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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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Allende and Korry Meet

President Allende and Ambassador Korry met for over an hour on May 3, their first official meeting since Allende's inauguration last November. Korry describes Allende as cordial, mild, and drinking fairly heavily throughout the interview. Ambassador Korry, who avoided being drawn into generalities and concentrated his fire on areas of direct interest to the US, made the following points in the course of the conversation:

—Allende's main economic problem would be management and bureaucratic parochialism that could result in mis-management.

—If he hoped to be successful he had to take into account the laws of the marketplace including access to capital, technology, and markets.

—Management of the economy involved the future of US companies, especially the copper companies.

—While not wholly satisfied with the language of the draft legislation on copper nationalization now before the Congress, it was an improvement over the original language and we had also been encouraged by the progress of talks between the GOC and Cerro Corp. over the nationalization of Cerro's copper holdings. Korry then asked if we could look forward to a second round of talks between the GOC and Cerro.

In the course of the conversation Allende said that:

—Of course there would be a second round of talks with Cerro.

—Talks with Kennecott and Anaconda would get under way as soon as there is an accord with Cerro and an agreed text for the nationalization legislation.

—His government has no desire to be punitive nor provoke problems with any US company, and that the interests of both parties will be taken into account.

On more general topics President Allende:

—Lashed Brazil for its anti-Chilean posture and for repression of what he called irreconcilable forces within Brazil.

—Asserted Castro was a good friend, but the Chilean and Cuban situations are distinct.

—Said that he had not received a letter from Castro advising him to maintain the best possible relations with the US, but that such a message had been brought to him by an intimate friend (presumably his daughter).

Korry sought to disabuse any notion that the US was attempting to put Chile under pressure by political or economic means, and specifically denied allegations which have appeared in the media of our involvement in the Schneider assassination; of our action to choke off credit to Chile; and of sabotage at the mines. He was somewhat taken aback when President Allende said he had a copy of the US Embassy Emergency and Evacuation Plan dated November 25, 1970, and asked if Korry wanted to see it. Korry explained that E & E planning is a routine administrative task all Embassies are required to do, and has since confirmed that there is no E & E plan bearing that date (though Allende could conceivably have a copy of an earlier plan with an altered date).

The conversation also touched on the situation of the Ford operation in Chile (Ford plans to close down operations), International Telephone and Telegraph, and the Enterprise case. In closing Allende asked why Korry was leaving his post, expressed his appreciation for the Ambassador’s role in arranging the Cerro talks, and asked if he could stay in Chile long enough to deal with the major copper problem. Korry explained that his transfer at this time is routine.