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Memorandum From the National Security Council Staff Secretary (Davis) to the Deputy Secretary of Defense (Packard), the Under Secretary of State (Irwin), the Chairman of the Joint Chiefs of Staff (Moorer), and Director of Central Intelligence Helms

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Nota de Archivo: *Summary: The attached options paper was prepared in the Department of State, in conjunction with the Department of Defense and the CIA, for the October 28 Senior Review Group meeting. The paper presented information on those domestic, international, and economic factors influencing Chilean politics and presented options for U.S. policy: maintain a restrained position toward Chile, or risk giving Allende a rallying point to unite the Chilean people. Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–48, Senior Review Group, Chile (NSSM 97), 10/17/70–10/29/70. Secret. The paper was distributed to the members of the Senior Review Group by Davis. The memorandum was initially sent to Davis and Vaky from Armistead I. Selden, Jr., the Principal Deputy Assistant Secretary of Defense for International Security Affairs. A covert annex to th*

Options Paper on Chile (NSSM 97)

Attached is an Options Paper on Chile prepared by the State Department in conjunction with the Defense Department and CIA. This paper will be considered at the Senior Review Group meeting on Thursday, October 28, at 10:15.

OPTIONS PAPER FOR NSC

CHILE

I. Assumptions

A. Regarding Events Within Chile

1. The Allende government will seek to establish in Chile as soon as feasible an authoritarian system following Marxist principles. To

that end it will move (a) to bring all significant economic activity under state operation including nationalization of basic industries; (b) to gain control over the security and armed forces; and (c) to dominate public information media. Allende is a Marxist, and will be faithful to his Marxist goals, but in his tactics may be a pragmatist who, for as long as it suits his purposes, might tolerate less than radical solutions. The well-organized Communist Party of Chile with its new legitimacy will be in a key position to influence the direction of an Allende government.

2. The Allende government will, at least in its first two years, encounter some political opposition from anti-Communist forces including the military, and will suffer from internal tensions, especially between Socialists and orthodox Communists, as well as between opportunists and ideologues within the UP. It will work deliberately but purposefully to

eliminate that opposition and those tensions. Opposition within the military will act as both an incentive and a deterrent to Allende's attempting to establish absolute control over the military and security forces through key appointments, retirements, and other legal measures. The pace at which Allende will proceed to obtain this control will be dictated by opportunity and circumstances, but assuredly will be as rapid as possible without inciting a dangerous reaction from the military.

3. The Allende government will encounter serious economic problems which could exacerbate tensions within the governing coalition and increase the potential of anti-government forces. The Allende government will confront these problems cautiously but with determination and without changing its ultimate goal.

4. An early test of Allende's acceptance will be the nation-wide municipal elections scheduled for April 1971. Allende will use this occasion to seek to consolidate his power.

B. Regarding Chile's External Posture

1. The Allende government will, despite possibly reassuring gestures, have a profound anti-American bias and will work to extirpate U.S. influence from the country and in order to do so may find it useful politically at some time to confront the United States. The Allende government may be expected to work against U.S. interests in the hemisphere and the rest of the world.

2. The Allende government will remain in the OAS, but will seek to use it as a forum for advancing its interests principally at the expense of the United States.

3. The Allende government will seek to maintain normal relations with the other Latin American governments and to influence other countries of Latin America to emulate the Chilean example. At the same time, Chile will probably become a haven for Latin American subversives and a staging ground for subversive movements in other countries despite Allende's desire to maintain normal relations within the hemisphere. The Chilean Communist Party will exploit its new-found respectability to strengthen its ties and influence with its collaborators in the hemisphere.

4. The Allende government will establish diplomatic relations and resume full trading ties with Cuba, although it may proceed cautiously to these ends.

5. The Allende government will most likely eventually carry out its expressed intention to recognize and establish diplomatic relations with all other "Socialist" countries including North Vietnam, Communist China, North Korea, and East Germany.

