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Action in Support of U.S. Posture Towards Chile

I. The courses of action recommended are posited on the following assumptions:

A. Allende will be elected October 24th by the Chilean Congress in a free and secret ballot by an overwhelming majority with the implicit approval of the armed forces.

B. Allende's election will provoke no overt hostility from any Latin American or Western European government and these governments will accept in regional and multilateral organizations an Allende government as representative of a sovereign, independent Chile.

C. An Allende government will, despite reassuring articulations, have a profound anti-American bias and will work against US influences in the country, the area, and the world.

D. An Allende government may for tactical reasons, wish to maintain its international credibility as a responsible debtor, as a trusted borrower, and as a sovereign nation that fulfills its international obligations independent of any great power.

E. An Allende government will, at least in its first two years, encounter political opposition from anti-Communist forces and suffer from internal tensions (between Socialists of Maoist beliefs and orthodox Communists loyal to Moscow seeking dominance, and between non-doctrinaire opportunists and ideologues) in the management of a much-bureaucratized government.

F. An Allende government will encounter serious economic problems and perhaps particularly coincidental with the March 1971 nationwide municipal elections and two simultaneous Congressional by-elections; such problems could exacerbate tensions within the governing coalition and increase the potential of anti-government forces.

II. The objectives of US policies should be:

A. To bolster by covert action those forces opposed to the establishment in Chile of a Marxist-Leninist system.

B. To protect by quiet negotiation specific US interests in Chile so as to demonstrate the effective capacity of the US to influence events and so as to exploit to the maximum in defense of our legitimate interests the desires of an Allende regime for legitimacy.

C. To deal publicly with the new Chilean Government in a manner consonant with declared US policies for Latin America and to avoid converting in the public's mind the triumph of Allende into a defeat for this Administration.

III. Actions would be implemented at these three levels—covert, diplomatic, and public—in the following ways:

A. Covert:

1. Financial support to anti-Allende forces to acquire and operate radio stations and newspapers.

2. Financial support to selected anti-Allende leaders in the opposition parties.

3. Financial support to selected anti-Allende personalities in the Armed Forces.

4. Acquisition of political assets within the Allende coalition.

5. Political action to exacerbate tensions between the disparate components of the Popular Unity coalition.

6. Political action to encourage the flight of key Chilean technicians and managers so as to hamper the operation of the economy and to augment the political tensions.

7. Selected political action designed to maximize the opposition to the Allende government in the March 1971 nationwide municipal elections and the simultaneous two Congressional by-elections.

8. Propaganda action to publicize in the world media any contravention of Chilean constitutional guarantees of a pluralistic democracy, any shortcomings of the Allende government, any tensions inside his ruling coalition and to combat his planned denigration of his political opponents.

B. Diplomatic:

1. Authorize the Ambassador to seek between October 24th and November 4th by unpublicized negotiation with Allende firm and quickly-provable commitments:

a. to meet Chile's financial obligations to US institutions, public and private,

b. to write the nationalization laws for copper and banks (expected to be submitted November 5 to the Chilean Congress) so as to assure compensation of a kind and of a term that would obviate Hickenlooper Amendment implementation or significant USG payments to private US companies holding AID investment guarantees,

c. to delay full diplomatic recognition to North Vietnam, North Korea and possibly East Germany (eschewing any effort on our part to affect the full recognition of Communist China or Cuba),

d. that Chile will not provide military bases to any foreign power or be used for the export of revolution via guerrilla training camps or dispatch of such trainees to other countries.

The Ambassador should inform Allende that the US and probably the hemisphere will look very seriously on any violation of the commitments outlined in the foregoing paragraph d.

The Ambassador should inform Allende of pertinent US legislation that might come into play and its implications for our bilateral relations, including our positions in multilateral organizations, if he were to ignore our views concerning the matters raised in paras a through c of this section.

2. Instruct the Department and the Ambassador to plan for the following unilateral actions:

a. Maintain a very compact A.I.D. presence that concentrates on people-to-people relations (Title II humanitarian programs, exchanges of students, small impact projects) and a very few technical assistants in fields of interest to the US (e.g., health). All other technical assistance will be phased out by quiet withdrawal and non-replacement over a period of several months; all other A.I.D. activities will be reduced commensurate with our obligations to the U.S. Congress to supervise and to audit projects.

b. Continue to deobligate A.I.D. funds in the pipeline to the maximum practicable extent and, predicated on an acceptable negotiation with Allende prior to November 4th, permit the disbursement of A.I.D. pipeline funds (less than $30,000,000, of which a large amount is in irrevocable special letters of credit) in accordance with the conditions of the original loans. (There has been only one A.I.D. loan of $2,500,000 for student exchanges in the past two full years.)

c. Cancel all replacement plans for the Peace Corps (which has been quietly reduced recently to some 90 volunteers) and assume the phase-out of this program unless the Allende government requests in writing its continuance.

d. Maintain the Military Group (maximum 13 officers and men) until such time as the Allende government requests its elimination; maintain the courses of training for Chileans in Panama and the US. Permit the fulfillment of contracted military aid commitments (value approximately $4,000,000 of which a significant part was paid by the Chileans in cash).

e. Phase out quietly the entire AFTAC presence from its three locations in Chile (Easter Island, Punta Arenas and Quintero).

f. Permit the continuance of the NASA station if the Chilean Government so requests in writing.

g. Reduce to the minimum possible the numbers of official Americans and local employees of all agencies of the US.

3. Instruct the Department of State to:

a. Arrange with the Export-Import Bank to service exporters under a centralized review system.

b. Review loan applications to the Inter-American Development Bank with a critical eye directed to the end use of funds authorized for Chile and to inform the IDB through the US Director of this US posture, particularly as it affects the use of the Fund for Special Operations.

c. Consult with the governments of Brazil, Argentina, Peru, Mexico, Colombia, Venezuela, Uruguay, Guatemala and the Dominican Republic on the nature of our public posture to the Chilean Government.

C. Public Policy

1. President Nixon would implement our public policy of restrained relations with an Allende government by acknowledging his election October 24th with a prompt and succinct cable of congratulations that would emphasize the Chilean traditions of democracy and of freedom.

2. The US would send a delegation to the inauguration of Allende headed by Assistant Secretary Meyer.

3. The US Mission to the OAS would distribute to all members the President’s official statement on Allende’s election and explain our level of representation at the inauguration. (We would seek in Western Europe, Japan and in Latin American capitals by diplomatic action to avoid any extravagant delegations to the inauguration.)

4. The US Government would eschew all other public statements.