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Memorandum of Meeting

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

Orlando Letelier del Solar, Ambassador of the Republic of Chile

Arnold Nachmanoff, Staff Member, National Security Council

US–Chilean Relations

Ambassador Letelier referred to his meeting with Secretary Rogers and the President, noting that he had indicated to them that his government is interested in having a high US official visit Chile. He noted that a US Air Force Delegation was visiting Chile at the present time.

Ambassador Letelier indicated that he has been trying to explain what the Chilean Government is and what it is trying to do. He noted that there were many misconceptions about Chile and a tendency to oversimplify by making analogies to other places. One aspect to which he referred was the Chileanization of copper. The Ambassador noted the status of the constitutional amendment and indicated that the matter of the law would be finished in about three to four months. He felt the amendment was not too rigid and would provide general rules for the nationalization. He noted that one of the misunderstandings about the copper situation involved the currency in which compensation would be paid. In response to Dr. Kissinger's question, he stated that payment would be made in convertible currency. There had been speculation that payment would be made in escudos and the companies would be forced to reinvest in Chile, but that was not correct. The Ambassador anticipated there would be normal discussions between the Government and the companies about prices, but he thought these discussions could be developed in a positive way.

Dr. Kissinger stated that we would like to see a constructive solution worked out between the Chilean Government and the copper companies. The US Government does not want to be involved as a principal negotiator though we are prepared to be helpful on occasion to facilitate the negotiations if that would be useful. With regard to our general policy, Dr. Kissinger stated that press reports about the White House seeking a confrontation with Chile are nonsense. He noted that what was said in the President's Annual Foreign Policy Report is precisely our policy with regard to Chile. We will determine our relations with Chile on the basis of its foreign policy, not what it does domestically. Of course, internal actions—such as those involving compensation for US companies—may have legal implications under our laws. Dr. Kissinger expressed the hope these can be worked out, however. He reiterated that our general policy was that we will not be the first to break traditional good relations.

Ambassador Letelier referred to problems with the press, particularly recent stories about a secret White House document which circulated other Latin countries. Dr. Kissinger stated this was nonsense. Ambassador Letelier expressed his appreciation for the denial and noted that the State Department also had given him a clear statement of denial. He knew that the stories were not true but that it was useful to have the statement from the State Department. Ambassador Letelier expressed his view that there were many positive aspects to US–Chilean relations. He commented the Chilean press had become more moderate and realistic during the last few weeks. He stated that his government was trying to demonstrate that what they are doing internally is within Chilean traditions, seeking Chilean solutions.

Ambassador Letelier stated his belief that the government will increase its support in the up-coming municipal elections. He anticipated that the Unidad Popular (UP) would gain at least 45% of the vote though the PDC would continue to have the most votes as an individual party. He stated his belief that all of the coalition parties will increase their share of the vote though he anticipated that the Socialist Party would have a greater increase than the others. He noted that the government's initial problems have been reduced and the country is working more normally. He declared that the government is trying to have a real private sector which would work efficiently. In the past the rules of the game were not clear; the present government is trying to make the rules clear. The social area would be 100% in the hands of the government but the private sector would be 100% private.

Ambassador Letelier noted that Chile has long had government control over many industries and that the only important changes will be in the Gran Mineria, some parts of the iron industry, and the nationalization of the banking system. He did not think that in other cases private industry would be jeopardized though some groups are moving to mixed public-private forms. He stated that this movement is not ideological, and that the government is trying to work pragmatically. Ambassador Letelier also stated his belief that there will not be any anti-Americanism in Chile since none exists there now.

Dr. Kissinger reiterated that the basic orientation of the United States is to maintain traditional good relations with Chile. Ambassador Letelier expressed similar sentiments and added that his government hoped to maintain normal working relations with the US banking system and with multi-national agencies. Dr. Kissinger recalled that the IDB had recently approved two loans for Chilean universities and that the United States had voted for them. The Ambassador indicated that his government hoped these institutions will work with Chile to avoid the impression that the United States is trying to block credit to Chile. He commented that sometimes people go beyond the real position of the US Government and noted that Chile was not pressing for any loans at this time to avoid the impression of difficulties with the United States. Dr. Kissinger expressed his belief that some of these problems will straighten themselves out as relations between the two countries develop.

Dr. Kissinger stated that he would like to have the same cordial relationship with Ambassador Letelier as he enjoyed with his predecessor. He also indicated that he hoped it would be possible to take a trip to the west coast of South America some day since he had never been there, but noted that he could not realistically do so in the near future.