6. A Marxist-Allende government in power would represent a potential danger to Western Hemisphere security, to the extent that it develops military ties with Communist powers, and is actively hostile to inter-American security organizations. Full realization of these potentials could threaten U.S. security interests specifically.

7. The Allende government will have close relations with the Soviet Union but will seek to avoid dependence on it.

8. At least at the outset, the Allende government will wish to maintain its international credibility as a responsible debtor, as a trusted borrower, and as a sovereign nation that fulfills its international obligations independent of any great power. It is unlikely, however, that it can complete its announced program of nationalization with "fair compensation" to U.S. investors.

C. Regarding Attitudes in the United States

The U.S. Congress and knowledgeable sectors of the public will follow with interest the political course which Chile takes internally and its attitudes and actions with regard to the United States. The realism, finesse and effectiveness of the U.S. posture toward Chile will receive equivalent interest.

To date, coast to coast editorial comment has generally supported the Nixon administration's handling of developments in Chile. As the actions of the Allende government become more overtly hostile to U.S. interests, however, we may expect adverse reaction by some sectors of the U.S. public, press, and Congress to the "establishment of another communist government in the hemisphere," with consequent pressures on U.S. policy.

D. Regarding Attitudes of Other Countries

1. Allende's assumption of power will provoke little overt hostility, at least initially, from Latin American or Western European governments, and these governments will publicly accept it in regional and multilateral organizations. To date, the results of our consultations with the other American Republics indicate concern on their part over developments in Chile but general endorsement of adopting a "wait and see" attitude on their and our parts. There will, however, be substantial official but privately expressed mistrust of and hostility toward the policies of that government as they develop along their expected lines.

II. U.S. Objectives

(1) The prevention of establishment by the Allende government of an authoritarian Marxist regime, prevention of the regime's falling under Communist control, and prevention of its influencing the rest of Latin America to follow it either as a model or through its external policies; (2) to act as a counterpoise to Soviet influence; (3) to protect U.S. economic interests, and (4) to protect U.S. security interests.

III. Options

The United States should maintain a restrained, deliberate attitude toward Chile. In this manner we would maintain and exercise our influence in Chile, and have considerable flexibility and initiative while exploiting opportunities for pursuing our objectives.

Although events in Chile will be determined principally by internal Chilean forces and therefore U.S. influence can have only a marginal effect, the skillful exercise of our influence could be an important factor in complicating Allende's task, both by exacerbating the friction between the moderate and radical elements in Allende's coalition and by bolstering those forces opposed to the establishment in Chile of a Marxist-Leninist regime. The negative use of our influence—e.g., taking measures from the outset that manifest U.S. hostility toward the Allende government—would serve Allende's purpose of rallying the Chilean people around him in the face of the "foreign devil." On the other hand, failure to take any steps to achieve our objectives would leave the initiative in his hands, discourage opposition to Allende in Chile, weaken our hemisphere leadership, and create serious problems with public and Congressional opinion in the United States.

The principal targets of our courses of action with Chile would be the Allende government, the Chilean security and military forces, the non-Marxist political forces, and the Chilean public. Additional targets would be other Latin American countries and the OAS.

A. Option A

Maintain an outwardly correct posture, refrain from initiatives which the Allende government could turn to its own political advantage, and act quietly to limit the Allende government's freedom of action.

This option would be posited on the beliefs that (a) while the Allende government will vigorously pursue its Marxist goals, the economic and political difficulties facing it will place significant obstacles in its path toward achieving those goals in the foreseeable future, and (b) overt hostile actions initiated by the United States would work to his political advantage. While we may not be able to avoid a confrontation, this option would deprive the Allende government to the extent possible of the important political benefit of putting on us the onus for any confrontation. In this manner we would limit the Allende government's opportunities to consolidate its position internally as well as in the hemisphere through mobilization of emotional nationalism and "latin-americanism" against the United States.

At the same time we would continue to make our concerns over developments in Chile effectively felt through quiet diplomacy and carefully measured actions which would weaken the Allende government's position and support its opposition without giving the government popular political issues to exploit.

