

Post 9-29-74

Ambassador Korry on a 1971 Proposal to Allende

I received today a copy of a story that appeared in The Washington Post September 19 headlined "Ex U.S. Envoy Tells of '70 Offer to Chile" based on statements I supposedly had made August 15 to a Georgetown University seminar. It would be regrettable, even injurious, if some of the erroneous information in the story were to stand uncorrected.

Neither I nor the report issued by Georgetown University said "the U.S. had refused a request from Allende for a \$1 million contribution to the 1970 presidential campaign." The Georgetown summary makes clear that Allende was probably unaware of the attempted shake-down. The Georgetown Report states:

In the 1970 presidential elections high-level fundraisers of all three candidates for President of Chile approached the U.S. Embassy for campaign contributions. Allende's fund-raiser asked for one million dollars. I do not know whether the presidential candidates themselves were aware of these fundraising efforts on their behalf, but it seems doubtful. In any case, the U.S. Government made no contributions to any of the candidates.

It is also inexact to say that the United States made the offer to which the headline and story refer. Nor was it in "early 1971". The "offer" was made in my name only to Allende and to the cabinet ministers involved in mid-summer 1971, after I had obtained in Washington separate approvals from the then Secretary of State, William Rogers, and Henry Kissinger of the National Security Council. Starting eight months earlier, in November, I had sought with some success, to arrive at agreements with the Allende

government on a wide range of issues and had pledged U.S. economic help if we could avoid deliberately provocative actions by Santiago. The U.S. government could not have put its name to the specific proposal without considerable bureaucratic delay but Secretary Rogers, at my behest, wrote a supportive personal letter to the then Foreign Minister, Clodomiro Almeyda, that I carried from Washington to Santiago.

The "offer" was not motivated so much by the desire for compensation for the three companies as much as it was directed at relieving the U.S. taxpayer of any immediate obligation to pay hundreds of millions of dollars to the three companies for the insurance against expropriation that the U.S. government had issued to spur and to cover their investment in Chile. (In 1968, as I told the seminar, we stopped for all practical purposes issuance of U.S. government insurance to private American companies in Chile.)

Further, to set the record straight, the "offer" that I put to Allende and his government concerned the two major copper companies; Kennecott and Anaconda; had the Allende government wished, it was aware that it could have applied the same formula to ITT. None of the companies knew of the "offer" or of my intentions before it was raised with the Chilean government. The novelty in the proposal was to have the U.S. Treasury put its full faith and credit on a number of 25-year, low interest notes that the Allende government would issue in part-compensation.

It was and is my view that even if no expropriation insurance had been issued for these investments, the U.S. government would and should have sought to provide protection to its corporate citizens and to seek rational set-

tlements of mutual benefit to both societies. (Allende's Chile was ruined by the low level of production in its copper mines.) Allende was advised by some of his leading Socialist Party colleagues in the government as well as some of Latin America's best-known international experts, who were his friends and also Socialists, to accept the proposal I had placed before them. They recounted to me later that the ultra-Left led by Senator Altamirano, head of the Socialist Party, had interposed his veto on any negotiated agreement with the U.S. on any significant issue.

The Allende rejection of the proposal coincided with a major shift in other Allende government tactics that affected much more than Chile's domestic structure. President Allende and his principal ministers were fully cognizant of the probable consequences of welsing on significant accords already negotiated, of renegeing on assurances, and rejecting an offer that, by any U.S. measure or precedent, was generous. I had briefed them on the impossibility of "having it both ways"—of opposing the U.S. at every turn and of blackmailing it by subtle but no less telling means to finance directly or indirectly a revolution dedicated to extirpating U.S. influence in Chile and in South America. As worrisome as these Chilean matters might have struck me, I was more concerned by the effect of the Allende government policies on other areas and other issues. But these are topics to be discussed and considered, I trust, by the Congress to whom I hope to have the opportunity to testify.

Edward M. Korry

Briarcliff Manor, N.Y.

The writer was ambassador to Chile, 1967-71.