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Memorandum of Conversation of a Meeting of the National Security Council

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The President

The Vice President

Secretary of State William P. Rogers

Secretary of Defense Melvin Laird

Director of Emergency Preparedness George A. Lincoln

Attorney General John N. Mitchell

General William Westmoreland, Acting Chairman, Joint Chiefs of Staff

Director of Central Intelligence Richard Helms

Under Secretary of State John N. Irwin II

Deputy Assistant Secretary of State Robert A. Hurwitch

Assistant to the President for National Security Affairs Henry A. Kissinger

General Alexander M. Haig, NSC Staff

Mr. Arnold Nachmanoff, NSC Staff

Col. Richard T. Kennedy, NSC Staff

The President opened the meeting by asking Director Helms to brief.

Director Helms read from the briefing paper which is attached at Tab A. The President interrupted to review what Director Helms said about the makeup of the Allende Cabinet. [See page 9] He wished to emphasize the degree to which the Cabinet ministries were controlled by Marxists.

The President then asked Dr. Kissinger to brief.

Dr. Kissinger: All of the agencies are agreed that Allende will try to create a socialist State. As for our response to this, the SRG came up with four options. But really basically it amounts to two choices: (1) seek a modus vivendi with the Allende government, or (2) adopt a posture of overt and frank hostility. In between is a third possibility: adopt what is in fact a hostile posture but not from an overt stance, that is, to move in hostility from a low-key posture.

A modus vivendi has the risk that he will consolidate his position and then move ahead against us. A posture of overt hostility gives strength to his appeal of nationalism and may not work anyway. As for in between—the problem is that he will know we are working against him and he can expose us anyway even though we maintain a correct and cool posture.

All of these options have advantages and disadvantages. There is no clear choice.

Secretary Rogers: Dr. Kissinger has spelled it out well. There is general agreement that he will move quickly to bring his program into effect and consolidate his position. We are also in agreement that it is not necessary to make a final decision now.

Private business and the Latin American countries believe that we have done the right things up to now. If we have to be hostile, we want to do it right and bring him down. A stance of public hostility would give us trouble in Latin America. We can put an economic squeeze on him. He has requested a debt rescheduling soon—we can be tough. We can bring his downfall perhaps without being counterproductive.

The Christian Democratic Foreign Minister thinks we are doing the right thing. He sees two possibilities: that his economic troubles will generate significant public dissatisfaction, or second, that his difficulties will become so great that there will be military moves against him. I think the U.S. military should keep in contact with their Chilean colleagues and try to strengthen our position in Chile.

We have severe limitations on what we can do. A strong public posture will only strengthen his hand. We must make each decision in the future carefully in a way that harms him most but without too much of a public posture which would only be counterproductive.

Secretary Laird: I agree with Bill Rogers. We have to do everything we can to hurt him and bring him down, but we must retain an outward posture that is correct. We must take hard actions but not publicize them. We must increase our military contacts. We must put pressure on him economically. He is in the weakest position now that he will be in; we want to prevent his consolidation.

Moorer [to Rogers]: What is the reaction of the Congress?

Secretary Rogers: There is very little, but if he consolidates his position the criticism will build up. Attitudes are therefore favorable to our policy.

Moorer: What would be the reaction if he resorts to expropriation later, after we have given more aid?

Secretary Rogers: We shouldn’t give any more credit guarantees. We should do everything we can to show hostility without publicizing it.

Vice President: China and USSR are watching our approach to Argentina. If we show undue interest before anything happens; for example if we sell F–4s to Argentina, it could trigger massive support to Chile from the USSR and China. We should act principally inside Chile.

Director Lincoln: Copper accounts for 80% of Chile’s exports. They are expanding production rapidly. Other producers (Zambia, Australia, etc.) are also going up in production. So there could be a price decline in the future, with an adverse

economic impact in Chile. They blame us. We have a stockpile. If we are adopting a hostile posture, maybe we have to increase the stockpile or alternatively to sell if the market eases in the future.

The President: I want something in a week on how we can sell from the stockpile. Now we can do it. Cutting the stockpile would hurt Chile and also save on the budget.

Director Lincoln: We'll do this. We've been studying this on a priority basis.

The President: This is very important—will it hurt anyone else? I want State and Defense and everyone to study it. It could be the most important thing we can do.

Director Lincoln: The law says we can't sell from the stockpile unless we do it to stabilize the price. The copper price is down in the world market. We've already sold 50 million tons before the prices dropped.

Secretary Rogers: Can we help others build up their production, to help our friends?

The President: We should do this if we can.

Director Lincoln: If we sell anything too fast it will destabilize the price. Most things don't sell fast.

Mr. Irwin: The problem is how to bring about his downfall. I would question our capability to do it. Internal forces in Chile are the only way. The question is how best to influence the internal forces to create the conditions for change. He will need to consolidate his position and probably he will move slowly for the sake of respectability as he moves. It will be soon that dissatisfaction begins. As he tries to consolidate he will inevitably have strains. If we move too quickly in opposition to him we will help him consolidate quickly. As we move to consider specific issues either overt or covert, we should be hostile only if we can be sure it will have a significant effect on the internal forces there in a way that will hurt Allende and prevent his consolidation. This may mean we may have to do things we would not want to do—it depends on the effects on the internal situation in Chile. Graham Martin would like to see us move along as we have.

The President: It is all a matter of degree. If Chile moves as we expect and is able to get away with it—our public posture is important here—it gives courage to others who are sitting on the fence in Latin America. Let's not think about what the really democratic countries in Latin America say—the game is in Brazil and Argentina. We could have moves under the surface which bring over time the same thing.

I will never agree with the policy of downgrading the military in Latin America. They are power centers subject to our influence. The others (the intellectuals) are not subject to our influence. We want to give them some help. Brazil and Argentina particularly. Build them up with consultation. I want Defense to move on this. We'll go for more in the budget if necessary.

Our main concern in Chile is the prospect that he can consolidate himself and the picture projected to the world will be his success. A publicly correct approach is right. Privately we must get the message to Allende and others that we oppose him. I want to see more of them; Brazil has more people than France or England combined. If we let the potential leaders in South America think they can move like Chile and have it both ways, we will be in trouble. I want to work on this and on the military relations—put in more money. On the economic side we want to give him cold turkey. Make sure that EXIM and the international organizations toughen up. If Allende can make it with Russian and Chinese help, so be it—but we do not want it to be with our help, either real or apparent.

We'll be very cool and very correct, but doing those things which will be a real message to Allende and others.

This is not the same as Europe—with Tito and Ceaucescu—where we have to get along and no change is possible. Latin America is not gone, and we want to keep it. Our Cuban policy must not be changed. It costs the Russians a lot; we want it to continue to cost. Chile is gone too—he isn't going to mellow. Don't have any illusions—he won't change. If there is any way we can hurt him whether by government or private business—I want them to know our policy is negative. There should be no guarantees. Cut back existing guarantees if it's possible.

No impression should be permitted in Latin America that they can get away with this, that it's safe to go this way. All over the world it's too much the fashion to kick us around. We are not sensitive but our reactions must be coldly proper. We cannot fail to show our displeasure. We can't put up with "Give Americans hell but pray they don't go away." There must be times when we should and must react, not because we want to hurt them but to show we can't be kicked around.

The new Latin politicians are a new breed. They use anti-Americanism to get power and then they try to cozy up. Maybe it would be different if they thought we wouldn't be there.

We must be proper on the surface with Allende, but otherwise we will be tough. He is not going to change; only self-interest will affect him.