1. Courses of Action

a. Regarding the Allende Government

(1) Maintain correct official relations with the Allende government in accord with established diplomatic practice.

(2) Send a routine Presidential message of congratulation to Allende upon his inauguration. (The U.S. has not failed to do so in Latin America in recent years upon the election or inauguration of a President.)

(3) Maintain the minimum official presence required to attain our objectives, headed by an Ambassador.

(a) Suspend replacements for the Peace Corps until the Allende government makes known its position on continuation of the program.

(b) Continue the NASA tracking station unless the Allende government requests its removal.

(c) Continue other scientific operations deemed in the U.S. interest, e.g., the Telolo radio-astronomy observatory, seasonal Antarctic activities involving transit and/or staging, where termination would be costly or inconvenient and not required by the Allende government.

(d) Wind down AID programs and staff to a compact presence concentrating on people-to-people relations (e.g., PL 480 Title II humanitarian programs, Special Development Fund impact projects); on those few programs of technical assistance of interest to the United States (e.g., health); and on participant training activities.

(e) Continue disbursements on the approximately $30 million now in the AID pipeline as circumstances warrant.

(f) Sign no new loans and make no more commitments.

(4) Retain Chile in Eximbank's Group D (worst risk) category, requiring all decisions to be made in Washington and raising fees on guarantees. Exporters would be serviced on the merits of each case.

(5) Examine each Chilean request to international financial institutions on its merits and in the context of the political situation at the time.

(6) In the event of expropriation of U.S.-owned property, seek prompt, adequate and effective compensation, insuring that our judgments on the application of related U.S. laws are based on careful assessments of all factors bearing on our interests in each case.

(7) Apply the same criteria to negotiation on the Chilean external debt that we apply to debt with others.

(8) Not encourage private investment in Chile.

b. Regarding the Chilean Security Forces

(1) Maintain effective relations with the Chilean military, letting them know that we want to cooperate but that our ability to do so depends on Chilean Government actions.

(2) Continue military matériel and training assistance on a selective basis unless the Allende government moves to terminate the U.S. Military Mission agreement.

c. Regarding Non-Marxist Political Forces

(1) Publicize the weaknesses of the communist system.

(2) Discreetly encourage selected politicians and political groups to oppose the Allende government measures leading to a Marxist and authoritarian state.

d. Regarding the Chilean Public

(1) Continue people-to-people type activities such as PL 480 Title II, the Special Development Fund impact projects, and educational exchange.

(2) Publicize the weakness of the communist system.

e. Regarding the OAS and other LA Countries

(1) Quietly maintain consultations.

(2) Refrain from actions which will tend to unite the other LA countries with the Allende government.

(3) Review and reassess the internal security situation in countries neighboring Chile with a view to augmentingMAP and Public Safety assistance.

B. Option B

Demonstrate Disapproval and Limit Allende’s Freedom of Action.

This option would be posited on the belief that a satisfactory modus vivendi is impossible, that confrontations are inevitable, that it is in the U.S. interest to act in a deliberate way which avoids over-reaction and maintains flexibility, but that it is also in the U.S. interest to make U.S. opposition to the emergence of a Communist government in South America clear to Chile, the rest of Latin America, the USSR, and the world.

1. Courses of Action

a. Regarding the Allende Government

(1) On the diplomatic level, deal with the Allende government in a manner consonant with established diplomatic practice.

(2) Early in the Allende administration, declare at a very high level that we would view with grave concern adoption of policies, alliances or courses of action by the Allende government that transformed a friendly country into a state hostile to the United States or that violated or denigrated the honored principles upon which cooperation and peace in the hemisphere are based.

(3) Express this view in statements by appropriate Administration officials and members of Congress, possibly in a Congressional Resolution, and in diplomatic contacts.

(4) Insist on full compensation for any U.S.-owned property nationalized by Chile.

(5) Invoke as soon as applicable appropriate provisions of the Foreign Assistance Act e.g. (paraphrased):

—620(3)(b): No assistance to country dominated by international Communist movement.

