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Nota de Archivo: *Washington. Source: Central Intelligence Agency, Job 80–000012A, Chile Task Force, LA/CPB LA. Secret. Selden sent the paper to Vaky under cover of a memorandum stating, "Attached is a new option under NSSM 97 for consideration at the 17 October 1970 Senior Review Group Meeting." (Ibid.) See Document 158. A copy was sent to Irwin.*

OPTION

Adopt a Restrained, Deliberate Posture to Demonstrate Disapproval and Limit Allende's Freedom of Action.

1. Stance—This option would be posted on the belief that a satisfactory modus vivendi is impossible, that confrontations are inevitable, that it is in the U.S. interest to act in a deliberate way which avoids over-reaction and maintains flexibility, but that it is also in the U.S. interest to make U.S. opposition to a Communist government in South America clear to Chile, the rest of Latin America, the USSR, and the world.

2. An action program to support this stance could be as follows:

a. Alert Neighboring Governments

Act immediately through diplomatic channels to inform governments of Argentina, Brazil and Paraguay that we expect an Allende regime to fall under Communist control, which would be dangerous to our mutual security and as such should be prevented if possible.

b. Public Posture

(1) After October 24 election of Allende but before his inauguration on November 4, declare at very high level that Chile has exercised right of election but if the resulting regime falls under Communist control, we would view it with grave concern as incompatible with the Inter-American system.

(2) Maintain relations with Allende government, but make it publicly clear that U.S. will use its power to impede Chilean military cooperation with the USSR or export of subversion. Convey this position privately in unambiguous terms to the Soviets so that it is clear that violation will result in confrontation.

(3) Express this view in statements by appropriate Administration officials and Members of Congress, possibly in a Congressional Resolution, and in diplomatic contacts.

(4) Mount a massive USIS effort to explain this U.S. position.

c. Economic

(1) Insist on full compensation for any U.S.-owned property nationalized by Chile.

(2) Apply appropriate provisions of the Foreign Assistance Act, e.g. (paraphrase):

—620(3)(b): No assistance to country dominated by international Communist movement.

—620(3)(c)(A): Suspend assistance to country that nationalizes, expropriates or seizes property owned by U.S. citizens, and fails within six months to agree to adequate compensation.

—620(3)(f): No assistance to any Communist country without Presidential waiver.

—107(b): No economic assistance to countries trading with Cuba or North Vietnam.

(3) Do not support rescheduling of Chilean debt.

(4) Veto Chilean requests for loans in IBRD, IDB, Ex-Im Bank because of Chilean expropriations and economic policies.

(5) Discourage U.S., third country, and multilateral private investment in Chile.

(6) Encourage U.S. labor organizations to take active role in opposing Communist Chilean government.

(7) Discourage tourism and travel to Chile, indicating that because of anti-U.S. hostility we could not lend assistance in case of trouble. Provide no assistance to Chilean airlines in obtaining equipment or routes.

d. Military

(1) Maintain effective relations with the Chilean military, letting them know that we want to cooperate but that our ability to do so depends on Chilean government actions.

(2) Inform Allende that we plan no change in military cooperation, but that U.S. public and Congressional reactions will be dictated by his government’s actions.

(3) Based on Allende’s response to this position, and on his subsequent actions, take the following steps:

—Military Assistance Program: Continue suspension of training, MAP pipeline deliveries, and Foreign Military Sales pending Allende reaffirmation of:

—The Mutual Defense Assistance Agreement of 1952.

—The Military Mission Agreement of 1964.

If he reaffirms, continue the programs on a minimum basis; if he does not reaffirm, terminate.

—Military Group: Continue military mission operations if the Military Mission Agreement is reaffirmed within a reasonable time; be prepared to withdraw the missions unilaterally if this is not forthcoming.

—[4½ lines not declassified]

—Inter-American Security Organizations:

—Utilize OAS to oppose Chilean violations of OAS charter and resolutions.

—Determine exclusion Chile from classified proceedings of IADB and in hemispheric military conferences and exercises.

—Maintain Surveillance of Chilean Ships Transiting the Panama Canal (boarding guards, etc).

—Impress on NATO allies their need to support our Western Hemisphere Security Interests.

—Ship Leases/Loans:

—Inform Chilean military that we will have to recall the nine U.S. vessels on lease/loan if U.S. security interests are affected by Soviet presence (two destroyers, two submarines, five support ships).

—Dramatically Increase Security Cooperation with other South American countries:

—Offer to sell F–4's to Argentina on favorable terms.

—Provide selective MAP matériel for Argentina and Brazil.

—Support the Argentine position in Beagle Channel controversy if not settled.

—Resume internal security assistance to Uruguay, Paraguay, and possibly Bolivia, based on the threat of Chilean-exported subversion.

e. Psychological

(1) Give articulate support, publicly and privately, to democratic elements in Chile opposed to Communist regime by all appropriate means.

(2) Encourage major South American nations to effective opposition to Communist Chilean threat.

f. Take immediate steps to initiate fourth option (Annex) by informing Chilean military of our support, while at the same time approaching friendly governments of Argentina, Brazil and Paraguay to suggest that they also act to convey their support to Chilean military.

3. Advantages. This option would demonstrate clearly U.S. opposition to a Communist government in South America. It might deter Allende from his course or cause him to modify some of his more virulent anti-U.S. attitudes and policies. At the minimum, it would slow his progress. It would permit us to retain a greater degree of initiative than would the more passive options. It would convey firmness to Allende, the USSR, and Latin America. It should serve to inhibit accidental confrontation with the USSR over Chile, and should inspire a strong, cooperative stance by the major South American countries. It would be psychological stimulation to dissident elements in Chile, and could deter the establishment of similar regimes elsewhere. By demonstrating firmness, the policy would accrue wide U.S. public and Congressional support.

4. Disadvantages: It is highly unlikely that this option would cause Allende to abandon his fundamentally anti-U.S. course, and could provide him some basis to gain more support by claiming "imperialist pressure." Consequently, it could move many fence-sitters in Chile solidly into the Allende camp. It could also prove disruptive to hemispheric cooperation in dealing with the Chilean problem. We are not likely to obtain complete third country agreement to refrain from investment in Chile. The option would not retain the same degree of flexibility as the more passive options.