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Memorandum for the Record

Identificador Archival:	frus:frus1969-76v21/d138
Agencia Emisora:	NSC / Casa Blanca
Fecha del Documento:	1970-10-06
Colección / Serie:	FRUS 1969–1976, vol. XXI: Chile, 1969–1973

Nota de Archivo: *Washington. Source: National Security Council, Nixon Intelligence Files, Subject Files, Chile, 40 Committee Minutes. Secret; Eyes Only. Drafted on October 7. A copy was sent to Mitchell, Packard, Johnson, Moorer, and Helms. McAfee prepared an account of the meeting based on his conversation with an unnamed participant that summarized the discussion and suggested that, "The Committee is faced with a problem since Higher Authority does not accept the fact that Allende is likely to be President." (National Archives, RG 59, Chile–ITT–CIA 1963–1977, Lot 81D121, Documents Requested by the Department of Justice, 1970–1977)*

Minutes of the Meeting of the 40 Committee, 6 October 1970

Mr. Kissinger, Mr. Mitchell, Mr. Packard, Mr. Johnson, Lt. Gen. Richard T. Knowles, and Mr. Helms

Mr. Charles A. Meyer, Mr. Viron P. Vaky, and Mr. William Broe were present for Item 1.

Mr. John Holdridge and Mr. William Nelson were present for [less than 1 line not declassified].

Colonel Richard T. Kennedy and Mr. Thomas Karamessines were present for all items.

1. Chile

a. The meeting opened with another review of the bidding. For the benefit of the Chairman, who had been abroad, Mr. Meyer made the following summary: There is no evidence at the present time that any Chileans will individually or collectively "get the lead out" (to put it colloquially) and Frei remains remorsefully in the wings. The CDU met over the weekend and voted 270 to 191 to negotiate with Allende over constitutional guarantees. In reviewing the contacts with American business (see minutes of the meeting of 29 September 1970, paragraph r. for approved actions), Mr. Meyer stated that the Ford Vice President for Latin America and Asia admitted a loss of $26 million and fully intended to pull out, but it was a matter of timing—there was some inventory to salvage. Mr. Johnson had talked to the Bank of America, and although they did have problems they were not pulling out at present. The loans had been slowed down, including the cattle loan, and Export-Import Bank's Henry Kearns was moving Chile from Category C to D loans whereby they would no longer be automatic.

b. A question was asked about the British. Mr. Kissinger retorted that higher authority had spoken to both Heath and Home and they later indicated they would re-examine the matter of a 4½ million pound loan. MAP was to be "held in abeyance" (there was an exchange between Ambassador Korry and Department of State on semantics of suspension); all munition licenses were also suspended.

c. Other developments were that Anaconda, faced with a strike, had taken a hard position and would hold out for a while. The incumbent government supports this and Allende was reported furious. Other companies, such as Esso and Singer,

were being prudent by restricting credit. As might be expected, they were not risking much; in point of fact, they were hedging. The principals were back to their starting point: i.e., how much economic turmoil or indications thereof would it take to nudge the military into a take-over?

d. Mr. Kissinger emphasized there were only 18 days left and that some drastic action was called for to shock the Chileans into action. Mr. Mitchell said the actions taken so far were well and good but had they been publicized? Mr. Karamessines indicated that Allende was aware of the trend and in an interview in Prensa Latina had castigated an "international conspiracy" to bring the country to its knees economically. Mr. Mitchell still wanted to know if the average Chilean was aware.

e. Mr. Meyer referred to a report that the army had told Frei they were not competent to govern nor did they think they were competent to handle major disorder and chaos should such occur. Mr. Broe noted that there was no other collateral reporting to support this statement.

f. It was apparent that both Frei and Korry flashed hot and cold and this resulted in considerable inconsistency in point of view.

g. Mr. Meyer pointed to the need to determine a post-Allende position such as proposed in NSSM 97. It was agreed that an early NSC meeting was desirable on that subject. Mr. Kissinger said this presumed total acceptance of a fait accompli and higher authority had no intention of conceding before the 24th; on the contrary, he wanted no stone left unturned.

h. There was a discussion about conveying to the Chileans the intentions of American business. By tipping our hand blatantly we could incur such hostility for the future that Allende might go right ahead with full expropriation.

i. Mr. Kissinger was quite blunt: if higher authority had the choice of risking expropriation or Allende accession, he would risk the dangers of expropriation. If by a miracle the Chileans achieved their own upset of Allende, the finger would still be pointed at the USA. He urged that the U.S. companies be pressed further.

j. Mr. Johnson pointed out that the 40 Committee had done about all it could given its charter; it had acted on recommendations of the Ambassador as well as those of the principals. Mr. Karamessines raised the question whether the USG wants to take an open posture of hostility to Allende by overt economic warfare. Mr. Kissinger said the word should be spread in unmistakable terms short of being completely obvious. He went on to note the inevitable contrast of higher authority advising heads of state in Europe of the absolute undesirability of an Allende regime in Chile while back home the bureaucracy performed a slow gavotte over what our posture should be.

k. At this point the principals made the following decisions:

(1) Mr. Meyer was to get in touch with Harold S. Geneen of IT&T (he has been abroad) and convey to him in strong terms the feeling of this administration about an Allende accession to power and seek to corral his influence.

(2) CIA was directed through its own assets to help get the message over to the military in no uncertain terms that MAP faucets were to be turned off and Chilean military training in Panama was to be held in abeyance. MAP equipment in the pipeline was to be held up. (State would draft a message to Korry to this effect.) Mr. Helms had stated that he was not sure the current signal that MAP was closing down was sufficient. Exactly who had said what to whom?

(3) Ambassador Korry had suggested the military advisory group be reduced immediately. It was decided this signal might be interpreted as folding tents in advance of an Allende victory. Ambassador Korry was to be turned down on this recommendation.

(4) On his request for guidance on his meeting with Felipe Herrera it was determined that Korry should be instructed to make no commitments to Herrera nor serve as any channel to Allende and attempt only to elicit the future Herrera role with an Allende regime.

(5) Mr. Kissinger objected to a certain paragraph 5 of a Korry message dated 6 October 1970 and asked that it be rescinded forthwith.

[Omitted here is discussion unrelated to Chile.]