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Telegram From the Embassy in Chile to the Department of State

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Nota de Archivo: *Summary: In this telegram Korry discussed the hemispheric and European reaction to the new Allende regime. In the short term, nations in both Latin America and Europe would not react either positively or negatively unless Allende made significant efforts to alter the system in place. Given the cautious approach Marxist administrations tended to utilize initially in national politics, Korry predicted that Chile would have to be closely monitored in the long term to keep Allende's more virulent anti-United States, anti-capitalist biases under control. Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. II. Secret; Immediate; Nodis.*

4512. Subj: Allende and the US.

1. Since returning from Washington consultations, there have been a number of significant developments and emerging trends here that have an important bearing on our immediate and longer-term policies and postures.

2. Insofar as the immediate is concerned:

A. It is evident that the anticipated Latin American reaction to Allende's election is that Chile continues to be a democratic friendly state until events prove the contrary. Delegations to the inauguration will be cabinet level; congratulatory messages will be sent promptly by most heads of state; Ambassadors will make calls on Allende this week. It is interesting to note that the first diplomat to call on the President elect within minutes of the congressional vote Oct 24th was the Colombian who then told a nationwide TV and radio audience in gushing terms of his friendship and admiration for Allende.

B. The Western Europeans will send minimal delegations of one or two persons, rounded out by their representation in Santiago. Most will not rpt not send congratulatory messages until inauguration. Some (French already and German soon) will call on Allende; others (British) will today write congratulatory personal letters. Several will announce shortly new loans (Germans for $1.5 million for third phase of Puerto Montt port development, British for 4 million sterling and French recently announced automotive expansion plans of several millions).

C. Romanians and Yugoslavs taking lead among Eastern Europeans. Although Soviet President sent congratulatory message, my impression is that Moscow will keep to low-key pitch for the moment.

D. Allende responded as promptly as Frei to my warning (Santiago 4468) re inflammatory nature of his followers charges against US (CIA and Pentagon) involvement in Schneider assassination and in coup plotting. In his first press conference, he assiduously avoided any mention of foreign elements re Schneider and he went further by stating Chilean monopolists were the key domestic problem, not foreign companies. (Gen Valenzuela had put Communist papers on notice 48 hours earlier in response my warning as MinState Troncoso called to tell me yesterday and to say Allende would also take similar action.)

3. As for longer-term:

A. Western Europeans are unanimous in their view that while Communists intend to move slowly and cautiously in attempting to attain control of Chile Allende should not rpt not be written off. Even German Amb has reversed his line. He now says that while state control system is inevitably doomed to failure, West should avoid any overt hostility that speeds radicalization of society and makes US or West scapegoat for it. He goes farther by suggesting it is possible to divide Allende from Communists. British has retreated in interim so that his view is same as Germans; Italian has also lost some of his innocence and more or less in tune with German.

B. Soviets have changed too in that they are playing down the possibility of Soviet meaningful trade and aid to Allende. Instead they are urging he maintain best possible rels with West.

C. US companies are in the majority busily involved in pre-negotiation talks with Allende reps. While they have no illusions about long-term prospects, they are without exception interested in getting the best possible deal for their stock-holders. They (as I) are convinced Allende will, barring US provocation, meet his international debts, will pay acceptable compensation in acceptable form, will seek continued US and Western investment, will want for at least year or two significant US management.

D. Allende is giving very serious reconsideration to his electoral declarations re prompt recognition of all still unrecognized “socialist” states. It is likely, unless he were to become convinced that the West was implacably hostile, that he will go slow. (There are some indications that Allende is already convinced the US will be unalterably “hostile”.)

4. I remain as convinced as ever that Allende has not changed skins—that he is an unreconstructed socialist with an anti-US, anti-capitalist bias whose long-term goal is a state controlled economy of no significant difference than that which the Communists want and that which will involuntarily help Communist domination. What has occurred is that the realities of the Chilean economy and the hard facts of Chilean dependence on Western (largely US) capital, markets and technology, are seen quite differently from the Presidential chair than from a candidate’s platform.

5. I am persuaded as ever too that the tensions within his governing coalition have been exacerbated by the deteriorating economic situation and the constraints it places on Allende’s tactical options. These tensions can be made more abrasive and they, in turn, will give the opposition, if Frei chooses to play that role openly as I anticipate he will do, an opportunity to exploit the situation to a greater degree than expected on election night. While the Communists are going forward with all their plans to consolidate their hold over the workers, they have been forced to retreat on plans for the fast take-over of the media; they can be compelled to slow the execution of some of their other essential goals.

6. Dr. Kissinger in his recent briefing of New England editors said in another context: “We deliberately kept our options open . . . to do enough to discourage irresponsibility but not so much as to give the sense of irreversibility to what was going on, to restrain outside forces that had already intervened, but not to a point where we were triggering a whole set of other outside forces when it wasn’t necessary.”

7. I think this prescription should apply to the Chilean case. There is no point in triggering reactions that are unnecessary or provoke outside forces, be they friendly, as in the case of OAS and Latin America, or unfriendly. I believe that the economic situation will have considerable influence on events in the next year and that we can keep our options open there. But in order to have such options our public posture must be above hostility. Therefore I specifically recommend:

A. The President send a message of good wishes to Allende on inauguration, the terms of which might be based on our knowledge of others (including Bonn’s, London’s or Rome’s).

B. The Dept Spokesman state at an early opportunity that the US looks forward to normal relations and a continuation of the traditional ties with Chile.