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Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)

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Chile—Good Offices by Ambassador Korry

Assistant Secretary Meyer has sent over for your clearance a draft scenario for an approach by Korry to the Chileans to offer "good offices" in support of direct negotiations between the Chilean Government and the copper companies. You will recall that the Senior Review Group asked State to prepare a draft along these lines which would include an instruction to Korry and which would be designed to in-sure that his role was confined to that of an intermediary so that we could avoid being drawn into direct negotiations with the Chilean Government.

The draft scenario identifies our objectives during the next few weeks to be:

—to determine by probing whether GOC policy on copper provides any likelihood of reasonable negotiated settlements with the companies.

—if a likelihood exists, to prepare the ground for a reasonable settlement by impressing upon the GOC the standards of compensation we expect, reminding them of the consequences of confrontation over the compensation issue, inducing further flexibility in the constitutional amendments and the way they are applied, and in the interim promoting satisfactory negotiations between other US investors (e.g. Bethlehem) and the GOC.

—to carefully avoid being drawn into government-to-government negotiations on copper.

—persuade the GOC to negotiate an agreed-upon takeover in advance of expropriation under the proposed amendments.

Accordingly it authorizes Korry to respond positively to the invitations to dialogue extended by GOC officials. The authorization extends to direct contact with Allende and provides detailed talking points which:

—indicate the USG is disposed to avoid a dispute;

—indicate we are seriously concerned at the terms of the proposed amendments, citing some of the reasons why we do not consider them consistent with international law;

—suggest to the GOC the utility of exploring settlement terms with the copper companies prior to completion of the legislative process;

—stress the need for flexibility in various aspects of the copper legislation;

—indicate Korry will be authorized to provide unofficial good offices with respect to the GOC-company negotiations.

Korry is instructed to refrain from further top-level talks after initial soundings until receiving further instructions. The instruction warns him to take pains to insure that the contacts are not taken by the Chileans as “negotiations” with the USG.

I do not have any problem with the scenario or instructions per se. There are two issues which should be considered, however:

1. Do you want to give Korry authorization to call upon Allende now, or should he be instructed to make his pitch at the ministerial level first and then come back for specific authorization to call upon Allende?

A recent cable from Korry indicates that he received word that Allende wanted very much to talk to him (Tab B). Korry replied that he preferred to see the Bethlehem deal satisfactorily consummated before any conversations with Allende. Thus, it appears that Korry is not planning to rush in to call upon Allende and that he would make his pitch at the ministerial level first. Moreover, if we are willing to allow Korry to call upon Allende at all, the complex copper situation is evolving so quickly that it is doubtful that the SRG will be in a better position than Korry to make the tactical judgment of when a meeting with Allende would be most effective.

2. Will Korry remain in Santiago long enough to followup with his offer to provide unofficial good offices when GOC-company negotiations begin?

If he is authorized to offer “good offices”, the implication is that he will remain in Santiago for at least three or four more months. It is very unlikely that any successor could acquire the expertise or the contacts to pick up this role if Korry were to leave.

I realize there are risks in letting Korry begin to go down this slope. However, there have been several indications that Allende does want some kind of mutually satisfactory settlements with the copper companies; if we do not allow Korry to probe and push a little further, we may miss an opportunity and be vulnerable to later charges by the GOC and the copper companies that we did not make an effort to help achieve fair settlements. Moreover, as long as Korry is there, he is going to operate anyway—the instructions at least give him some parameters and make very clear that he is to avoid being drawn into direct negotiations. On balance, therefore, I recommend that you clear the proposed instruction to Korry.

Recommendation

That you approve the scenario at Tab A.