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Telegram From the Embassy in Chile to the Department of State

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Nota de Archivo: *Santiago. Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Immediate; Limdis. Repeated to USCINCSO. This telegram, sent in two parts as two cables, is also attached to the September 9 memorandum from Vaky to Kissinger, which summarizes the cable and recommends that it was "worth skimming." Seefootnote 1, Document 67.*

3538. Subj: No Hopes for Chile (Part II of II Parts). Ref: Santiago 3499, 3537.

12. At lunch today with the Ambassadors of UK, France, Germany, Italy, Belgium and Holland, my colleagues felt there was practically no possibility of Allende being stopped from assuming the Presidency. The Italian, an intimate of Foreign Minister Gabriel Valdes, went further and propounded the Tomic line. He said there was considerable doubt Chile would become a Communist state under Allende and therefore it was essential all Chileans work diligently to maintain the prosperity of the country and permit the PDC to save democracy. The British went considerably farther while the Belgian and the German backed my view and the other two remained noncommittal. Because it bears so much on future US policy and the recommendations we shall be sending tomorrow, I believe it of interest to recount the fundamentals of the discussion.

13. Essentially, British Amb Hilyard who arrived one month ago from his UN post argues a long view of history. He said at one point that Castro would collapse and then added "within twelve years." At another point he said that all of Latin America probably needed to go through Communism for twenty years to eliminate the glaring injustices and then things would start to turn right. As for Chile, he agreed with my view that the US and American companies would be the initial Allende target along with the big Chilean businessmen, that Allende would seek to divide the US from Europe and Japan and that after several years of that game he would get much rougher. We both agreed that the USSR had no stomach for another Cuban drain on its resources. We both agreed that Allende would move prudently within Chile and seek to keep small enterprises going and to utilize professionals and managers who were on the margin of politics.

14. His conclusion was that commercially it would be very beneficial to use the initial period of smiles to bargain better deals. He admitted that these negotiations might imply fresh credits but said they would be short-term only and tied. He also said that anything the West could do to keep the country afloat would be beneficial over the long haul.

15. My conclusion was that if the Allende regime wishes to move slowly to consolidate its political power and to devour at its leisure the PDC and the institutions of Chile, why was it in our interest to follow its timing and program. The Western world and the US had a considerable number of higher-priority problems than this one. Our relations with the Soviet Union were central to a reading of this situation. Would it not be better for the Allende govt to accelerate its harsher measures and possibly provoke a popular reaction in the first year of the new era? Would it not be better to push the USSR faster into costly support (and dispersal of effort) of a regime that would confront incredibly difficult economic problems including a

high rate of inflation, dislocations in production because of nationalizations, decrease in farm output because of expropriations and so on? Would it not be better for the Soviet hand to show immediately and thus give an early alert to the rest of Latin America of the reality of this place? Would it not be a better way of increasing the odds that Communism could not take hold if it had shorter time frames in which to act? I predicated this view on my statement that the US would maintain correct rels, that we would (as all my colleagues would) await the Allende govt's moves in most matters against us rather than provoking any confrontations and that certain US presences would remain until he moved.

16. The German and Belgian supported me fully and I believe I made the Frenchman reflect somberly. Even the Italian may reconsider. You have a taste now of things to come. (End Part II)