residual problems.

Presuming, as seems probable, a phasing down of the Title II activities and an end to military sales (although we wish to hold that option open), we would forecast resource needs at around US\$5 million in FY-73. This includes the optimistic assumptions that USG programs would continue as planned and that NASA operations would be maintained. (See Page 2, Annex 1 of the FY-72 CASP for comparison.)