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

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Designation of a Special Presidential Envoy Regarding Expropriations in Chile

In the memo at Tab A Secretary Connally suggests that you send a special envoy to President Allende of Chile to communicate that it is our objective to be helpful to Chile if they are reasonable in providing compensation to the US copper companies, but to deny them access to international credit facilities if they are unreasonable on copper compensation.

This suggestion, which was stimulated by Anaconda (who also made a presentation to me), in effect proposes a deal to the Chilean Government under which we would indirectly compensate Chile if it compensates the copper companies. The idea is to give Allende an incentive and rationale for resisting pressure from extreme leftist elements who do not want to pay any compensation.

One reason for the recommendation for urgent action was Ambassador Korry's absence from Chile last week (due to the death of his father). However, Korry has returned to Santiago, and we have authorized him to take some soundings on the Anaconda proposal, but without making any commitments. We expect to receive specific recommendations from Korry shortly which we will then consider within the context of our overall political strategy toward Chile.

As I told the Anaconda representatives, we have a strong interest and determination to help them obtain compensation, and we will take a tough line on this; however, we have broader political interests as well, and we will want to assess the proposal in terms of its impact on Allende's economic and political situation. Opening up international credits for Chile to obtain compensation for the copper companies may also help Allende to escape from an economic crunch which he is likely to face early next year. One of the objectives of our policy toward Chile has been to maximize Allende's economic difficulties as soon as possible, before he can consolidate his strength and destroy whatever potential still exists for the political opposition to rally against him. Therefore, we need to consider whether the Anaconda proposal might be more advantageous to Allende's interests rather than our own.

I intend to review this problem very shortly in the NSC Senior Review Group (to which you assigned responsibility for overseeing our Chile policy) to consider the impact of this proposal on both the chances for compensation and our broader political strategy. Until then, I suggest you take no action on this suggestion.

Recommendation

That you authorize me to inform Secretary Connally that before reaching a decision on his suggestion, you wish to have it considered by the NSC Senior Review Group in the context of our overall strategy toward Chile.