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Memorandum From the Deputy Director for Plans of the Central Intelligence Agency (Karamessines) to Attorney General Mitchell

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Communication from our Chief of Station in Chile

We have just received a cable from our Chief of Station in Santiago reporting a conversation he has had with the Ambassador in the course of which the Ambassador set forth his reasons for wishing to come up to Washington at this time. In view of the discussion at the 40 Committee meeting today, I thought you would be interested in reading the reasons given by the Ambassador in his discussion with our Station Chief. When you have finished with this memorandum [name not declassified] will return it to me by safe hand.

The Ambassador said that he would persist in asking the Department of State to summon him for consultation. Since the ballgame is lost, the reason given by the Department of State for not wanting him in Washington at this time is no longer valid. He needs authorization to open talks with Allende's economic advisors on expropriation of American property. He brushed aside the Chief of Station's concern that any leakage concerning those talks might extinguish the last remaining flicker of a will to resist. The Ambassador averred that the talks would remain secret since any leakage was obviously contrary to Allende's interests. He claimed to be working against a 5 November deadline when a nationalization bill would be introduced and any chances for modification through bilateral talks would go by the board. The Ambassador did not divulge the basis of his contention that the bill will be introduced on 5 November. The Ambassador also voiced concern over the size of the AID investment guarantees, variously estimated at between 500 million and one billion dollars. He believes that the President is unaware that this contingent liability is hanging over the head of the Administration and that Congress may suddenly be faced with a request to cough up that much money. The Ambassador rhetorically asked, "How would this affect prospects of the President's proposals to reform the AID system?" Lastly, the Ambassador is anx-ious to brief his contacts in the media world and to testify before the appropriate Congressional Committees.