DECLASSIFIED // SECRET; SENSITIVE

Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon

Identificador Archival:	frus:frus1969-76v21/d190
Agencia Emisora:	NSC / Casa Blanca
Fecha del Documento:	1970-12-18
Colección / Serie:	FRUS 1969–1976, vol. XXI: Chile, 1969–1973

Nota de Archivo: *Washington. Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret; Sensitive. Sent for information A stamped notation on the memorandum indicates that the President saw it. Nachmanoff sent this memorandum to Kissinger on December 15 with the recommendation that he sign it and send it to the President. (Ibid.)*

Chile Status Report—November 27–December 11

A. Developments in Chile

Government and Politics

Allende continues to project an image of responsibility and moderation while appointing Cuban-oriented leftists to influential positions. He continues to adhere to the announced program of the Popular Unity (UP) Government but has not taken any dramatic steps since the flurry of activity following the inauguration.

Differences between the Socialists and the Communists in the UP coalition are becoming more apparent. The Communists are complaining among themselves of having been "cut out" and have even established a special commission to maintain contact with the Presidency. One bone of contention is the 14,000 local committees established by the UP during the campaign. The Socialists wish to dissolve the committees while the Communists wish to retain them as a mass power base for the Revolution.

Old differences between the Communists and the extreme Leftist Revolutionary Movement (MIR) erupted into violence as a clash led to the killing of one MIR youth and the wounding of another. Allende backed the MIR in this incident. The MIR role in the government seems to be growing as Allende has appointed many of them to his personal bodyguard and the new intelligence service he is organizing.

Despite these problems, however, the tone of communist speakers was vigorous and self-confident at their convention last week and Party Secretary General Corvalan emphasized the dominant role of the Party in the UP.

On the opposition side, the Christian Democrats (PDC) have pulled themselves together to a surprising degree partly due to the leadership of ex-President Frei and partly due to increasing concern over the purge of PDC office-holders from the government. A national convention of the PDC began December 12 to resolve the pressing questions of the Party's leadership and its policy toward the Allende government. A decision to oppose the government strongly and selection of an anti-Allende leadership might split the Party, but the most likely result is a moderate policy on opposition and middle of the road leadership.

The Economy

Allende has reiterated the government's resolve to proceed with nationalization of major industries, especially American-owned copper mines. However, he has indicated his intention of going to Congress for enabling legislation, and there has been talk of a possible amendment to the Constitution. Hence, widespread nationalization may be delayed. Thus far only one firm has been nationalized, a large textile factory owned by Chileans of Middle Eastern origin. Two small American firms intervened earlier remain under government management but technically ownership continues to be private. In a move to protect itself from excessive wage demands as well as gain labor support the government signed an agreement with the CUT, the country's largest labor confederation, which in effect makes the CUT the labor arm of the government.

Foreign Relations

In a recent press conference Allende once again reiterated his hope for friendly relations with the United States. On the same occasion he said his government was exploring ways for normalizing relations with Bolivia, with which diplomatic relations have been suspended since 1962. Chile signed an agreement to export copper to Red China and also received an East German trade mission, but is still in no hurry to accord diplomatic recognition to more Communist countries. However, conversations in Chile do point toward an eventual establishment of relations with Red China.

Chile made its first purchase of Russian machinery under an old credit agreement. The machinery will be used on public works projects. The Soviets reportedly have indicated interest in establishing a merchant marine facility in Chile. The facility would service both fishing and merchant vessels.

B. US Actions

With respect to US policy we have:

—Initiated a re-examination of our entire hemispheric policy in light of developments in Chile.

—Launched a review of our military programs in the hemisphere in view of your decision to increase efforts to expand contact with Latin American military leaders.

On the diplomatic front we have:

—Provided information on Chile to other hemisphere governments and to certain of our allies in Europe and elsewhere.

—Undertaken consultations with members of the OAS to dissuade them from following Chile's recognition of Cuba; we are providing detailed information to them on the continuing threat which Cuba poses to the peace and stability of the hemisphere.

—Adopted a strategy to counter Chilean tactics in the OAS and build a case for stronger sanctions as warranted.

On the economic side we have:

—Cut off new Ex-Im Bank loans and guarantees to Chile.

—Continued to stall consideration of loans for Chile in the IDB and IBRD.

With respect to the military we are continuing normal contacts, while delaying action on new commitments.

The NSC Senior Review Group also:

—Approved measures to continuously review Chile's participation in the Inter-American Defense Board to assure that no security problems arise.

—Initiated studies of the security implications of:

a. possible Soviet military use of Chilean facilities;

b. Chilean propaganda activities and Chilean support for guerrilla activities in the hemisphere.