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Backchannel Message From the Ambassador to Chile (Korry) to the Under Secretary of State for Political Affairs (Johnson)

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Ref: Korry Message of 24 September 1970.

1. I know that Frei assumes the U.S. will support him; that has been made perfectly clear. Therefore, there is no need to say the obvious, particularly if it were said, it would eventually leak and we would be the scapegoat more clearly defined than the rumor campaign is seeking to paint us in any case. Let me cite one illustrative example as a further clarification of Part I, Paragraph 5, of my second message dated 24 September 1970. I am now certain that Frei and Perez-Zujovich have had a falling out of some kind and that Perez informed his co-political workers that the U.S. had offered money. As soon as I had word of this rumor I called Raul Troncoso, MinState at the Moneda. Although cabinet meeting was taking place then (Wednesday afternoon) he immediately called Perez who called me to emphasize that he had said it the other way round—that his co-workers had been seeking money from the Embassy. In fact I have some good reason to believe he is lying and that he is so terrorized that he is seeking to save his skin with some kind of deal with Allende. In any event, and much more significant, Frei left the cabinet meeting ten minutes after my call, got in touch with those same co-workers who had met with Perez to request that they continue their efforts to win the junta.

2. As for the military, they are getting the message from Ossa and others that U.S. Milaid will be cut if Allende has his program. That is a much more effective message than an attempt to buy them with the meaningless promise of “continued” MAP programs when the latter have been reduced almost to the vanishing point. (I understand that total MAP for LA has been reduced from $77 million in 1967 to about $7 million this year and that we can plan here on level of less than $500 thousand in future.) The military will react much more to the negatives than to any positives. Moreover I do not wish to get into the game of trying to buy them off since the exposure factor in this loose-tongued society is very great. They would resent what they consider bribery and they would react negatively to it. They assume that there will be U.S. Milaid even in the event of an Allende government with “guaranties.” For the foregoing reasons I had wanted more negatives such as the cancellation of visits to underscore the bleak future.

3. I do not believe Frei has any realistic expectations re the UNSYG and I believe this gimmick to be a Valdes–Teitelboim bait that was swallowed long ago by the Chilean ambassador to the UN, Pinera, a screwball by any definition.

4. One new item. I have slept on my proposal of last night re Anaconda (Paragraph 14 d of message dated 25 September 1970) and have decided to reverse field. In dealing with the shorter-term problem of stopping Allende, it would be advantageous for the company to hold firm to its current offer of a 38.5 per cent increase in wages; I believe the GOC would support the tougher line since they would like nothing more than a strike at this point. Unidad Popular orders are to

avoid strikes at any cost. I would welcome the Allende camp telling the workers that their demands of more than 60 per cent are excessive and that they should be “reasonable.” I would expect that the tough-minded miners would be split wide open and that long or short term, such a development would leave deep scars. I have talked to my very cooperative friend who now heads Anaconda in Chile, Krest Cyr, and stated the hypothetical advantages of playing hard or soft. I think he will recommend the hard approach to his company. However, Anaconda New York has a traditional record of doing the wrong thing and I guess would prefer the soft approach. Therefore, if a business intermediary such as the one I suggested could be promptly located he could deliver the suggestion to Anaconda in New York.

5. In that connection the equally cooperative ESSO is demanding prompt payment from General Tire for a very large outstanding bill. They will cease delivery of the raw material Monday if the bill is not paid, either in kind (tires for their dealers) or in cash. ESSO believes the plant might be forced to shut by Tuesday.

6. I have spoken again to the First NCB manager here and asked why he has failed to fulfill the commitment of his NY vice president Weaver who was recently here re El Mercurio and why they are putting Mercurio to the wall. I told him I would not like to apprise the White House of this strange action that could only have the effect of muzzling the lone free voice in Chile but I would do so today. He said he would promptly change his tune with Mercurio. I also told him I could not understand how he could continue to be giving credits such as to the Alessandri paper company when the U.S. exposure was so great and that I intended to communicate this equally strange symptom to the attention of the White House. He said he would promptly reconsider the matter.

Post-Script: Date for strike decision for Anaconda is mid-night September 30 although few days of extra bargaining possible if both repeat both parties agree.