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Telegram From the Embassy in Chile to the Department of State

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Nota de Archivo: *Summary: Korry concluded that Allende was attempting, through domestic and international means, to consolidate socialism in Chile and suggested that Chile would not be accommodating to the United States in developing compensation arrangements for expropriated U.S.-owned properties. Source: National Archives, Nixon Presidential Materials, NSC Files, Box 776, Country Files, Latin America, Chile, Vol. VI. Secret; Immediate; Exdis. Repeated to Bogotá, Brasilia, Buenos Aires, Caracas, La Paz, Lima, Mexico City, Quito, and USCINCSO. The telegram was sent in two parts; part II is not published. A stamped notation on the first page signed by Haig indicates that the telegram was sent to San Clemente.*

4586. Pass OPIC. Subject: Chilean-US Rels (Part I of Two).

1. Summary. Allende returns today from what he believes to be an extraordinarily successful Andean tour. The homecoming staging appears to herald a major effort to make the Nixon administration the scapegoat for growing internal problems. GOC Marxist leadership appears confident that it can maneuver the US into major policy changes as it prepares to receive Fidel Castro here. So far it has displayed no interest in proposals that by any objective reading would be extremely attractive ways for the GOC to resolve the ITT, Kennecott and Anaconda problems; instead it is forcing unilaterally the pace against the companies and against the Nixon administration as part of a general quickening of the revolutionary tempo within Chile now that Allende has won full respectability from almost all LatAm. Nonetheless the US must continue to support and to seek pragmatic settlements, maintaining a hermetic silence whatever the provocation during the next month of decision. There is little reason to believe the GOC would heed an Anaconda petition for more time (State 158502), particularly when Cerro and Kennecott are opposed to that idea, but we would provide official support to such company action here. The copper compensation will be determined politically. As for OPIC’s contract with ITT (State 160408), a belated reversal of OPIC policy at this juncture could very easily be misread by Allende as a signal of more important impending changes in US policy towards Chile; hence if GOC shows any pragmatic interest in negotiation, the contract could be introduced at that time if it really proved to have any substantive impact on GOC. End summary.