—620(3)(c)(A): Suspend assistance to country that nationalizes, expropriates or seizes property owned by U.S. citizens, and fails within six months to agree to adequate compensation.

—620(3)(f): No assistance to any Communist country without Presidential waiver.

—107(b): No economic assistance to countries trading with Cuba or North Vietnam.

(6) If the Allende government does not adequately compensate for expropriated U.S.-owned properties:

—Do not support rescheduling of Chilean debt.

—Veto Chilean requests for loans in IBRD, IDB, Eximbank because of Chilean expropriations and economic policies.

—Discourage U.S., third country, and multilateral private investment in Chile.

(7) Encourage U.S. labor organizations to take active role in opposing Communist Chilean government.

(8) Discourage tourism and travel to Chile, indicating that because of anti-U.S. hostility we could not lend assistance in case of trouble. Provide no assistance to Chilean airlines, equipment or routes.

b. Regarding the Chilean Security Forces

(1) Maintain effective relations with the Chilean military, letting them know that we want to cooperate but that our ability to do so depends on Chilean government actions.

(2) Inform Allende that we plan no change in military cooperation, but that U.S. public and Congressional reactions will be dictated by his government’s actions.

(3) Based on Allende’s response to this position, and on his subsequent actions, take the following steps:

—Military Assistance Program: Continue monitoring of training, MAPpipeline deliveries, and Foreign Military Sales pending Allende reaffirmation of:

—The Mutual Defense Assistance Agreement of 1952,

—The Military Mission Agreement of 1964.

If he reaffirms, continue the programs on a minimum basis; if he does not reaffirm, terminate.

—Military Group: Continue military mission operations if the Military Mission Agreement is reaffirmed within a reasonable time; be prepared to withdraw the missions unilaterally if this is not forthcoming.

—AFTAC: Review AFTAC withdrawal decision in the light of Chilean reaction to date and seek clarification with Allende of Chilean attitude.

—Maintain Surveillance of Chilean Ships Transiting the Panama Canal (boarding guards, etc.).

—Impress on NATO Allies their need to support our Western Hemisphere security interests.

—Ship Leases/Loans: Inform Chilean military that we will have to recall the nine U.S. vessels (two destroyers, two submarines, five support ships) on lease/loan if U.S. security interests are affected by Chilean-Soviet military ties.

—Dramatically increase security cooperation with other South American countries:

—Offer to sell F–4's to Argentina on favorable terms,

—Provide selectiveMAPmatériel for Argentina and Brazil,

—Support the Argentine position in Beagle Channel controversy if not settled.

—Increase internal security assistance (MAP and Public Safety) to Uruguay, Paraguay, and possibly Bolivia, based on the threat of Chilean-exported subversion.

c. Regarding the Non-Marxist Political Forces

(1) Give articulate support, publicly and privately, to democratic elements in Chile opposed to Allende regime by all appropriate means.

(2) In contacts with non-Marxist politicians, emphasize our desire to continue cooperation but that our ability to do so depends on Chilean government actions.

(3) Publicize on a continuing basis the restrictions to personal freedom and weaknesses of the Allende regime.

d. Regarding Chilean Public

(1) Publicize on a continuing basis the restrictions to personal freedoms and weaknesses of a Communist regime.

(2) For the short term, continue the Title II, PL 480 program and utilization of the "Ambassador's" special development fund.

e. OAS and Other Latin American Countries

(1) Maintain consultations.

(2) Encourage major South American nations to effective opposition to a Communist Chile threat.

(3) Inform the Chilean military of our support for their actions as staunch defenders of a democratic Chile and suggest to the governments of Argentina, Brazil and Paraguay that they also convey their support to the Chilean military.

(4) Utilize OAS to oppose Chilean violations of OAS charter and resolutions.

(5) Consider exclusion of Chile from classified proceedings of IADB and in hemispheric military conferences and exercises.

A CIA Annex to this paper was discussed at a 40 Committee meeting immediately following the SRG meeting of October 29, 1970. The CIA Annex was returned to Frank Chapin for retention.